



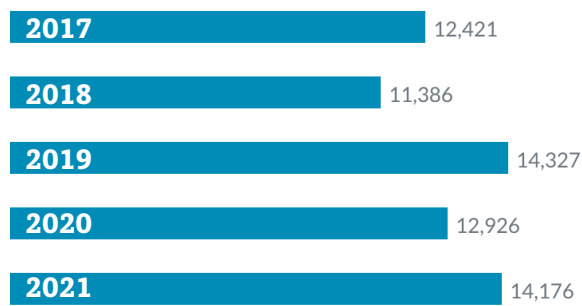
December 2021
Volume IX, Issue: 12



“Our housing market remains critically undersupplied, and that has homebuilders on their toes trying to keep up with demand. With the supply chain problems, labor shortage and roadblocks to development we are dealing with, it is no surprise to see permit numbers slow from the all-out blitz of last fall.”

Todd Polifka, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date November 2017-2021

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Twin Cities Single-Family Construction Remains Strong But Shows Signs of Slowdown

Twin Cities homebuilders continue to build new single-family homes at a brisk pace, but November continued to be slower than last year’s all-out surge. Area homebuilders pulled 619 permits for new single-family homes in November, a 12% drop from this time last year. Multifamily construction continued to pick up when compared to the slow start to the year with permits pulled for 877 units in November, a 2% increase from this month last year.

“Our housing market remains critically undersupplied, and that has homebuilders on their toes trying to keep up with demand,” said Todd Polifka,

2021 president of Housing First Minnesota. “With the supply chain problems, labor shortage and roadblocks to development we are dealing with, it is no surprise to see permit numbers slow from the all-out blitz of last fall.”

According to data compiled by the Keystone Report for Housing First Minnesota, there were 661 permits issued for a total of 1,496 units during four comparable weeks in the month of November.

“Even with the growth we have seen this year in new home construction in the Twin Cities, it will still not make a dent in the shortage of homes in our region,” said David Siegel,

“... it will still not make a dent in the shortage of homes in our region.”

David Siegel, executive director of Housing First Minnesota

executive director of Housing First Minnesota. “The lack of homes for sale, combined with all the cost increases for construction we’ve seen recently, will continue to push home prices up in the Twin Cities.”

For the month, Lakeville took the top spot with 53 permits issued. Maple Grove came in next with 49 permits. Cottage Grove with 34 permits, Woodbury with 32 permits and Otsego with 29 permits rounded out the top five.

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[Minnesota Realtors®]

Despite a Less Frenzied Market, Year-to-Date Figures Show Enduring Strength

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 9.4% from last November to \$339,000. While that’s down from the dizzying gains seen over most of 2021—anywhere from 10.0% to 17.0%—the year-to-date median price is up 11.5% to \$340,000.

New listings ticked 1.2% higher from November 2020, the first gain in seller activity since July. If continued—and especially if combined with flattening buyer activity—that could lead to more inventory in 2022. Pending sales also inched higher, up 0.8% from last November. Closed sales slid slightly, down 3.0% from the heights of 2020 but up considerably from 2019.

The Twin Cities just inked its 10th straight year in a metro-wide seller’s market. Relentless demand, tepid listing activity and tight inventory have driven absorption rates down to 1.1 months of supply. Four to six months of supply is considered balanced. Stable

demand and rising seller activity is needed for a more balanced marketplace.

“We’re seeing more gradual change and less competition compared to last November versus earlier months and we also have over 90.0% of 2021 in the books,” said Todd Walker, president of Minneapolis Area REALTORS®. “It looks like sales will hit a new record even as seller activity is weak and inventory is tight.”

The average market time in November was 30 days, but the median was 16 days. That median is up from 15 days last year. Sellers accepted, on average, 99.8% of their list price, down from last year, but still a strong number.

