



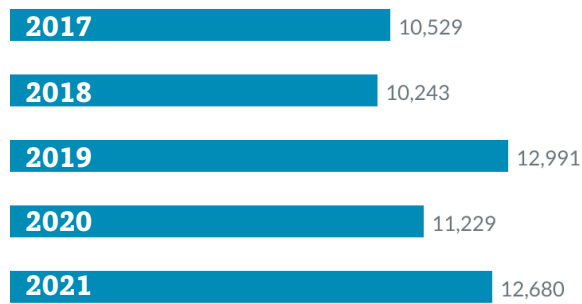
**November 2021**  
Volume IX, Issue: 11



“Homebuilders are seeing a slight slowdown in homebuyer activity, especially compared to what we saw last fall. As prices have gone up due to supply chain issues, permit delays and overall regulatory costs, more and more potential homebuyers are forced to sit on the sidelines.”

Todd Polifka, president of Housing First Minnesota

## Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

## Twin Cities Homebuilding Slows from Furious to Fast Pace

The pace of construction of single-family homes in the Twin Cities continues to slow, especially when compared to last year's second-half surge. Area homebuilders pulled 594 permits for new single-family homes in October, a 5% drop from October of last year. Multifamily construction had another strong month with 1,178 permitted units, a 90% increase from October of last year.

“Homebuilders are seeing a slight slowdown in homebuyer activity, especially compared to what we saw last fall,” said Todd Polifka, 2021 president of Housing First Minnesota. “As

prices have gone up due to supply chain issues, permit delays and overall regulatory costs, more and more potential homebuyers are forced to sit on the sidelines.”

According to data compiled by the Keystone Report for Housing First Minnesota, there were 646 permits issued for a total of 1,772 units during four comparable weeks in the month of October.

“The shortage of housing in the Twin Cities remains dire, and unfortunately in the current market conditions it is difficult for builders to supply the market with homes at the most needed prices,” said David Siegel, executive

*“The shortage of housing in the Twin Cities remains dire...”*

David Siegel, executive director of Housing First Minnesota

director of Housing First Minnesota. “Until we can build more homes at the entry-level price points we will continue to see more and more Minnesotans left of homeownership and the many benefits that come with it.”

For the month, Lakeville took the top spot with 68 permits issued. Cottage Grove came in next with 41 permits. Blaine with 39 permits, St. Michael with 35 permits and Otsego with 32 permits rounded out the top five.

[Minnesota Realtors®]

## A Decade-Long Seller's Market in the Twin Cities Still Going Strong

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, the median sales price in the Twin Cities rose 7.9% from October 2020 to \$340,000. Despite the housing shortage, price growth is returning to more typical levels even as we mark 10 full years of a sellers' market.

New listings in the metro fell 11.5% from last October and are 1.5% below their 2019 level. While pending sales also dipped 10.2% from last year, buyer activity is up 11.9% from 2019. Closed sales were also down from 2020 but up from 2019. Last month also marked the Twin Cities' 10th straight year in a metro-wide sellers' market.

“We're still stuck in this period of apples-to-oranges year-over-year comparisons where we're up against a uniquely strong pandemic market,” said Todd Walker, president of Minneapolis Area REALTORS®. “And as

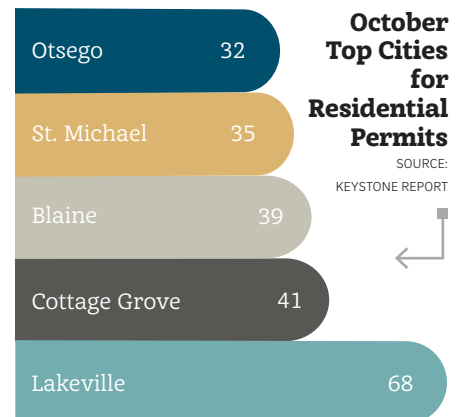
inflation concerns grow, cash down payment savings can lose value. As rates rise, it's possible some buyers move up their purchase timeline.”

