



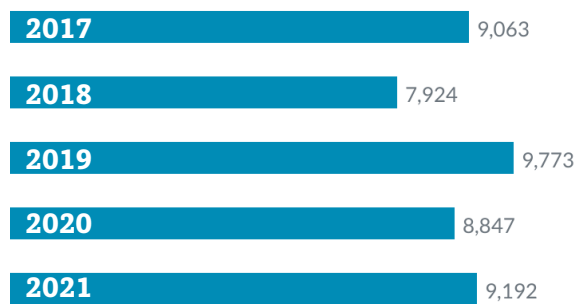
September 2021  
Volume IX, Issue: 9



“With the lack of existing homes for sale, the labor shortage, supply chain problems and the state’s existing regulatory roadblocks, constructing new homes in our market has never been more difficult. The demand for new homes remains, but our ability to build those homes at a price Twin Cities families can afford grows more challenging by the day.”

Todd Polifka, president of Housing First Minnesota

## Twin Cities Building Activity



### Units Authorized Year-to-Date August 2017-2021

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

## Twin Cities Single-Family Building Boom Continues in June

The number of permits pulled in the Twin Cities for new single-family homes in August fell as measured against the same period last year for the first time in 2021. The slowdown reflects the growing number of market and regulatory challenges that continue to hinder builders’ ability to bring new homes to the region. Twin Cities homebuilders pulled 576 permits for new single-family homes in August, a 4% drop from last August. Multifamily construction also had a lackluster month with builders pulling permits for 425 units in August, an 18% drop from this month last year.

“With the lack of existing homes for sale, the labor shortage, supply

chain problems and the state’s existing regulatory roadblocks, constructing new homes in our market has never been more difficult,” said Todd Polifka, 2021 president of Housing First Minnesota. “The demand for new homes remains, but our ability to build those homes at a price Twin Cities families can afford grows more challenging by the day.”

According to data compiled by the Keystone Report for Housing First Minnesota, 608 permits were issued for a total of 1,001 units during four comparable weeks in the month of August.

“After months of surging demand and permits, we are now seeing the impact of the headwinds

“... our housing market remains vastly undersupplied...”

David Siegel, executive director of Housing First Minnesota

on housing production,” said David Siegel, executive director of Housing First Minnesota. “We must remove barriers to homebuilding as our housing market remains vastly undersupplied leaving many homebuyers on the sidelines.”

For the month, Woodbury took the top spot with 59 permits issued. Lakeville came in next with 46 permits, followed by Otsego with 41 permits. Cottage Grove with 36 permits and Carver and Blaine both with 28 permits rounded out the top cities.

[Minnesota Realtors®]

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

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, listings throughout the Twin Cities sold quickly and often at or above list price. Though we remain undersupplied, there are signs of inventory stabilizing. The median sales price and price per square foot both increased.

Seller activity was down 3.6% while closed sales were up 0.6%. Pending sales—the number of signed purchase agreements—fell 10.3% from the frenzied pace of 2020 but remain above 2019 levels.

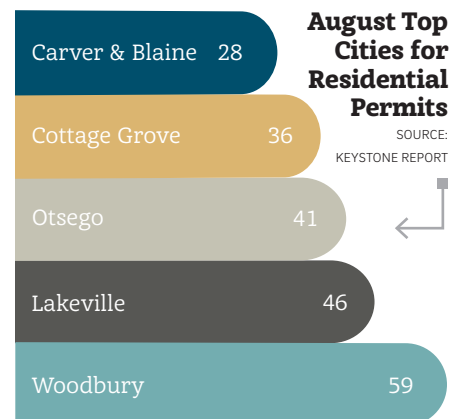
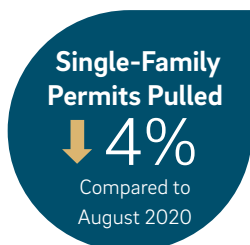
“Even though these declines have moderated, incoming supply from new listings hasn’t changed much in recent years while, in fact, buyers have become more active,” said Todd Walker, president of the Minneapolis Area REALTORS. “Some of this arises from the fact that last year’s market was atypical and was shifted later into the year than a typical spring and summer market due to COVID.”

