



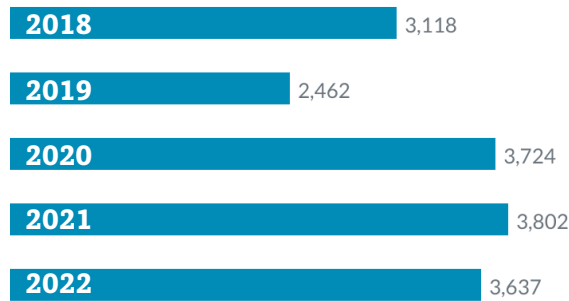
April 2022
Volume X, Issue: 4



"We're not surprised to see single-family permits and construction fall behind last year's breakneck pace. As builders continue to face a challenging supply chain, labor market, and regulatory environment, we could see this trend continue throughout 2022."

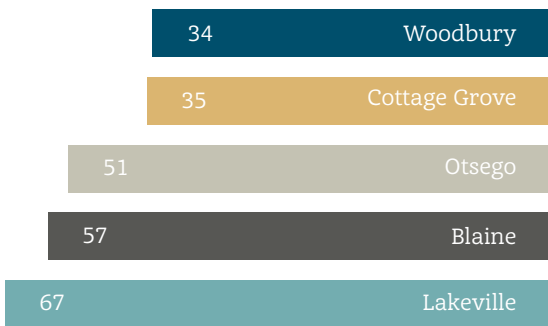
James Julkowski, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date March 2018-2022

SOURCE: KEYSTONE REPORT



March Top Cities for Residential Permits

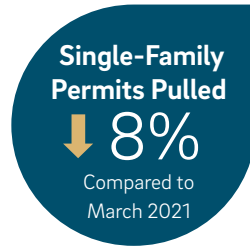
SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Twin Cities Homebuilding Sails into Spring

Multifamily construction roared back into action in March. While single-family construction lagged last March's permit numbers, it still recorded the second-best March in over 15 years. Permits for new single-family homes in the Twin Cities dropped by 8% in March 2022 with 574 permitted units. Multifamily construction, including townhomes, saw a 166% increase in the number of permitted units compared to last March with permits pulled for 860 units in 2022.

"We're not surprised to see single-family permits and construction fall behind



last year's breakneck pace," said James Julkowski, 2022 president of Housing First Minnesota. "As builders continue to face a challenging supply chain, labor market, and regulatory environment, we could see this trend continue throughout 2022."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 599 permits issued for a total of 1,434 units during four comparable weeks in the month of March.

"Homebuilders continue to report strong demand for new homes in the Twin Cities, many even reporting an increase in homebuyer traffic during this spring's Parade of Homes," said David Siegel, executive director of Housing First Minnesota. "We expect the homebuyer demand to remain, but grow more concerned about



"We expect the homebuyer demand to remain, but grow more concerned about affordability as home prices have already been pushed much higher by the events of the last two years..."

David Siegel, executive director of Housing First Minnesota

affordability as home prices have already been pushed much higher by the events of the last two years, and now rising interest rates may also price out buyers."

For the month in permits, Lakeville took the top spot with 67 permits issued. Blaine came in next with 57 permits, followed by Otsego with 51 permits. Cottage Grove with 35 permits and Woodbury with 34 permits issued rounded out the top five.

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[Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®]

Limited Inventory Pushes Median Price Over \$350,000 as Spring Market Heats Up

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, the Twin Cities metro area set a new record median sales price of \$353,000, a 7.5% increase from March 2021. Even though that's the first time the metro-wide median price exceeded \$350,000, the rate of increase is 30.0% less than it was a year ago. The ongoing inventory shortage is mostly to blame, although the 12.0% decline in housing inventory

this March was far less than the 43.0% decline last March.

"Some buyers are trying to get ahead of further rate increases," said Denise Mazone, president of Minneapolis Area REALTORS®. "But the truth is that equity gains over time are likely to outpace the slightly higher payments."

