

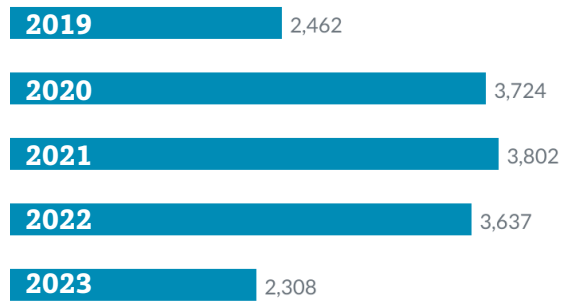


April 2023
Volume XI, Issue: 4

“Interest rates continue to impact the housing market, but we are seeing continued interest from homebuyers. Area homebuilders have reported increased traffic during this spring’s Parade of Homes, which signals that an uptick in homebuilding activity may be ahead in 2023.”

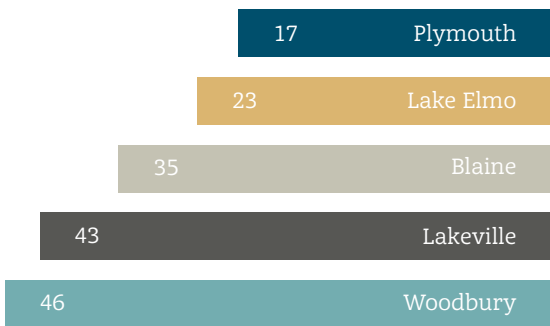
John Quinlivan, board chair of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date March 2019-2023

SOURCE: KEYSTONE REPORT



March Top Cities for Residential Permits

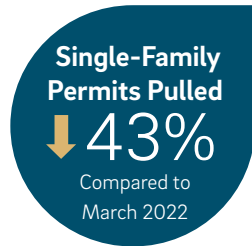
SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Twin Cities Homebuilding Activity Slows to a Crawl in March

No relief is in sight for the Twin Cities housing shortage as homebuilding activity continues to slow in March. Twin Cities builders pulled permits for 324 single-family homes in March, a 43% drop from this time last year. Multifamily construction saw an even steeper drop with permits pulled for 82 units, a 90% drop in multifamily units compared to March of 2022.

“Interest rates continue



to impact the housing market, but we are seeing continued interest from homebuyers,” said John Quinlivan, 2023 board chair of Housing First Minnesota. “Area homebuilders have reported increased traffic during this spring’s Parade of Homes, which signals that an uptick in homebuilding activity may be ahead in 2023.”

Altogether, there were 335 permits issued for a total of 406 units during four comparable weeks in the month of March, according to the Keystone Report.

“At a time when we have a shortage of all types of housing in our region, it is very concerning to see a further slowdown in homebuilding activity,” said James

Vagle, CEO of Housing First Minnesota. “Local leaders and lawmakers must take action to remove the barriers to building housing in our region or our housing shortage will worsen.”

For the month in permits, Woodbury took the top spot with 46 permits issued. Lakeville came in next with 43 permits. Blaine with 35 permits, Lake Elmo with 23 permits and Plymouth with 17 permits rounded out the top five.

For the month in units, Woodbury and Lakeville came in on top with 46 permitted units. Blaine came in next with 42 units, followed by Champlin with 40 units. Lake Elmo with 30 units rounded out the top five.

LOVE INDUSTRY DATA & NEWS?

STAY UP TO DATE ON INDUSTRY NEWS AT HOUSINGINDUSTRYNEWS.ORG

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

Home Prices Flat, Buyer and Seller Activity Still Well Below Last Year

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, home prices flattened out and held steady from last March. The metro’s median sales price stands at \$355,000. Buyer and seller activity are still down around 25.0% from year-ago levels.

In March, sellers brought 4,980 new listings online which amounted

to 23.9% fewer than last year. Of those and other active listings that sold, half lasted fewer than 27 days on market. That may seem high compared to last year’s figure of 12 days on market, but it’s in line with 2018, 2019 and 2020 for this time of year. This is another sign that normalizing demand has had a stabilizing effect on the market.