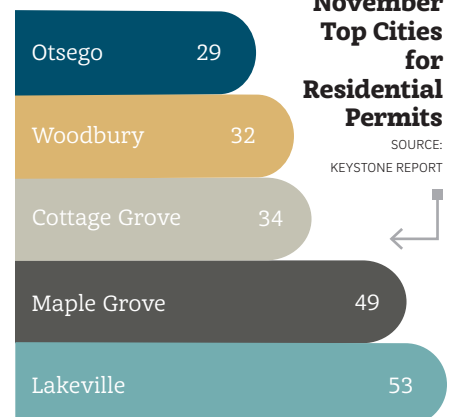
“We’re seeing more gradual change and less competition compared to last November versus earlier months and we also have over 90.0% of 2021 in the books. It looks like sales will hit a new record even as seller activity is weak and inventory is tight.”

- Todd Walker, president of the Minneapolis Area REALTORS®



November Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT



November 2021 Metro Building Activity

Twin Cities homebuilders continue to build new single-family homes at a brisk pace, but November continued to be slower than last year's all-out surge. Area homebuilders pulled 619 permits for new single-family homes in November, a 12% drop from this time last year. Multifamily construction continued to pick up when compared to the slow start to the year with permits pulled for 877 units in November, a 2% increase from this month last year.

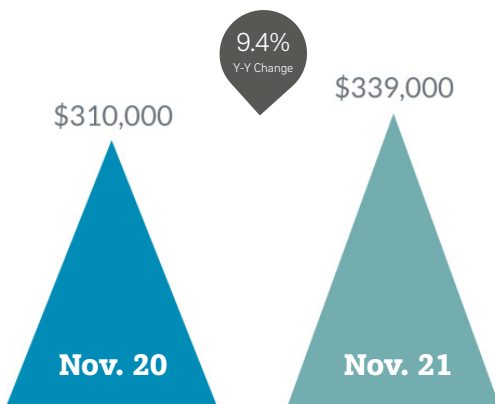


Units YTD:
14,176

Multifamily
59%
of Twin Cities Housing
Units Authorized

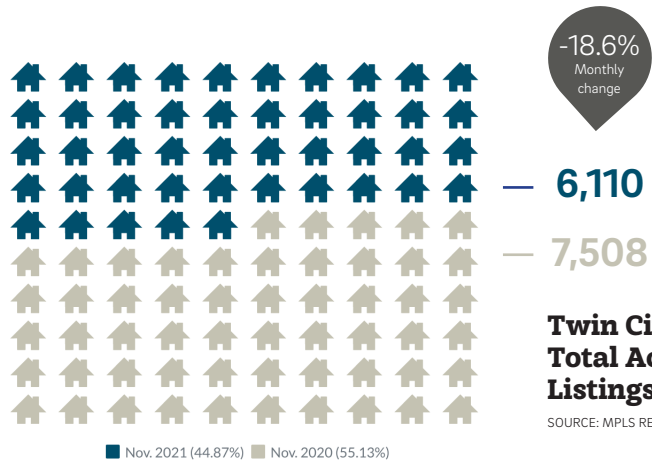
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



