

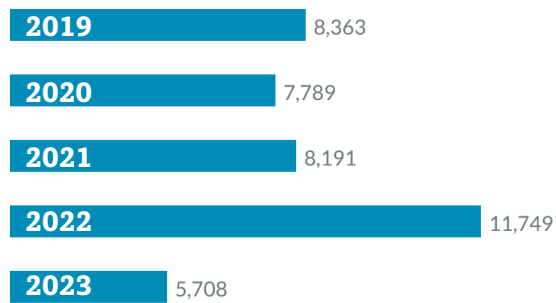


August 2023
Volume XI, Issue: 8

“The dynamics in our housing market are shifting. The existing market just can’t keep up with Minnesotans looking to buy homes. Minnesota’s homebuilders are problem solvers and are offering homebuyers incentives to help them overcome the impacts of higher interest rates.”

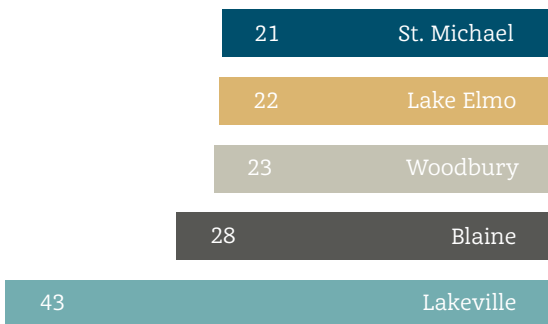
John Quinlivan, board chair of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date July 2019-2023

SOURCE: KEYSTONE REPORT



July Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Home Construction in the Twin Cities Sees Gains in July

Twin Cities single-family home construction in July recorded its first month of positive activity since January of 2022. Metro builders pulled permits for 446 single-family homes during the month, a 38% increase from last year. Multifamily construction, however, continued to stumble with permits pulled for 605 units, a 38% drop in units compared to last year.

“The dynamics in our housing market are shifting,” said John Quinlivan, 2023 board

chair of Housing First Minnesota. “The existing market just can’t keep up with Minnesotans looking to buy homes. Minnesota’s homebuilders are problem solvers and are offering homebuyers incentives to help them overcome the impacts of higher interest rates.”

There were 479 permits issued for a total of 1,051 units during four comparable weeks in the month of July, according to the Keystone Report.

“Our current housing market has left many first-time homebuyers and move-up buyers completely priced out of the market,” said James Vagle, CEO of Housing First Minnesota. “As the housing market in Minnesota shows signs

of recovery, it is now more crucial than ever to allow the industry to build affordable starter homes and bring down the cost of housing.”

For the month in permits, Lakeville took the top spot with 43 permits issued. Blaine came in next with 28 permits. Woodbury with 23 permits, Lake Elmo with 22 permits, and St. Michael with 21 permits rounded out the top five.

For the month in units, Rosemount came in on top with 185 permitted units. Minneapolis came in next with 154 units, followed by Monticello with 107 units and Lakeville with 85 units and Maple Grove and Stillwater both with 53 units rounded out the top five.



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

Prices Still Flat While Sales Decline With Rates Sticky Around 7%

According to new data from Minneapolis Area Realtors® and the Saint Paul Area Association of REALTORS®, home prices were flat in July. Both buyer and seller activity were lower compared to July 2022. Home prices were down slightly in April and May, up slightly in June, and flat in July. April marked the first year-over-year price decline since February 2012. The typical home price is now up 7.1% from 2021, up

20.0% from 2020 and up 32.3% from 2019.

“It still surprises me how often I hear and read about a crash,” said Brienne Lawrence, president of the Saint Paul Area Association of REALTORS®. “Prices flattening out and homes spending longer on market combined with a possible downtick in rates could be just the medicine the doctor ordered for frustrated buyers.”

July sellers listed 16.0% fewer homes on the MLS than last year. Inventory levels slid a similar 16.1%. Would-be sellers are faced with a unique decision: stay put in a home that no longer meets their needs or take their equity and embrace higher prices and rates until refinancing. Sellers are feeling the “golden handcuffs” and are reluctant to swap a 3.0% rate for 7.0%.

Both supply and demand have come down in unison, meaning the balance between buyers and sellers remains tight. Inventory levels fell 16.1% in July to 7,842 active listings. The market still favors sellers, but not to the same degree as the last few years. The market has 2.1 months of supply of inventory, but typically 4-6 months of supply are needed to achieve a balanced market.

July 2023 Metro Building Activity

Twin Cities single-family home construction in July recorded its first month of positive activity since January of 2022. Metro builders pulled permits for 446 single-family homes during the month, a 38% increase from last year. Multifamily construction, however, continued to stumble with permits pulled for 605 units, a 38% drop in units compared to last year.