Listings spent 10.3% fewer days on market than last March on average, after a 36.1% decline the year prior.

But the median days on market showed a year-over-year increase for only the third time since September 2019. This could be a sign of a more balanced market. Yet sellers accepted offers 2.7% higher than their list price, on average.

Home prices are expected to continue rising given a chronically undersupplied market with strong demand, but

"Some buyers are trying to get ahead of further rate increases. But the truth is that equity gains over time are likely to outpace the slightly higher payments."

- Denise Mazone, president of the Minneapolis Area REALTORS®

perhaps at a lesser rate. The median price rose 7.5% to \$353,000 and the average price rose 7.0% to \$409,754—both record highs.

March 2022 Metro Building Activity

Multifamily construction roared back into action in March. While single-family construction lagged last March's permit numbers, it still recorded the second-best March in over 15 years. Permits for new single-family homes in the Twin Cities dropped by 8% in March 2022 with 574 permitted units. Multifamily construction, including townhomes, saw a 166% increase in the number of permitted units compared to last March with permits pulled for 860 units in 2022.

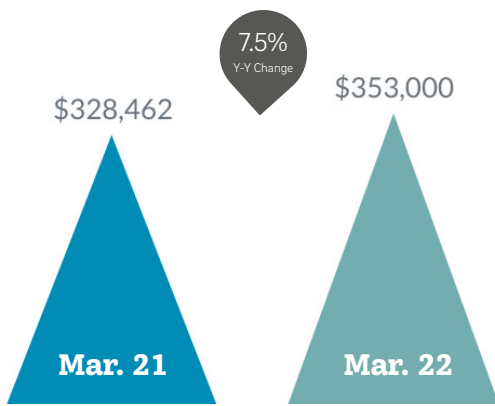


Units YTD:
3,637

Multifamily
60%
of Twin Cities Housing
Units Authorized

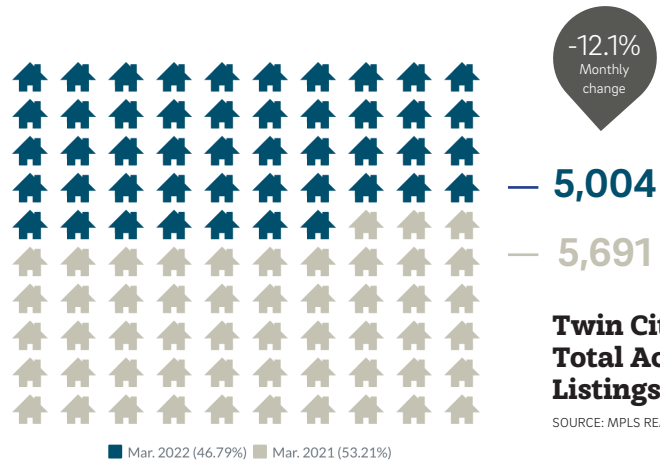
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



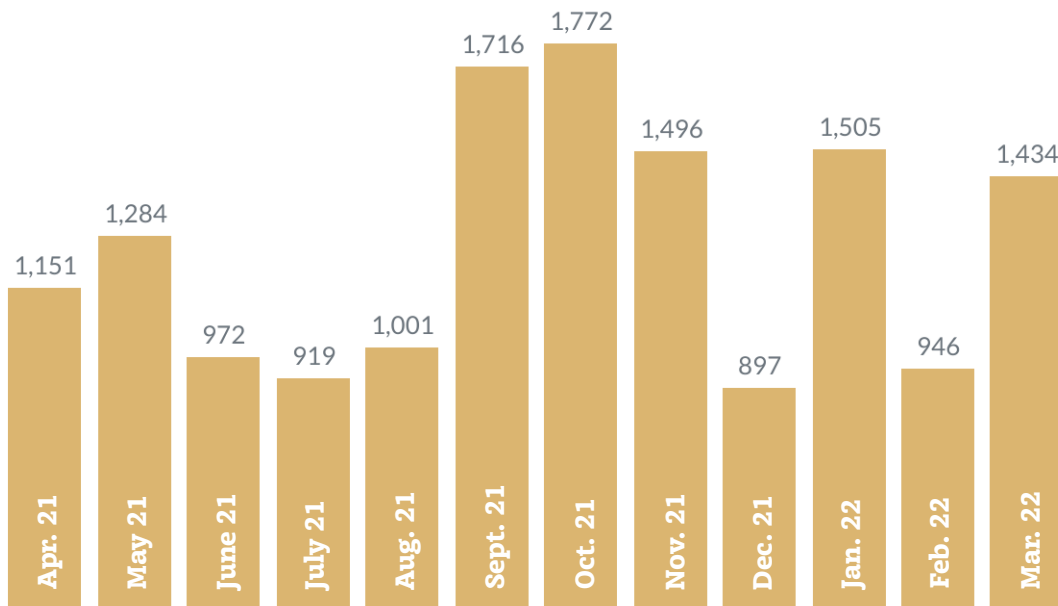
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



