



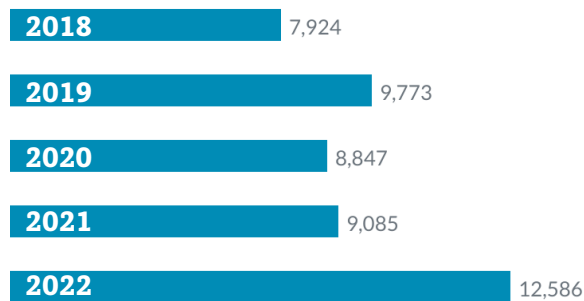
September 2022
Volume X, Issue: 9



"High interest rates and rising home prices continue to force many homebuyers to press pause on their plans to purchase a new home. A bright spot, as the market comes down from the competitive high we saw for the past two years with the historically low inventory of homes for sale, is that many homebuyers will find opportunities in this market."

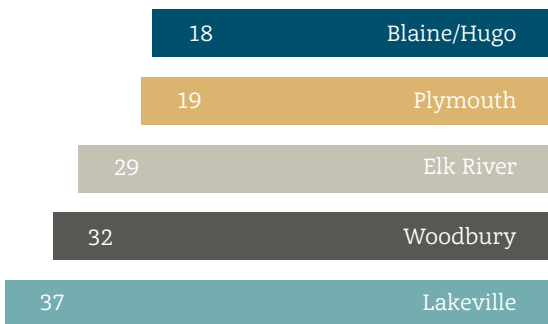
James Julkowski, board chair of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date August 2018-2022

SOURCE: KEYSTONE REPORT



August Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Twin Cities Homebuilding Continues Cool Down in August

It was another slow month for Twin Cities homebuilders as permits for new single-family homes continue to fall. For the month, builders pulled 344 permits for new single-family homes, a 28% drop from last August. Multifamily construction slowed from the high pace of the previous months this year, but it was still up from last August. Builders pulled permits for 428 units, a slight 2% increase from August 2021.

"High interest rates and rising home prices continue to force many

homebuyers to press pause on their plans to purchase a new home," said James Julkowski, the 2022 board chair of Housing First Minnesota. "A bright spot, as the market comes down from the competitive high we saw for the past two years with the historically low inventory of homes for sale, is that many homebuyers will find opportunities in this market."

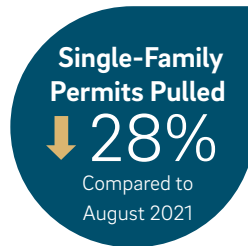
According to data compiled by the Keystone Report for Housing First Minnesota, there were 364 permits issued for a total of 772 units during four comparable weeks in the month of August.

"We continue to grow concerned about how the current slowdown in homebuilding will impact our overall long-term market," said James Vagle, CEO of Housing First Minnesota. "The demographics remain

the same: we have a large population in their peak homebuying age and a shortage of homes in our region. It's more important than ever that lawmakers and leaders look at innovative ways to bring starter homes back in Minnesota."

For the month in permits, Lakeville took the top spot with 37 permits issued. Woodbury came in next with 32 permits, followed by Elk River with 29 permits. Plymouth with 19 permits, and Blaine and Hugo both with 18 permits issued rounded out the top five.

For the month in units, Minneapolis took the top spot with 302 permitted units. Lakeville came in next with 94 permitted units, followed by Otsego with 43 units. Woodbury with 32 units and Elk River with 29 permitted units rounded out the top six.



LOVE INDUSTRY DATA & NEWS?

FOLLOW THE HOUSING FIRST MINNESOTA DAILY BLOG AT BLOG.HOUSINGFIRSTMN.ORG

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

Home Price Growth Slows as Market Times Rise And Demand Cools

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, both sales and listing activity were down in August while home price growth has slowed to its lowest level in two years but remains positive. Sellers also accepted lower offers as market times rose.