“While we do still see some competition for the most desirable listings, buyers don’t feel quite as rushed as they did a year or so ago, and they are being more selective,” said Jerry Moscowitz, president of Minneapolis Area REALTORS®. “The challenge now is on the monthly payment side which has forced buyers to think more critically about their options and budget.”

Buyer activity continued to decline in the wake of the Federal Reserve’s rate-hiking campaign, which has increased the cost of borrowing notably. Last month, buyers signed 3,767 purchase agreements, 27.9 fewer than a year ago. It was a similar story for closings—the 3,156 closed deals in March were down 20.5%.

March 2023 Metro Building Activity

No relief is in sight for the Twin Cities housing shortage as homebuilding activity continues to slow in March. Twin Cities builders pulled permits for 324 single-family homes in March, a 43% drop from this time last year. Multifamily construction saw an even steeper drop with permits pulled for 82 units, a 90% drop in multifamily units compared to March of 2022.

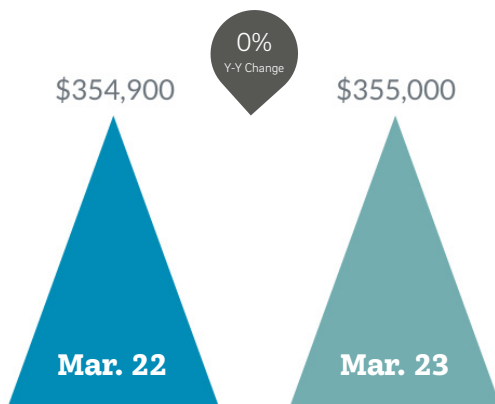


Units YTD:
2,308

Multifamily
20%
of Twin Cities Housing
Units Authorized

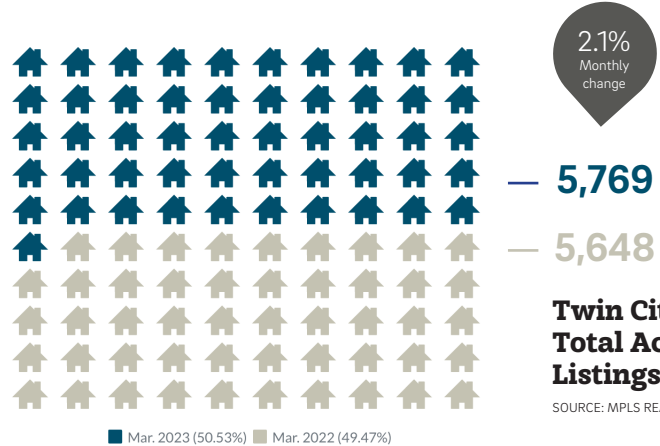
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



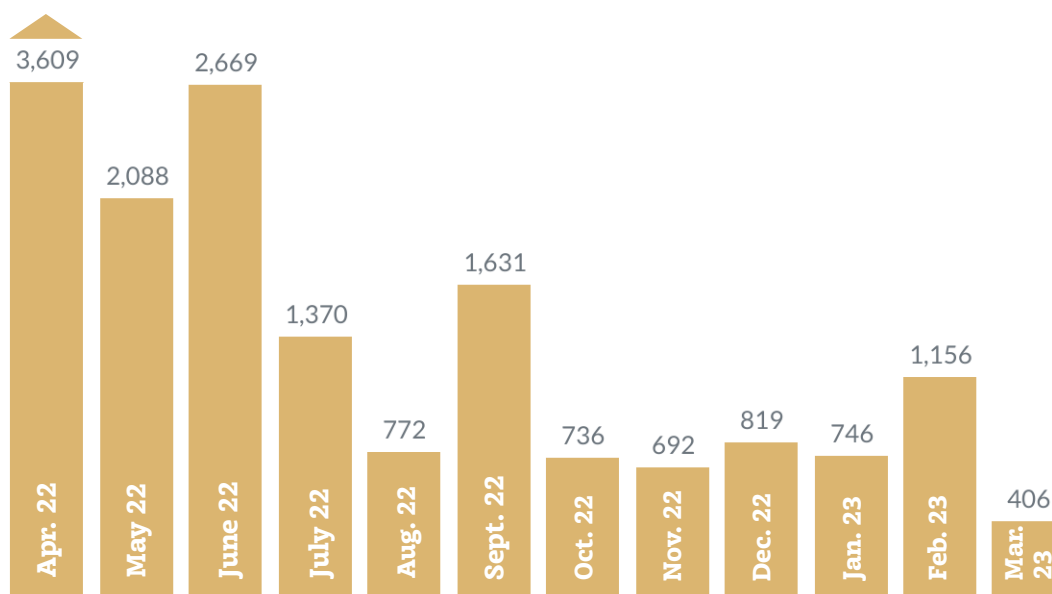
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