The metro remains a seller’s market with just 1.4 months of supply of inventory. Historically, six months of supply is considered a balanced market. That’s the lowest figure for any August going back to 2003.

The median sales prices remained at a record high of \$350,000 for the third straight month. That’s an 11.1% increase compared to August 2020. Home prices have likely reached their seasonal peak for the year, but year-over-year increases compared to 2020 are likely to continue. Sellers are also receiving 102.4% of their list price, on average.

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- Todd Walker, president of the Minneapolis Area REALTORS®

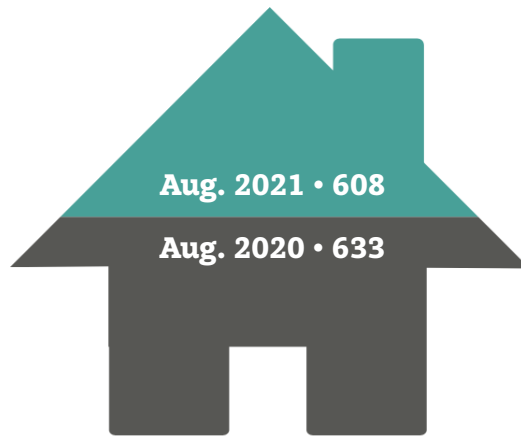


### August Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

# August 2021 Metro Building Activity

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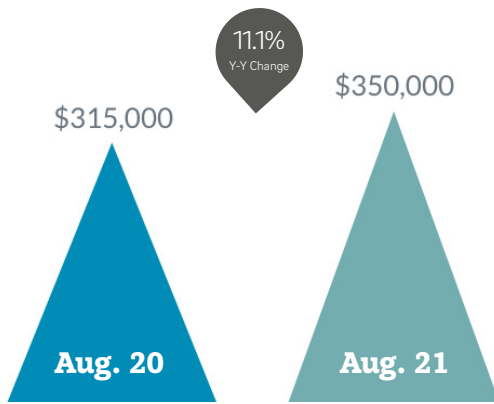
3.9%  
Y-Y Change