The median home price in the Twin Cities reached \$369,750 but

the year-over-year growth rate is slowing. While prices are not falling, they're not rising as quickly as they were. The 5.6% price growth in August is below the roughly 8.0% to 16.0% gains seen over the last two years. The deceleration in price growth likely reflects the pullback in demand caused by higher interest rates and economic uncertainty. Closed sales were down 20.3% in August compared to last year. Buyers also still face low inventory

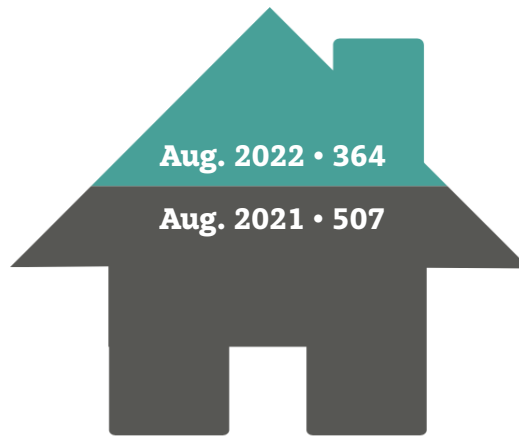
and limited options, although there's evidence that's changing.

"We're seeing a less competitive landscape as the market has slowed given current interest rates," said Denise Mazon, president of Minneapolis Area REALTORS®. "But the silver lining is that a less frenzied market could spell more inventory and opportunity for persistent buyers."

August ended with 8,552 homes for sale, nearly flat compared to last year. Sellers listed 6,186 properties on the market, 19.9% fewer than last August. Many Baby Boomers are choosing to age in place and aren't listing their homes. Some homeowners are reluctant to trade into a higher mortgage rate on a higher-priced home given economic uncertainty. And, some sellers are choosing to wait given their lack of options once their home sells.

August 2022 Metro Building Activity

It was another slow month for Twin Cities homebuilders as permits for new single-family homes continue to fall. For the month, builders pulled 344 permits for new single-family homes, a 28% drop from last August. Multifamily construction slowed from the high pace of the previous months this year, but it was still up from last August. Builders pulled permits for 428 units, a slight 2% increase from August 2021.

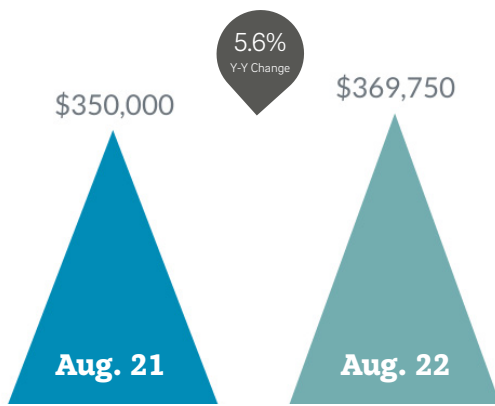


Units YTD:
12,586

Multifamily
55%
of Twin Cities Housing
Units Authorized

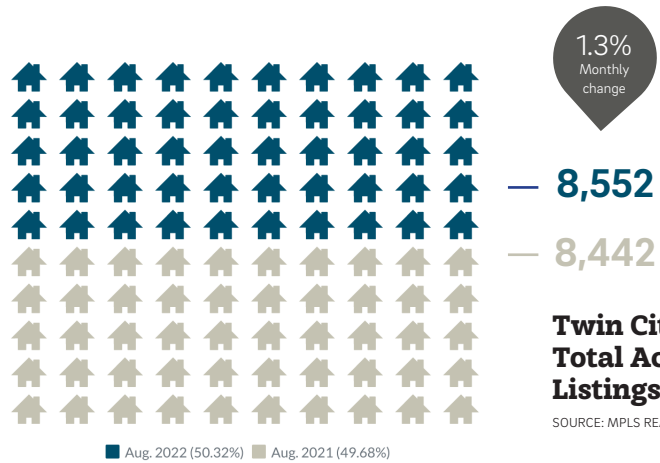
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