Inventory levels were down 16.2% compared to a 40.5% decline back in May. “Pricing has remained firm from all the demand still in the market as well as the supply squeeze,” according to Tracy Baglio, president of the Saint Paul Area Association of REALTORS. “While still rising, the rate of year-over-year price growth has slowed from 16.6% in May to around 8.0% last month.”

*“We're still stuck in this period of apples-to-oranges year-over-year comparisons where we're up against a uniquely strong pandemic market. And as inflation concerns grow, cash down payment savings can lose value. As rates rise, it's possible some buyers move up their purchase timeline.”*

- Todd Walker, president of the Minneapolis Area REALTORS®

Single-Family Permits Pulled  
↓ 5%  
Compared to Oct. 2020



# October 2021 Metro Building Activity

The pace of construction of single-family homes in the Twin Cities continues to slow, especially when compared to last year's second-half surge. Area homebuilders pulled 594 permits for new single-family homes in October, a 5% drop from October of last year. Multifamily construction had another strong month with 1,178 permitted units, a 90% increase from October of last year.

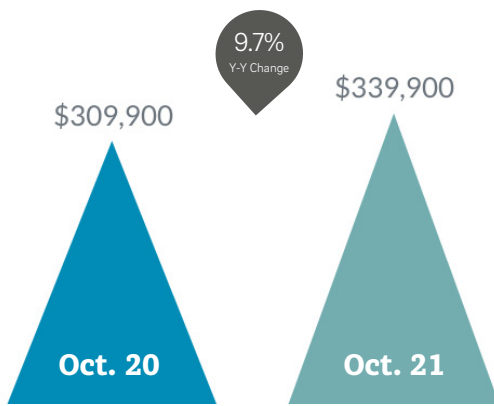


**Units YTD:**  
**12,680**

**Multifamily**  
**66%**  
of Twin Cities Housing  
Units Authorized

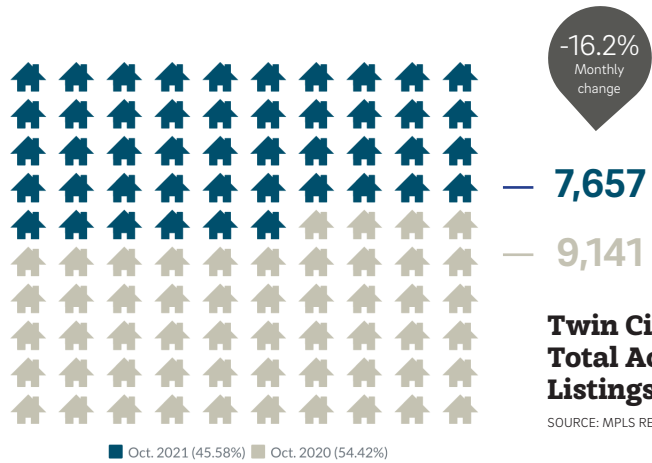
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



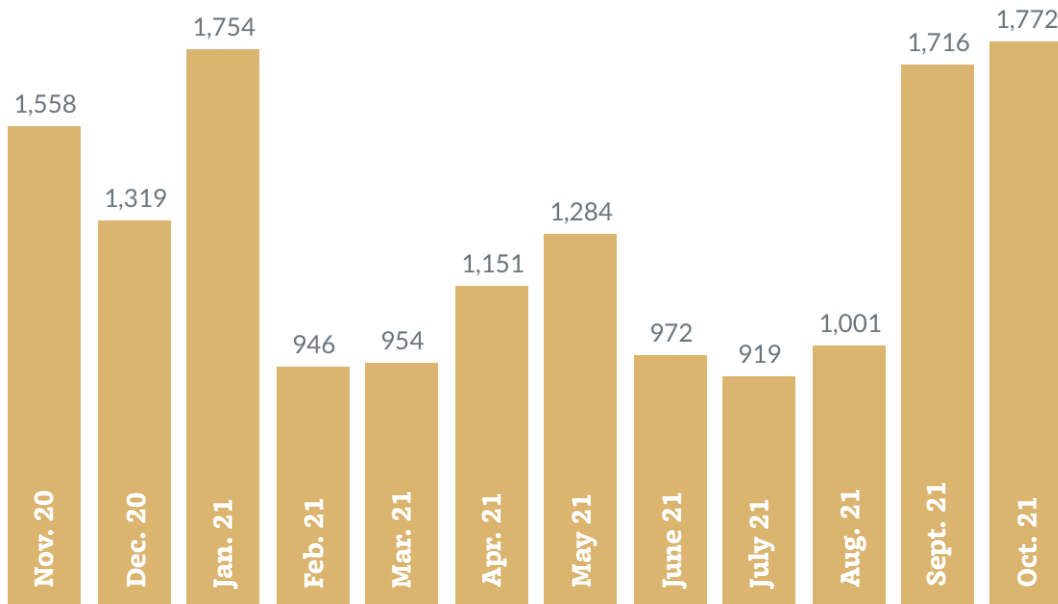
## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



