

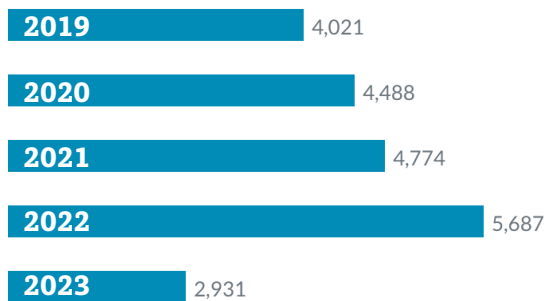


May 2023
Volume XI, Issue: 5

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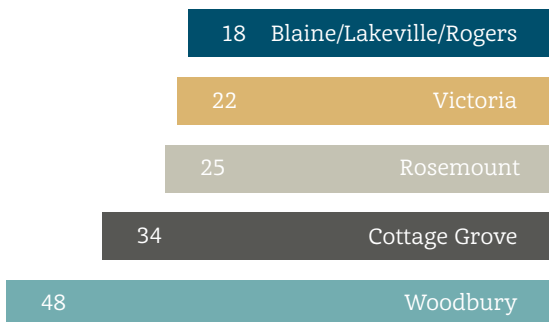
John Quinlivan, board chair of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date April 2019-2023

SOURCE: KEYSTONE REPORT



April Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Twin Cities Homebuilding Continues Its Slump in April

Homebuilding continues to lag in the Twin Cities even as the metro faces a stark shortage of homes. Twin Cities builders pulled permits for 386 single-family homes in April, a 38% drop from this time last year. Multifamily construction continued its downward trend with permits pulled for 240 units, an 83% drop in multifamily units compared to April 2022.

"Homebuilders saw a renewed interest in new homes during this spring's Parade

of Homes, but market conditions continue to hold back homebuyers," said John Quinlivan, 2023 board chair of Housing First Minnesota. "While the existing market remains drastically undersupplied, there are opportunities out there for homebuyers in new construction."

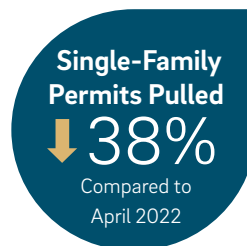
There were 335 permits issued for a total of 406 units during four comparable weeks in the month of March, according to the Keystone Report.

"We need homes of all types and all price points in the Twin Cities," said James Vagle, CEO of Housing First Minnesota. "A slowdown in any type of new home construction should

be of great concern to all our leaders, as our housing shortage continues to impact our community."

For the month in permits, Woodbury took the top spot with 48 permits issued. Cottage Grove came in next with 34 permits. Rosemount with 25 permits, Victoria with 22 permits, and Blaine, Lakeville, and Rogers all with 18 permits rounded out the top five.

For the month in units, Plymouth came in on top with 186 permitted units. Woodbury came in next with 48 units, followed by Minneapolis with 41 units. Cottage Grove with 39 units and Rosemount with 25 units rounded out the top five.



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

Prices Dip for the First Time Since 2021, but Sellers Still Receive Over Asking Price

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, home prices dipped slightly from last April. Both buyer and seller activity were also lower compared to last year.

Prices were flat in March and down less than 1.0% in April. Despite a slight softening in prices, sellers were still getting offers above

their list price, on average 100.1% despite a 28.8% decline in sales. These two dynamics seem to portray conflicting pictures. While still present, bidding wars this year haven't been as extreme as they have been over the last couple of years. Luxury market activity also cooled slightly more than the rest of the market—though it's too early to label this a trend.

Home prices are up 28.1% since March 2020 but down 0.7% from April 2022.

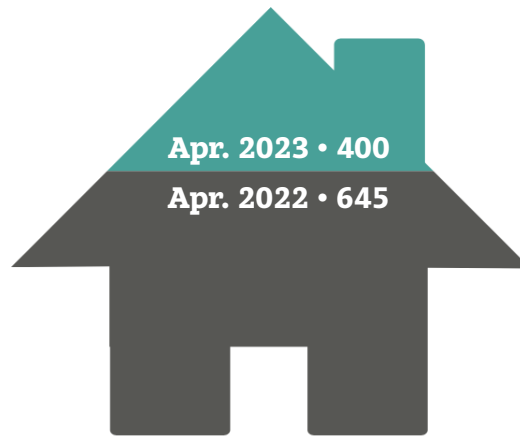
"Homeowners sometimes panic when prices soften while buyers often rejoice," said Jerry Moscovitz, president of Minneapolis Area REALTORS®. "But it's important to remember that it simply reflects the cross-section of homes selling and doesn't necessarily affect your

home's value. That's why home buyers should have at least a five- to seven-year timeframe."

In April, sellers brought 5,170 new listings online or 27.9% fewer than last year. Inventory levels trickled 4.5% lower. Some sellers are choosing to stay put and wait instead of selling for a lower price. Most sellers are also buyers and higher mortgage rates have harmed affordability significantly.