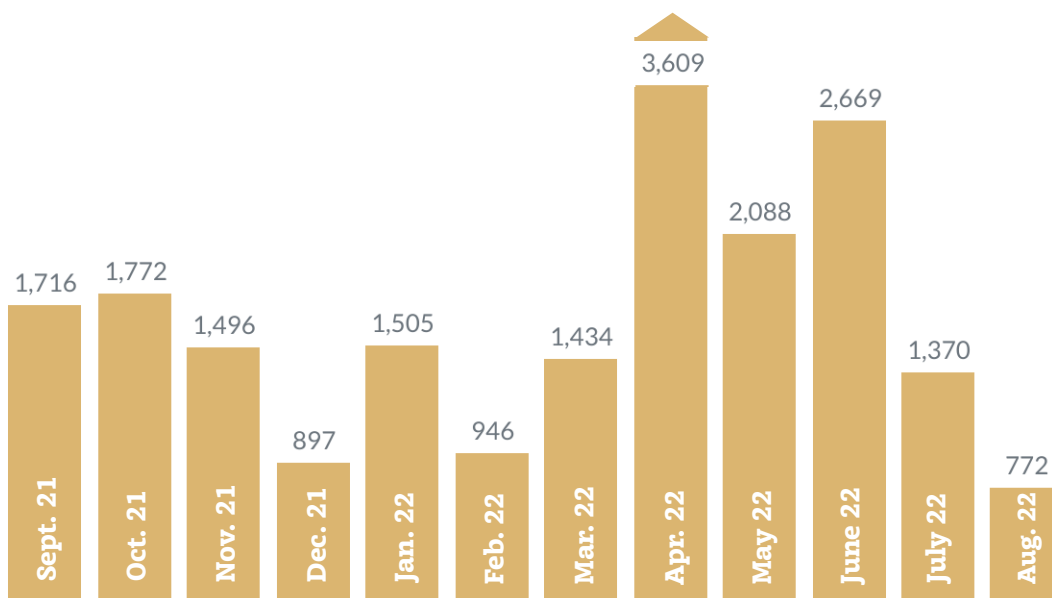
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



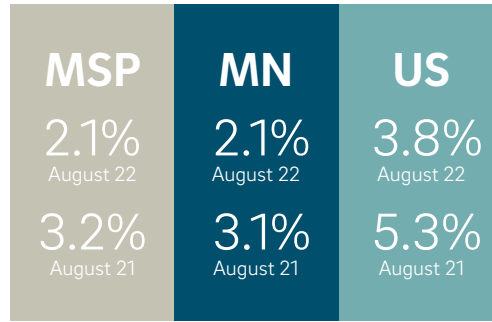
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

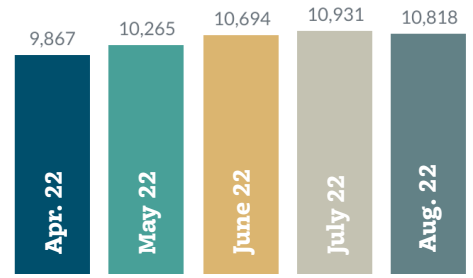
Minnesota's non-seasonally adjusted unemployment rate remained flat month-over-month in August at 2.1%, according to the Minnesota Department of Employment and Economic Development.

The national unemployment rate also remained unchanged in August month-over-month at 3.8%. Construction employment in Minnesota declined 1.1% since August 2021.



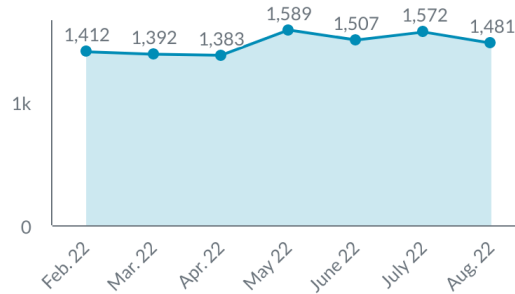
Unemployment Rate Snapshot

SOURCE: DEED-MN



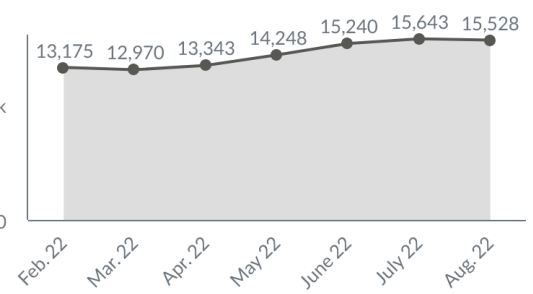
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



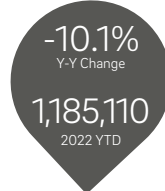
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

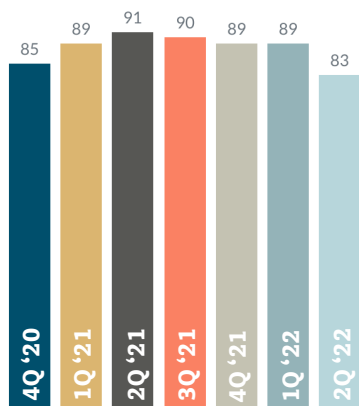
Regional/National Statistics

Sales of existing homes decreased 0.4% over the previous month in August, according to the National Association of REALTORS®. This is the seventh straight month of decreases in the existing home market.