**Units YTD:**  
**9,192**

**Multifamily**  
**42%**  
of Twin Cities Housing  
Units Authorized

## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



## Twin Cities Median Home Price

SOURCE: MPLS REALTORS

11.1%  
Y-Y Change

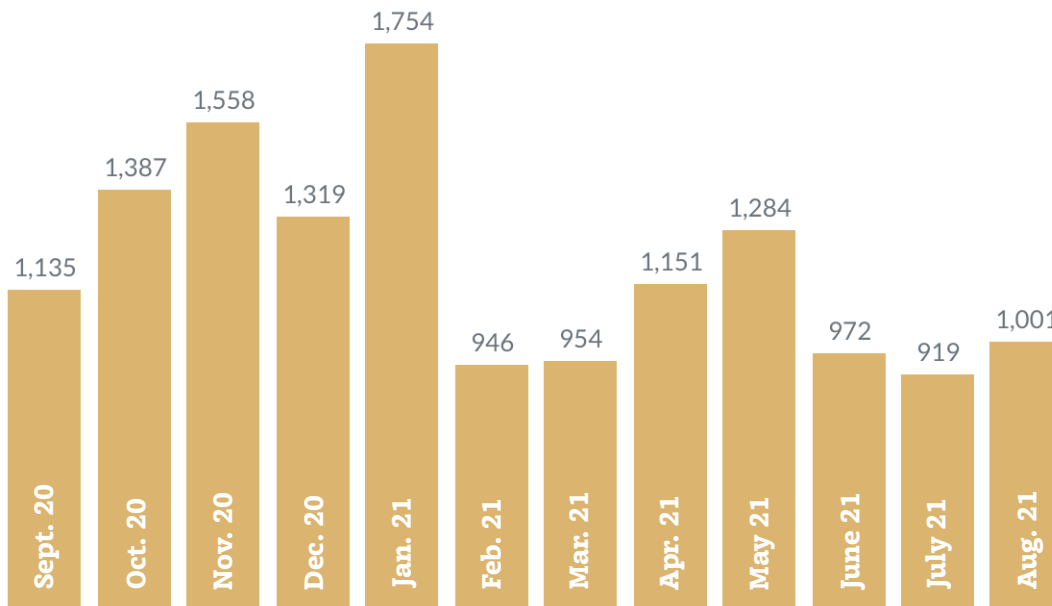


-20.1%  
Monthly  
change

## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Aug. 2021 (44.43%) ■ Aug. 2020 (55.57%)



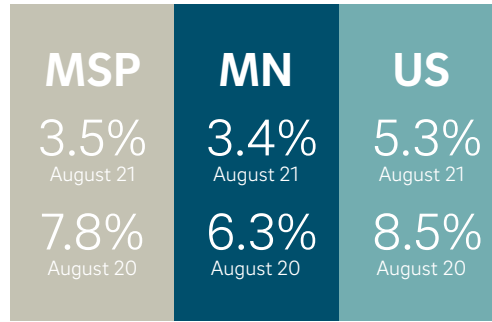
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

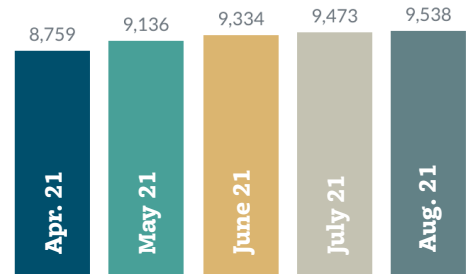
Minnesota's unemployment rate remained unmoved at 3.4% in August, according to the Minnesota Department of Employment and Economic Development (DEED).

The national unemployment rate saw a decrease from 5.7% in July to 5.3% in August.



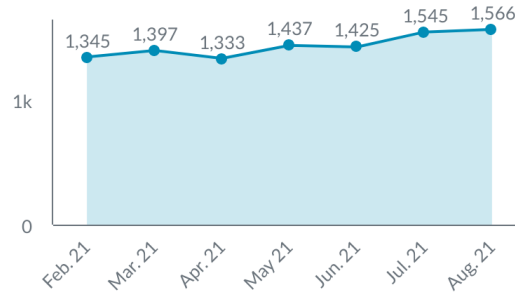
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



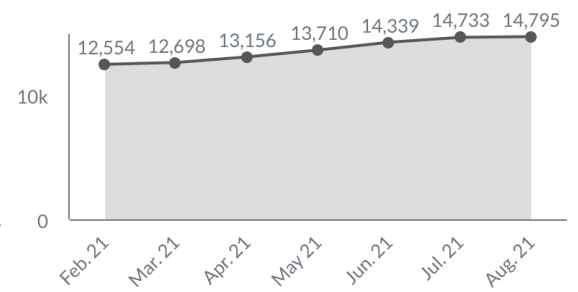
**Twin Cities Construction Employment**

SOURCE: DEED-MN



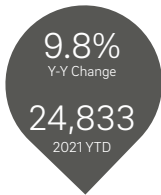
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



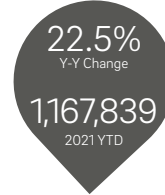
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