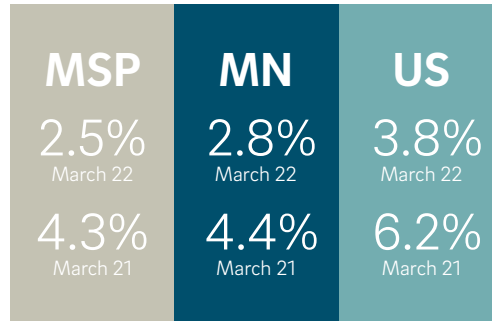
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

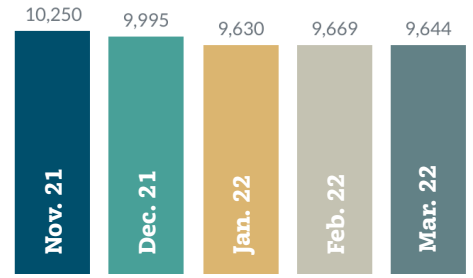
Minnesota's unemployment increased slightly on a non-seasonally adjusted basis to 2.8% in March, according to the Minnesota Department of Employment and Economic Development. This is compared to the February rate of 2.6%.

The national unemployment rate, however, ticked down from 4.1% in February to 3.8% in March. Construction in Minnesota recorded a 0.7% employment growth, or 752 jobs, since March 2021.



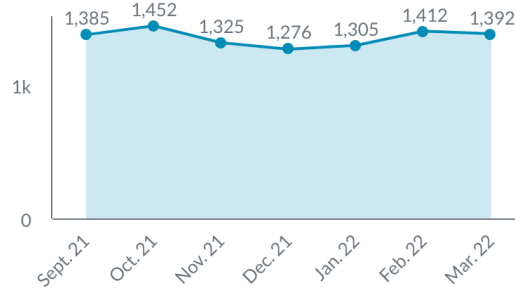
Unemployment Rate Snapshot

SOURCE: DEED-MN



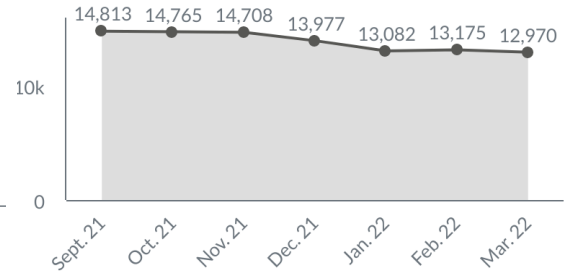
Twin Cities Construction Employment

SOURCE: DEED-MN



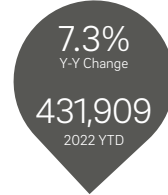
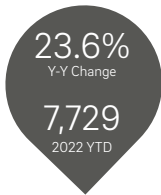
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

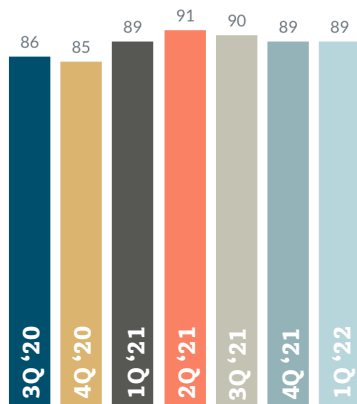
Regional/National Statistics

Sales of existing homes decreased 2.7% in March over the previous month, according to the National Association of REALTORS®. Additionally, existing home sales were down in all but one of the four national regions.