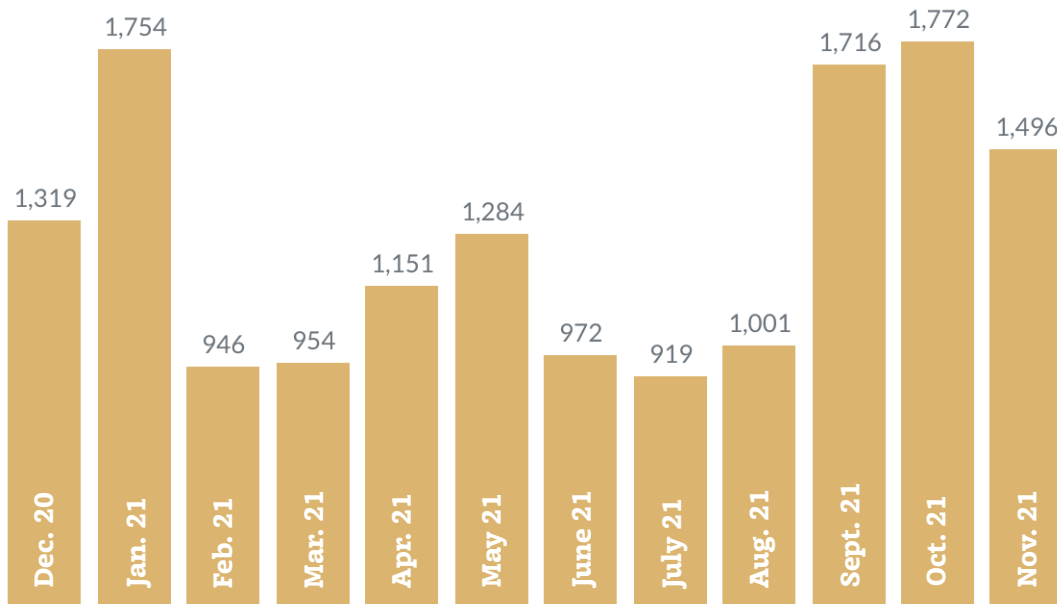
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



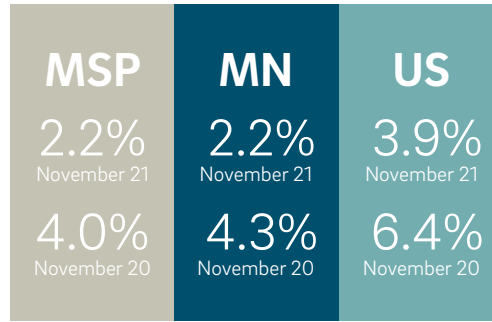
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

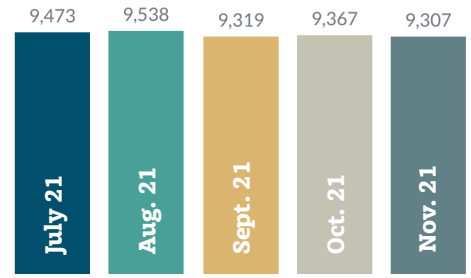
Minnesota's unemployment dropped to 2.2% in November, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the October unemployment rate of 2.5%.

The national unemployment rate also decreased from 4.3% in October to 3.9% in November.



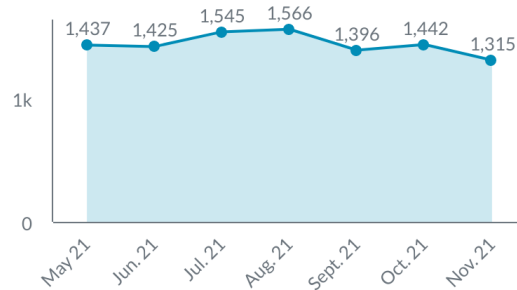
Unemployment Rate Snapshot

SOURCE: DEED-MN



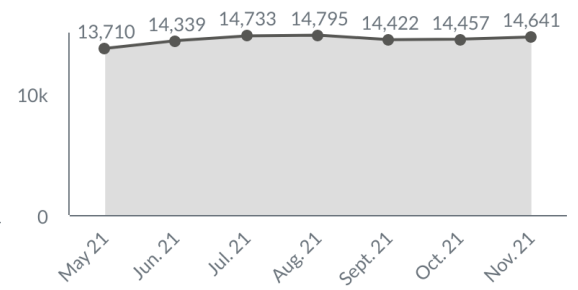
Twin Cities Construction Employment

SOURCE: DEED-MN



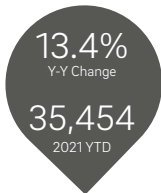
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



