

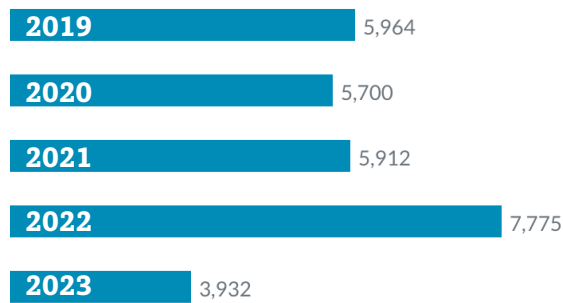


June 2023  
Volume XI, Issue: 6

“Rising mortgage rates continue to be a hurdle for homebuyers, but strong demand remains for new homes throughout the metro as the existing market largely fails to provide options for buyers at all price points.”

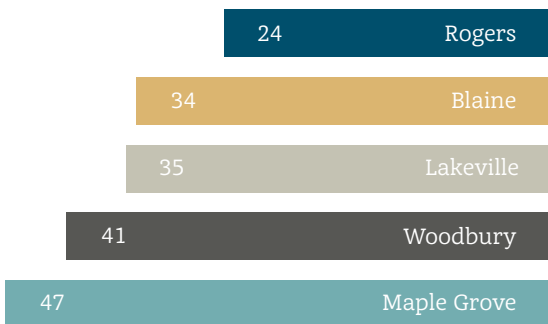
John Quinlivan, board chair of Housing First Minnesota

## Twin Cities Building Activity



### Units Authorized Year-to-Date May 2019-2023

SOURCE: KEYSTONE REPORT



### May Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

## Twin Cities Homebuilding Activity Picks Up in May

Homebuilding is starting to show some signs of improvement as the demand for new homes in the Twin Cities remains strong. Twin Cities builders pulled permits for 487 single-family homes in May, a 13% decrease from this time last year. While still down from last year, the 13% drop in activity is a vast improvement from the drop of 40% or more seen in all previous months of 2023. Multifamily construction, however, continued to see steep declines with permits pulled for 514 units, a

197% plunge in units compared to April 2022.

“Rising mortgage rates continue to be a hurdle for homebuyers, but strong demand remains for new homes throughout the metro as the existing market largely fails to provide options for buyers at all price points,” said John Quinlivan, 2023 board chair of Housing First Minnesota. “After a slow spring, homebuilders are ready to build the homes that the Twin Cities desperately needs.”

There were 498 permits issued for a total of 1,001 units during four comparable weeks in the month of May, according to the Keystone Report.

“Minnesotans want to own homes, but the current existing market is failing to

meet them where they are,” said James Vagle, CEO of Housing First Minnesota. “Minnesota’s homebuilders are ready to fill that gap and provide safe and durable homes for our state.”

For the month in permits, Maple Grove took the top spot with 47 permits issued. Woodbury came in next with 41 permits. Lakeville with 35 permits, Blaine with 34 permits and Rogers with 24 permits rounded out the top five.

For the month in units, Maple Grove came in on top with 294 permitted units. Rosemount came in next with 230 units, followed by Lakeville with 48 units. Woodbury with 41 units and Blaine and Minneapolis each with 34 units rounded out the top five.



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

## Prices Down Slightly Again While Sellers Still Getting 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 May. Both buyer and seller activity were also lower compared to last year.

Prices were flat in April and down slightly in May. As in April, May sellers still accepted offers above their list price despite a decline in sales—a dynamic that reflects the

persistently tight balance between supply and demand even in light of rising mortgage rates. While some sellers are still seeing multiple offers on well-presented listings, the offers were closer to 1.0% over list price versus 4.0% over list price last May. With half the homes selling in under 13 days, market times are up as demand has waned. And yet, homes are still selling faster than in May of 2019 and 2020.

Pending sales dipped 19.3%; closed sales fell 28.1%.

“While rates are surely a factor in decision-making, don’t lose sight of other factors like changes in lifestyle, a new job, growing or shrinking households, separations and so on,” said Brianne Lawrence, president of the Saint Paul Area Association of REALTORS®. “Economists’ interest rate forecasts vary widely; nobody knows what will happen. If you buy

and rates go down you can refinance, if they go up, you’ll be glad you didn’t wait.”

Sellers are also still getting good offers fairly quickly. At a median of 13 days, homes are still selling even faster than in May 2020; there are just fewer sales. But, there are also fewer listings. Both supply and demand downshifting together means the balance between buyer and seller activity has remained tight.

# May 2023 Metro Building Activity

Homebuilding is starting to show some signs of improvement as the demand for new homes in the Twin Cities remains strong. Twin Cities builders pulled permits for 487 single-family homes in May, a 13% decrease from this time last year. While still down from last year, the 13% drop in activity is a vast improvement from the drop of 40% or more seen in all previous months of 2023. Multifamily construction, however, continued to see steep declines with permits pulled for 514 units, a 197% plunge in units compared to April 2022.