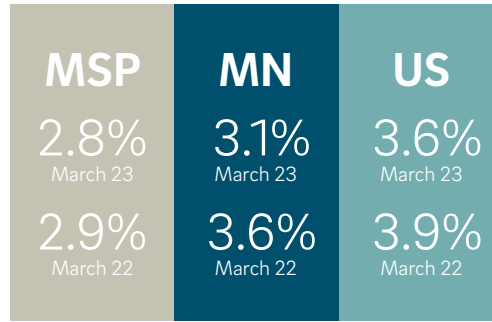
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

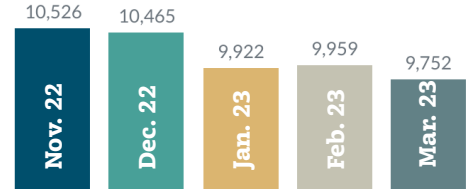
Minnesota's unemployment rate dropped to 3.1% in March, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the February unemployment rate of 3.6%.

The national unemployment rate decreased from 3.9% in February to 3.6% in March.



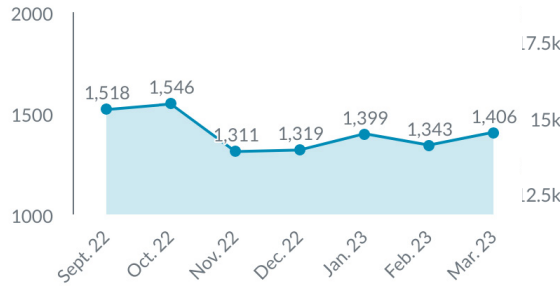
Unemployment Rate Snapshot

SOURCE: DEED-MN



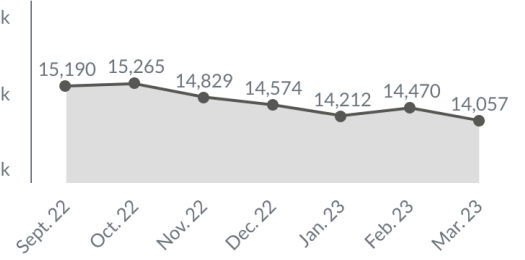
Twin Cities Construction Employment

SOURCE: DEED-MN



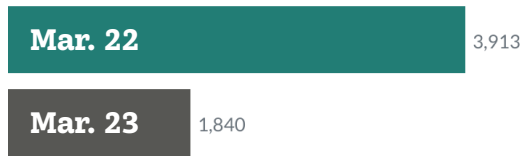
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



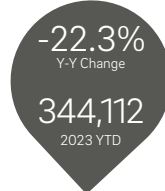
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

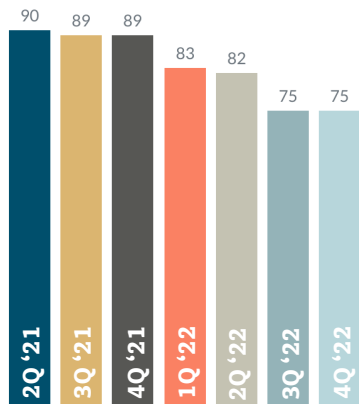
Regional/National Statistics

Sales of existing homes decreased 2.4% in March, according to the National Association of REALTORS®.