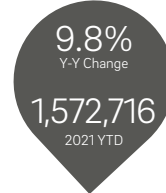
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

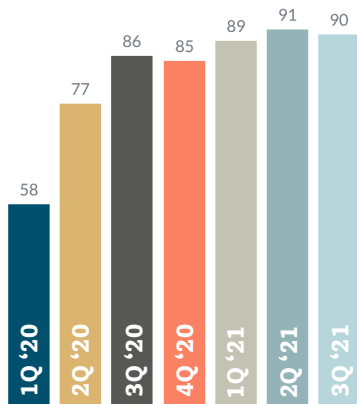
Regional/National Statistics

Sales of existing homes increased 1.9% in November, according to the National Association of REALTORS®.

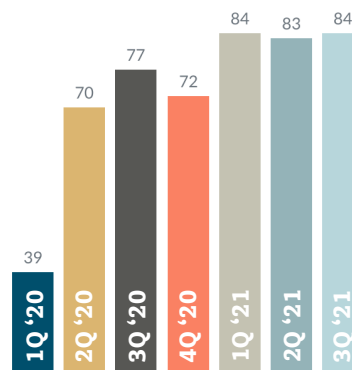
Regionally, sales were flat month to month in the Northeast and increased 0.7% in the Midwest. In the South, sales rose 2.9% over the previous month, and in the West sales grew 2.3% from October.

Remodeling Market Indices

SOURCE: NAHB



Current

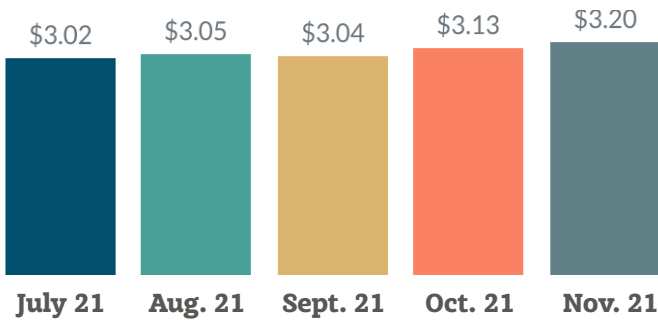


Futures

Key Indicators

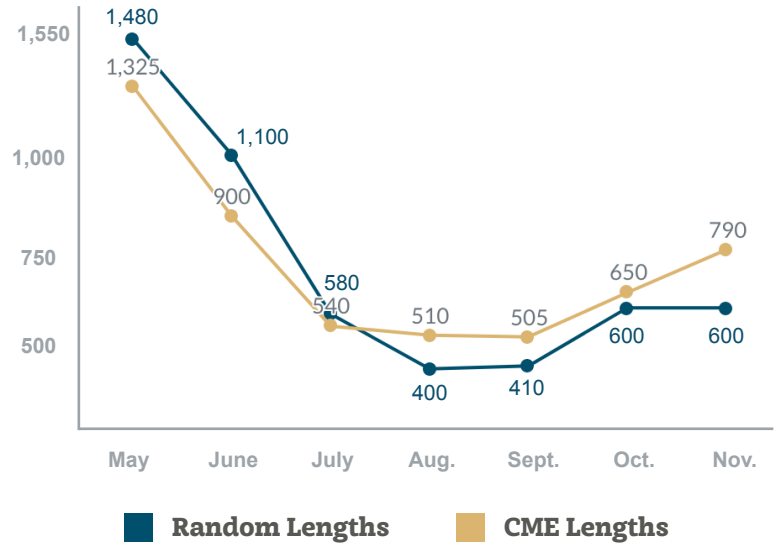
In its biannual Job Vacancy Survey, the Minnesota Department of Employment and Economic Development (DEED) reported that the overall number of job openings across Minnesota reached a record high in the second quarter of 2021.

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 an 88% year-over-year increase in job vacancies.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM DECEMBER 30, 2021
SOURCE: ASSOCIATED BANK



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