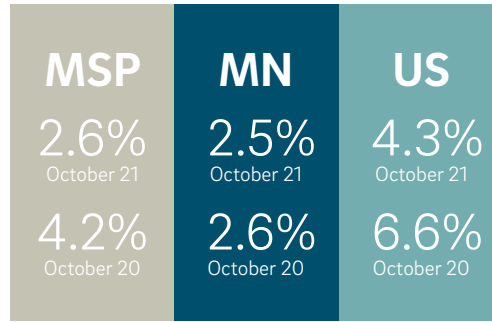
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

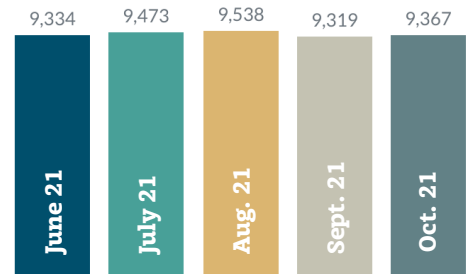
Minnesota's unemployment dropped to 2.5% in October, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the September unemployment rate of 2.8%.

The national unemployment rate also decreased from 4.6% in September to 4.3% in October.



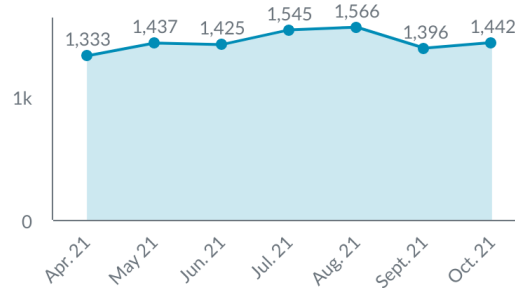
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



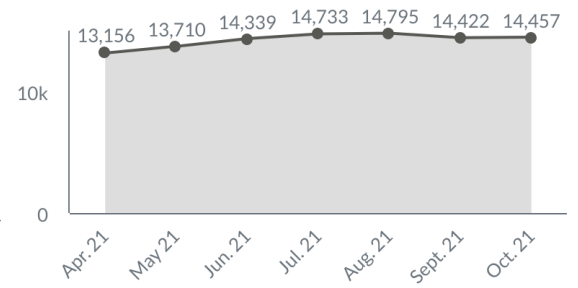
**Twin Cities Construction Employment**

SOURCE: DEED-MN



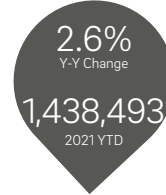
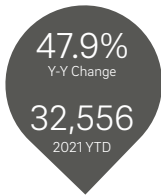
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



**MN Construction Employment**

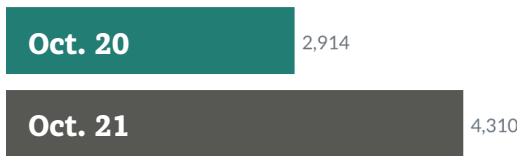
SOURCE: DEED-MN



## Regional/National Statistics

Sales of existing homes increased 0.8% in October, according to the National Association of REALTORS®.

Regionally, sales decreased 2.6% month to month in the Northeast and increased 4.2% in the Midwest. In the South, sales rose 0.4% over the previous month, and in the West sales remained at the same rate as September.