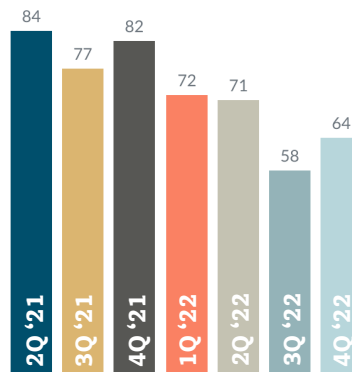
Regionally, sales were unchanged month-to-month in the Northeast and dropped 5.5% in the Midwest. In the South, sales decreased 1% over the previous month, and in the West, sales shrank 3.5% from February.

Remodeling Market Indices

SOURCE: NAHB



Current

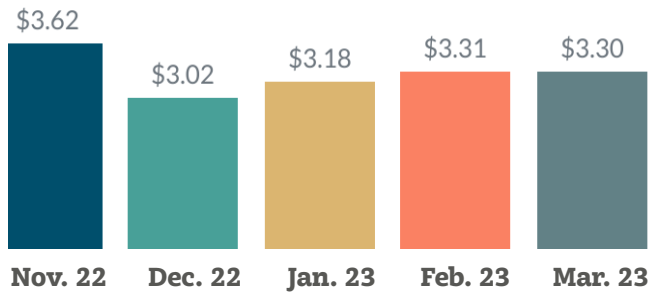


Futures

Key Indicators

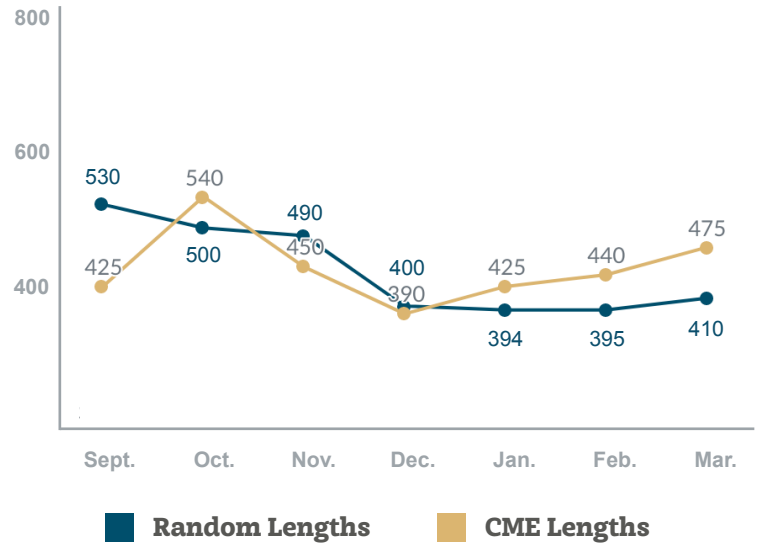
Following plummeting demand in response to increased interest rates, mortgage applications were up 5% over the previous week in April. Despite rates remaining virtually the same, home prices have begun to fall, and buyers are looking to take advantage.

However, demand for mortgages was still 28% lower than at the same time last year. Refinance applications were also down and only accounted for 26.8% of all mortgage activity.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

THE HOUSING BEAT

Across the country, there is much talk about housing

HERE ARE SOME OF THE LATEST QUOTES ON THE STATE OF THE INDUSTRY:



There has been NIMBYism on steroids, those who said, 'Don't come to my community, because you don't look like me. I don't want you here.' That has to be over. We need to act boldly."

GOV. KATHY HOCHUL
NEW YORK



We'd urge everyone to think broadly. The federal government has a role in addressing housing trends but should be wary of any policy that would decrease incentives for investment. The same goes for local governments."

EDITORIAL BOARD
THE STAR TRIBUNE



Private equity isn't the first villain, and it likely won't be the last, to be cast in the role of the housing scapegoat. Playing whack-a-mole with the villain of the moment won't increase the amount of affordable housing."

JERUSALEM DEMSAS
THE ATLANTIC



More housing now is for people, for planet, and for prosperity. It's for people who need a roof over their head and who want to recognize the dream of homeownership and wealth building. It's for the planet to reduce our emissions and conserve water. And it's for our prosperity as a state to ensure that businesses can hire people to power our economy. Let me be clear - housing policy is climate policy."

GOV. JARED POLIS
COLORADO