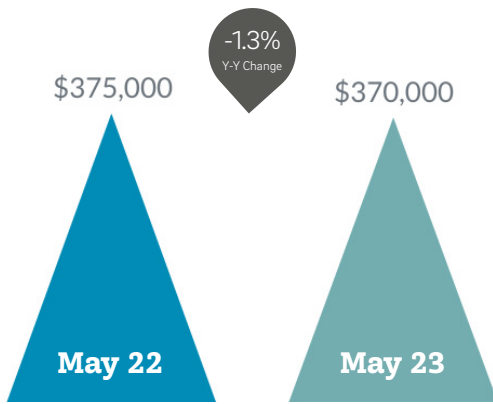
-17.1%  
Y-Y Change

**Units YTD:**  
**3,932**

**Multifamily**  
**51%**  
of Twin Cities Housing  
Units Authorized

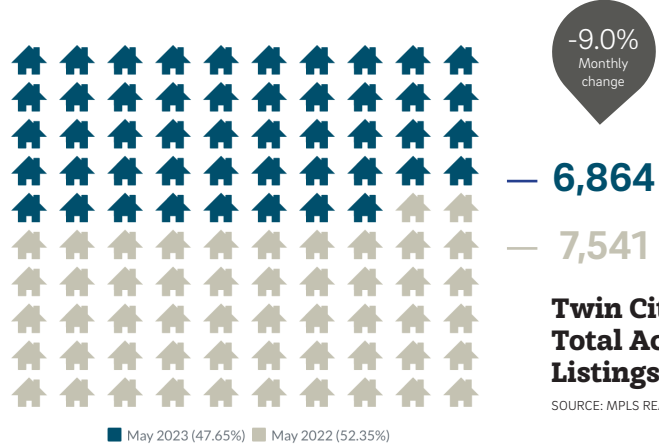
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



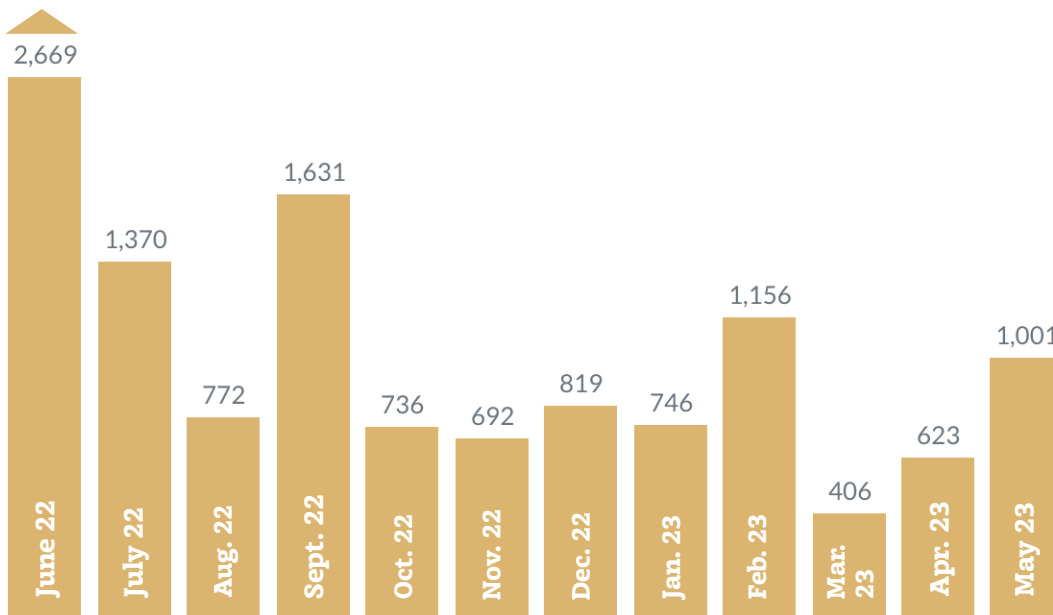
## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



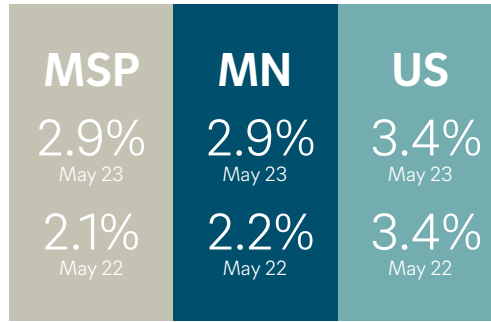
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

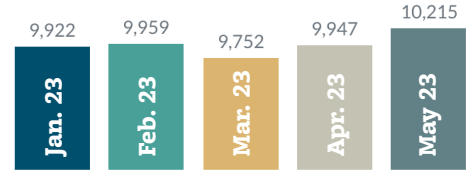
Minnesota's unemployment remained flat in May at 2.9%, according to the Minnesota Department of Employment and Economic Development (DEED).

The national unemployment rate, however, increased from 3.1% in April to 3.4% in May.