April 2023 Metro Building Activity

Homebuilding continues to lag in the Twin Cities even as the metro faces a stark shortage of homes. Twin Cities builders pulled permits for 386 single-family homes in April, a 38% drop from this time last year. Multifamily construction continued its downward trend with permits pulled for 240 units, an 83% drop in multifamily units compared to April 2022.



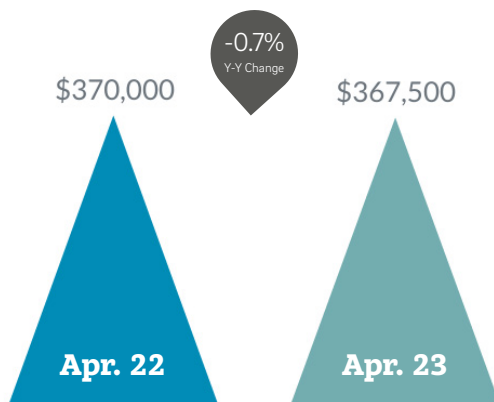
-44.1%
Y-Y Change

Units YTD:
2,931

Multifamily
38%
of Twin Cities Housing
Units Authorized

Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



-0.7%
Y-Y Change

Twin Cities Median Home Price

SOURCE: MPLS REALTORS

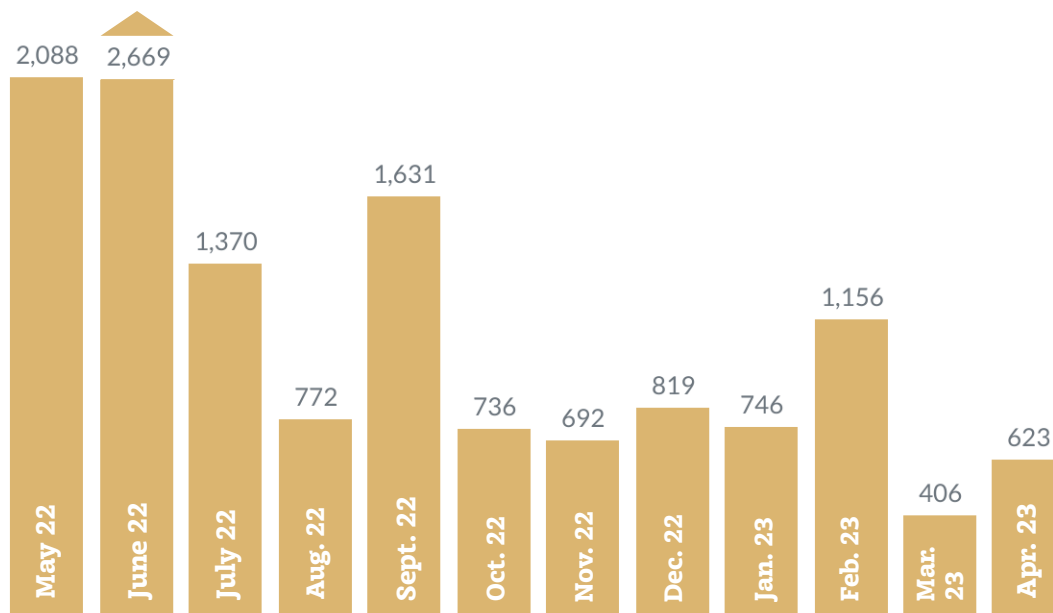


-4.5%
Monthly change

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Apr. 2023 (48.86%) ■ Apr. 2022 (51.14%)



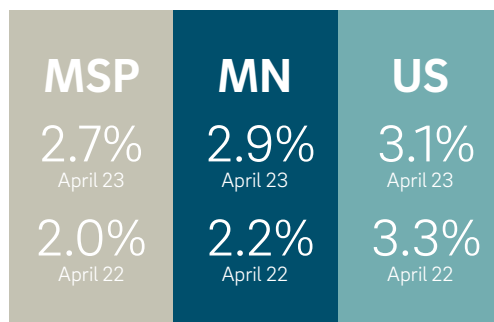
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

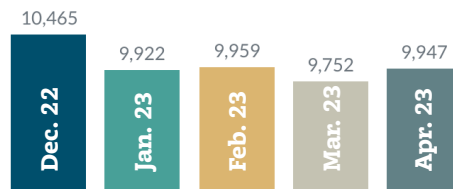
Minnesota's unemployment dropped to 2.9% in April, according to the Minnesota Department of Employment and Economic Development (DEED). This is compared to the March unemployment rate of 3.1%.

The national unemployment rate also decreased from 3.6% in March to 3.1% in April.