Regionally, sales fell 2.9% month to month in the Northeast and decreased 4.5% in the Midwest. In the South, sales dropped 3% over the previous month, but in the West sales remained unchanged since February.

Remodeling Market Indices

SOURCE: NAHB



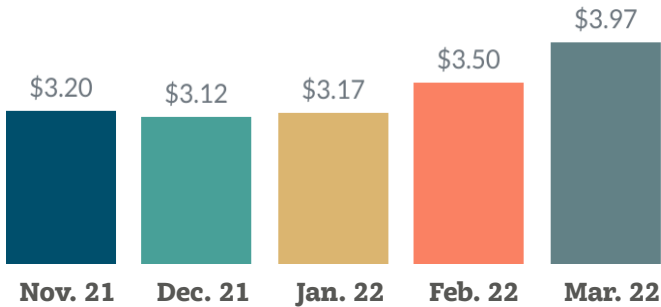
Current

Futures

Key Indicators

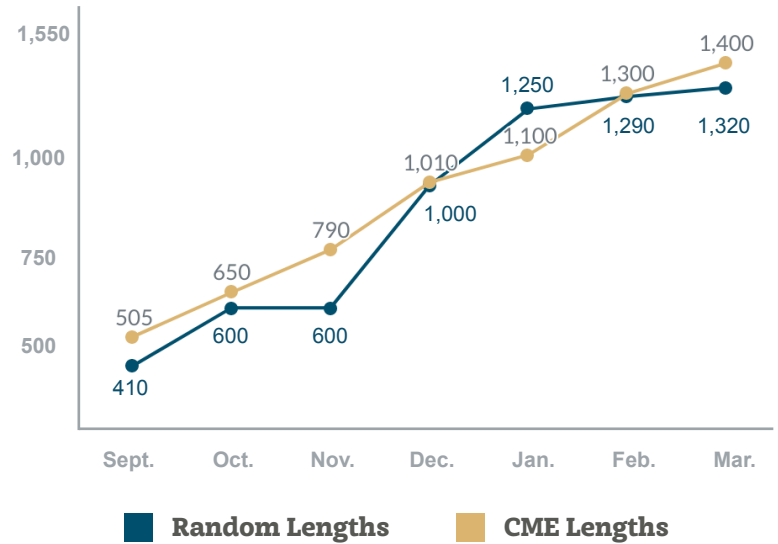
Mortgage rate increases continue to hinder activity across all sectors of the housing market. Rate levels are currently hovering around 5%, an overall increase of 1.9% since the beginning of the year. As a result, some potential buyers are backing out of the market at an increased pace. According to the National Association of Home Builders (NAHB), the segment of adults planning to buy a home in the next 12 months fell for the third straight quarter down to 13%.

"The housing market faces an inflection point as an unexpectedly quick rise in interest rates, rising home prices and escalating material costs have significantly decreased housing affordability conditions, particularly in the crucial entry-level market," said NAHB's chief economist, Robert Dietz.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM APRIL 29, 2022
SOURCE: ASSOCIATED BANK

30 Year	5.375%
30 Year Fixed FHA	5.00%
15 Year	4.875%
5 Year ARM	3.75%
30 Year Jumbo	4.75%

160 YEARS OF BUILDING UP THE MIDWEST. YOUR HOME CAN BE NEXT.

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LEADING LENDER IN THE MIDWEST FOR OVER A DECADE*



*The Leading Lender in the Midwest designation is 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), July 2021.

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