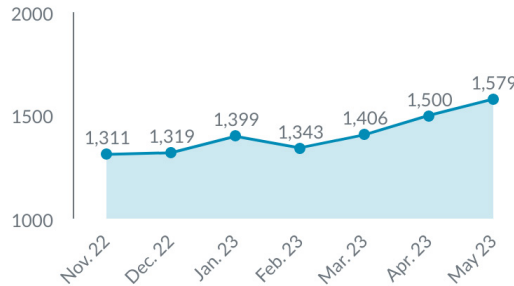
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



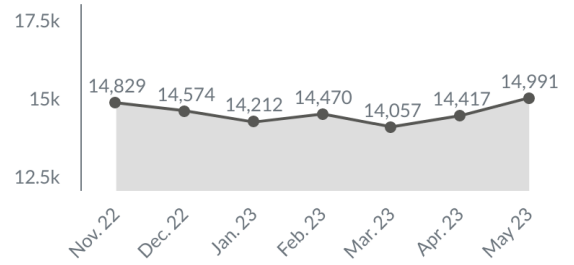
**Twin Cities Construction Employment**

SOURCE: DEED-MN



**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



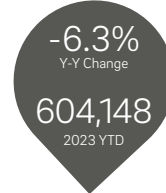
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

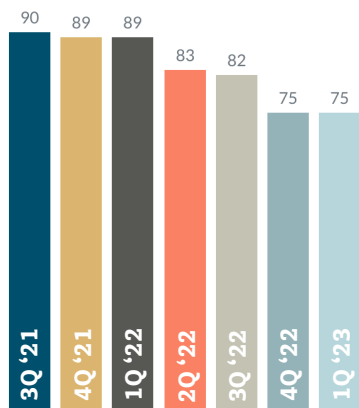
# Regional/National Statistics

Sales of existing homes slightly increased by 0.2% in May, according to the National Association of REALTORS®.

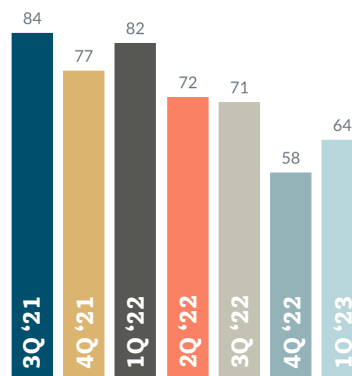
Regionally, sales in the Northeast decreased 2% and dropped 2.9% in the Midwest. In the South, sales rose 1.5% over the previous month, and in the West sales increased 2.6% from April.

## Remodeling Market Indices

SOURCE: NAHB



**Current**

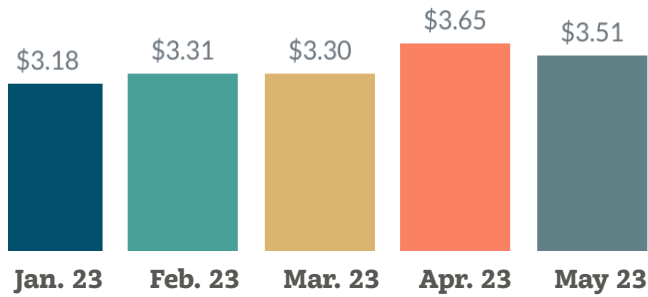


**Futures**

# Key Indicators

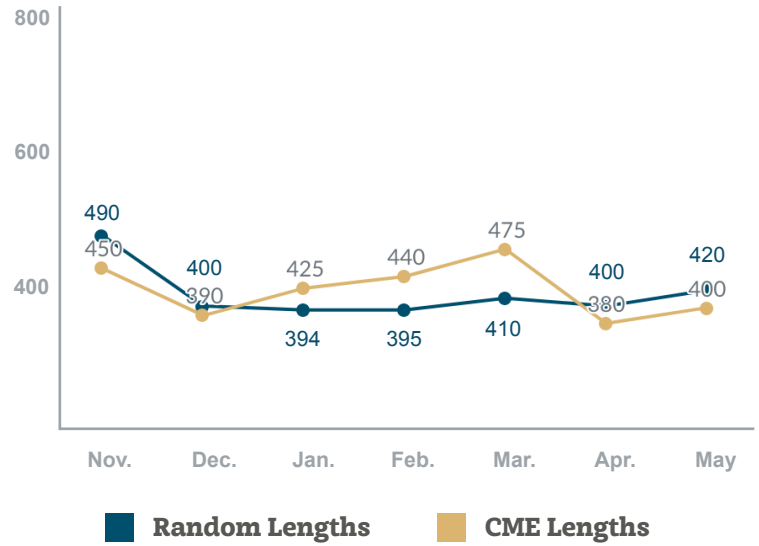
Builder sentiment in June moved into the positive territory for the first time in 11 months, according to the National Association of Home Builders (NAHB). It also marked the sixth straight month of sentiment.

Builders reported higher confidence in current and future market conditions due to unrelenting demand and lack of inventory in the existing market.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

# Building Permit Profit Lawsuits

Hennepin County Judge Francis Magill heard arguments this spring in the lawsuits brought by Housing First Minnesota alleging the cities of Corcoran and Dayton overcharged for new residential building permits. An April 7 hearing covered both cases and comes nearly two years after the lawsuits were filed.

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