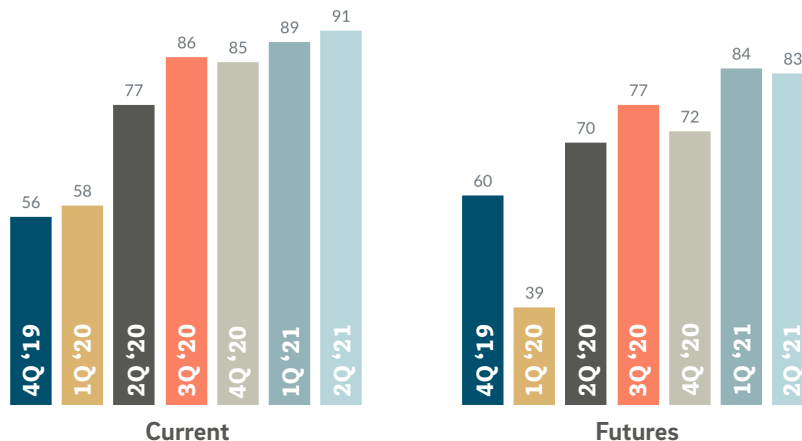
# Regional/National Statistics

Sales of existing homes decreased 2% in August, according to the National Association of REALTORS®.

Regionally, sales fell 1.4% month to month in the Northeast and slipped 1.4% in the Midwest. In the South, sales decreased 3% over the previous month, and in the West sales declined 0.8%.

# Remodeling Market Indices

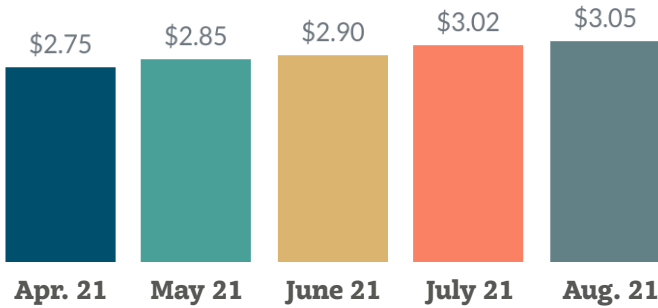
SOURCE: NAHB



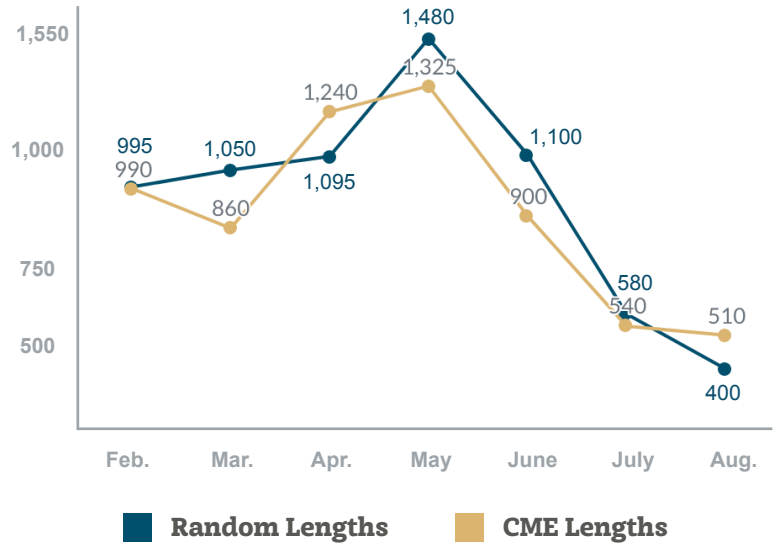
# Key Indicators

Earlier this year, the price of lumber reached record highs, peaking around \$1,600. Earlier this year, the National Association of Home Builders estimated that these price increases added an average of \$24,000 to the price of a new home. Now, its cost has deescalated and hovers around \$400.

Now, the prices for other homebuilding materials are on the rise. According to the Minneapolis Federal Reserve, over the last three months, the cost for materials like copper wire and structural steel are up 53% and 47%, respectively. Consequently, there has been a slow down on homebuilding nationwide. Single-family starts were down 2.8% in August as builders struggled to secure materials.



**MN Monthly Retail Gasoline Prices**  
SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**  
SOURCE: NAHB

# Mortgage Rates

FROM SEPTEMBER 28, 2021  
SOURCE: ASSOCIATED BANK



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