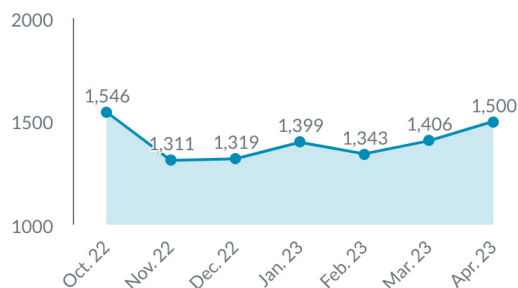
Unemployment Rate Snapshot

SOURCE: DEED-MN



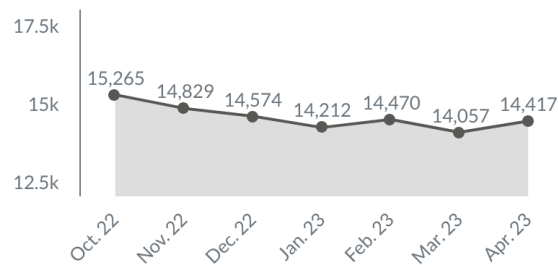
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



MN Construction Employment

SOURCE: DEED-MN

-35.0%
Y-Y Change

6,546
2023 YTD

Apr. 22

3,209

Apr. 23

2,088

MN Housing Units Authorized

SOURCE: US CENSUS

-24.9%
Y-Y Change

464,794
2023 YTD

Apr. 22

156,589

Apr. 23

117,601

US Housing Units Authorized

SOURCE: US CENSUS

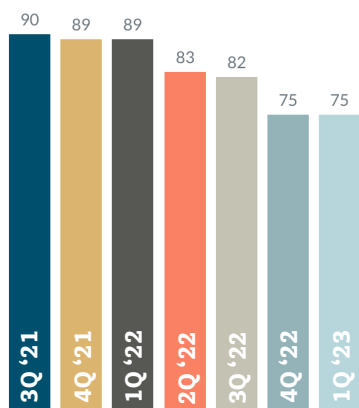
Regional/National Statistics

Sales of existing homes decreased 3.4% in April, according to the National Association of REALTORS®.

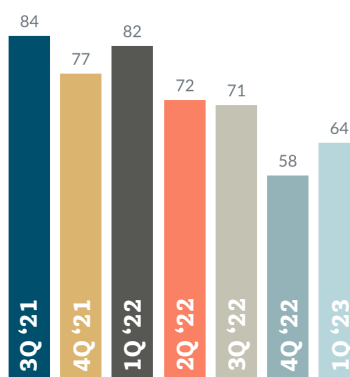
Regionally, sales dropped 1.9% month-over-month in the Northeast and 1.9% in the Midwest. In the South, sales decreased 3.4% over the previous month, and in the West sales shrunk 6.1% from March.

Remodeling Market Indices

SOURCE: NAHB



Current

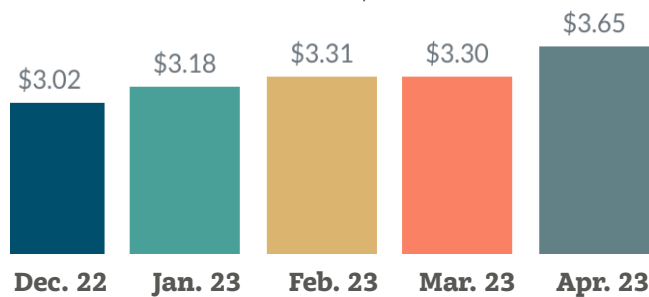


Futures

Key Indicators

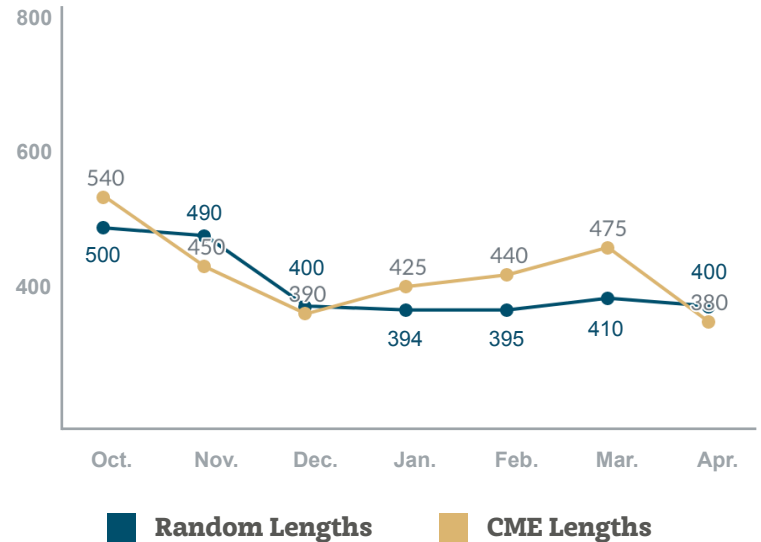
Throughout much of the first half of the year, the housing market began to slow to a pace not seen since before the pandemic began. Buyers began pausing their home searches due to rising mortgage rates and overall economic uncertainty. Nevertheless, Minnesota's massively undersupplied housing market has preserved the strong demand for new homes across the state.

According to the National Association of Home Builders (NAHB), builder confidence in the market rose five points to 50 in May; the fifth straight month of rising confidence among builders surveyed. This index considers any reading over 50 to be of positive sentiment on a combination of market conditions such as current sales and buyer traffic.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

HOUSING FIRST MN

VIRTUAL

Membership Town Hall

Legislative Session Wrap-Up

Wednesday, June 7 | 8 AM