**MN Housing Units Authorized**

SOURCE: US CENSUS

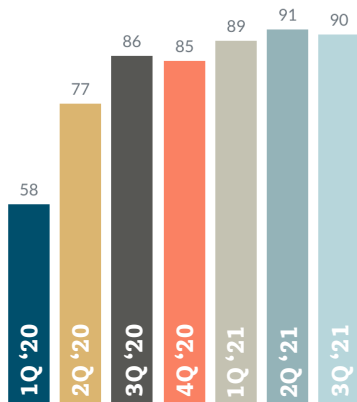


**US Housing Units Authorized**

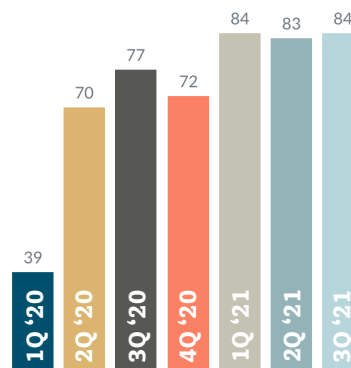
SOURCE: US CENSUS

## Remodeling Market Indices

SOURCE: NAHB



**Current**

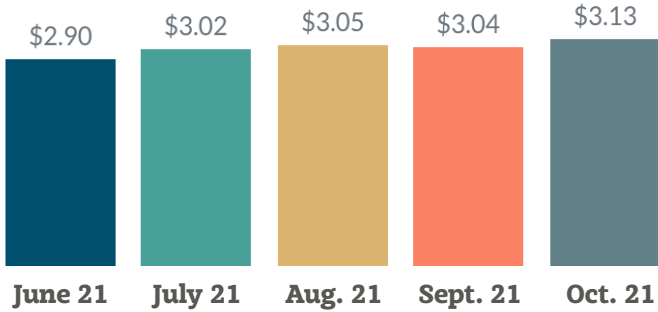


**Futures**

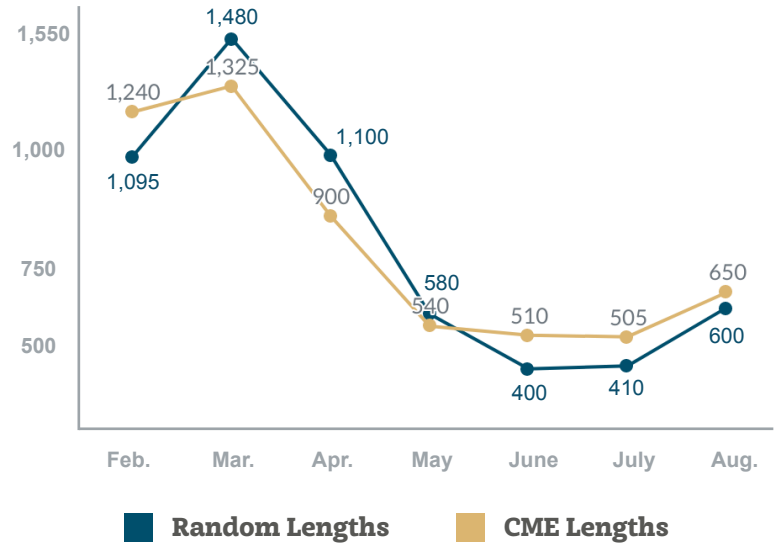
# Key Indicators

Economic effects are still being felt throughout various economic sectors, even after businesses have reopened their doors and move to more typical operations. Most notably, employers are reporting a large spread shortage of available labor. According to the Minnesota Department of Employment and Economic Development, the overall number of job openings across Minnesota reached a record high in the second quarter of 2021.

Employers reported an 84% increase in vacancies compared to the second quarter of 2019. This increase is the equivalent of more than 205,000 jobs across the state. Job vacancies in the Twin Cities metro area increased 81% since 2020. Likewise, Greater Minnesota reported a job vacancy increase of 88% year-over-year.



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



**Framing Lumber**  
SOURCE: NAHB

## Mortgage Rates

FROM NOVEMBER 29, 2021  
SOURCE: ASSOCIATED BANK



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