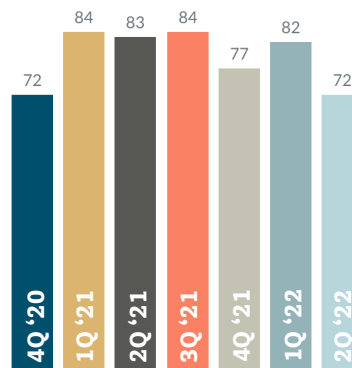
Regionally, sales rose 1.6% month to month in the Northeast and decreased 3.3% in the Midwest. In the South, sales remain flat over the previous month and in the West, sales increased 1.1% month-over-month.

Remodeling Market Indices

SOURCE: NAHB



Current

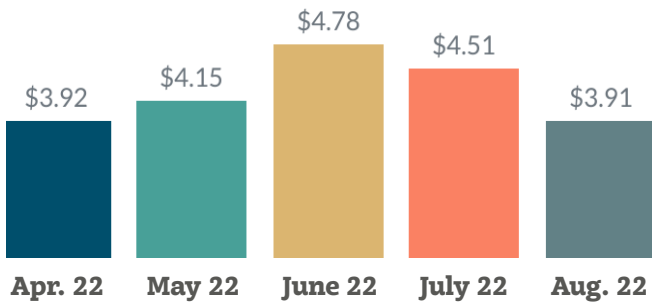


Futures

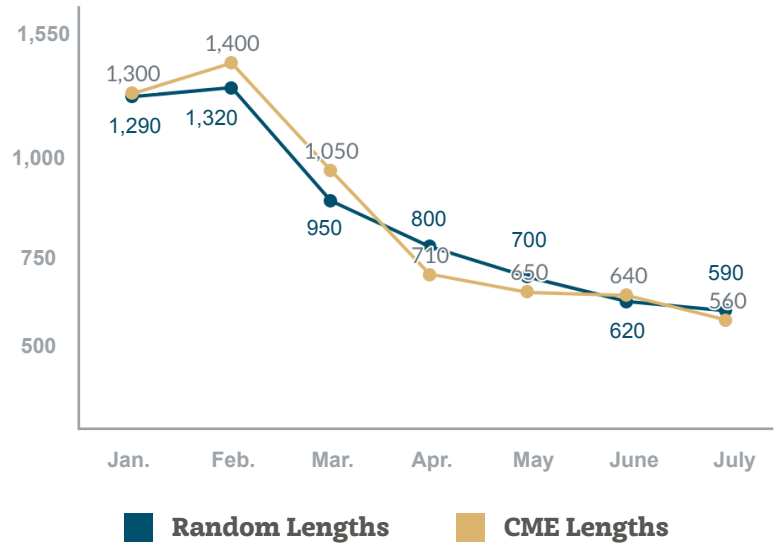
Key Indicators

The Federal Reserve Bank recently took more aggressive measures to curb the overheated economy and tamp down on inflation. An additional rate hike of 75 basis points was announced in mid-September – the third consecutive rate increase at this increment.

Mortgage rates are expected to continue climbing in response to this action and may further cool down the overheated market. Average mortgage rates recently rose above 6% for the first time since 2008.



MN Monthly Retail Gasoline Prices
SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber
SOURCE: NAHB

Mortgage Rates

FROM SEPTEMBER 27, 2022
SOURCE: ASSOCIATED BANK

30 Year	7.625%
30 Year Fixed FHA	6.875%
15 Year	6.125%
5 Year ARM	5.25%
30 Year Jumbo	6.25%

GROUND-UP CONSTRUCTION WITH GROUNDED RATES.

With a fixed-rate construction loan, your mortgage payment is guaranteed—even before you break ground. That means you can enjoy your new home without worrying about a higher-than-expected monthly payment or rising interest rates.

To lock in a low fixed rate on a construction loan, contact an Associated Bank lender today.

Michael Fannon 651-554-8719 Bloomington NMLS: 524057	Randy Hoeschen 952-591-2897 St. Louis Park NMLS: 524058	Stuart Mansk 651-306-1874 Savage NMLS: 553805	Jason Stoll 715-377-4132 Hudson NMLS: 524092	Jason Swenson 715-377-3535 Hudson NMLS: 523818
--	---	---	--	--



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.

Loan products are offered by Associated Bank, N.A., and are subject to credit approval and involve interest and other costs. Please ask about details on fees and terms and conditions of these products. Property insurance and flood insurance, if applicable, will be required on collateral. All trademarks, service marks and trade names referenced in this material are the property of their respective owners. Member FDIC. (4/22) P06333