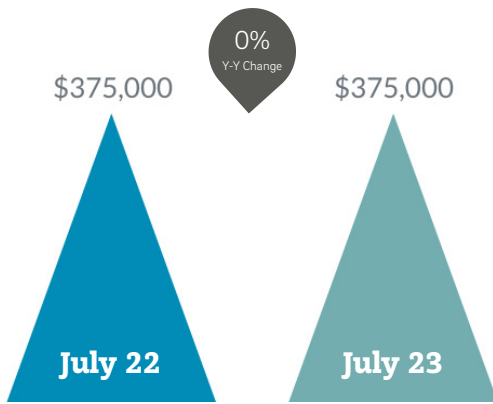
31.2%
Y-Y Change

Units YTD:
5,708

Multifamily
58%
of Twin Cities Housing
Units Authorized

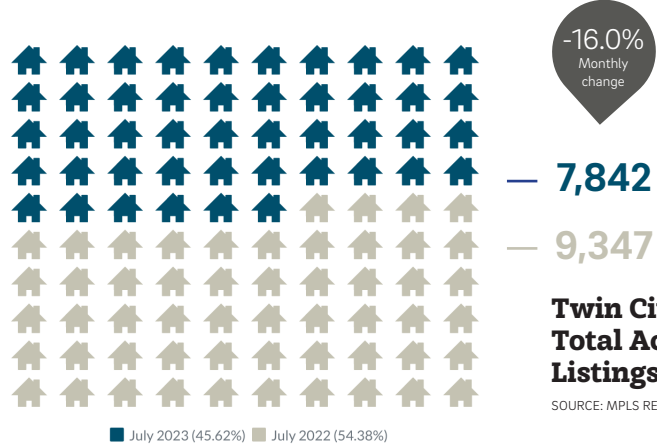
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT

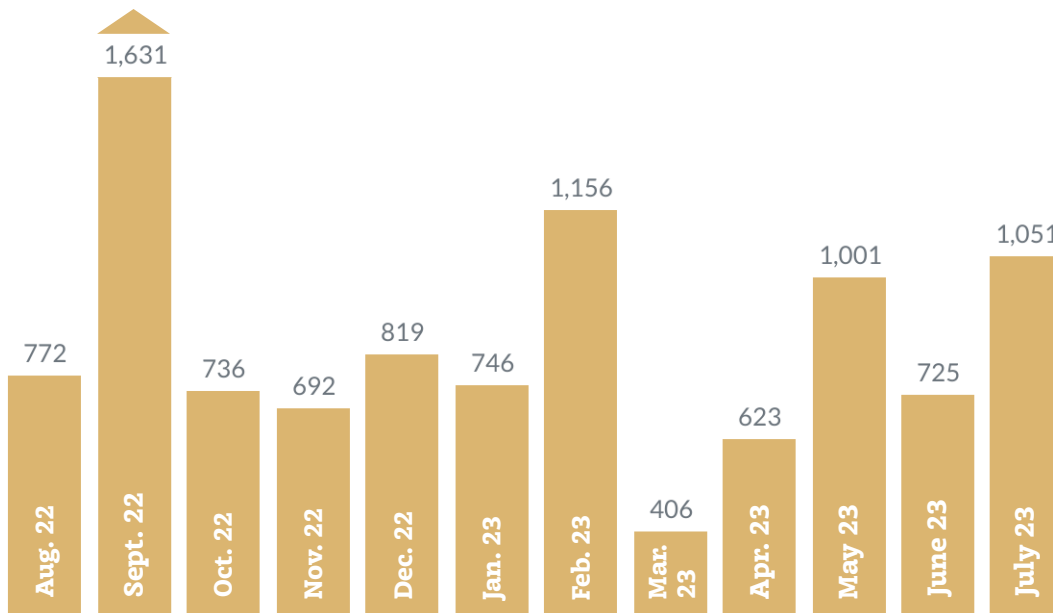


Twin Cities Median Home Price

SOURCE: MPLS REALTORS



SOURCE: MPLS REALTORS



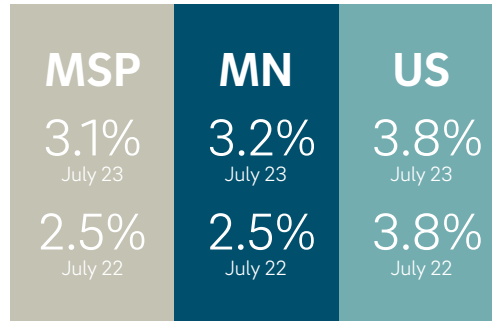
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

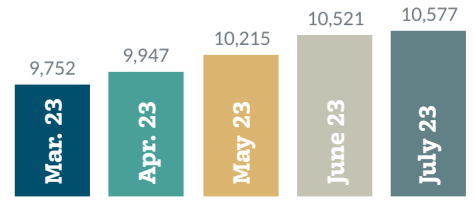
Minnesota's non-seasonally adjusted unemployment rate ticked down slightly to 3.2% in July, according to the Minnesota Department of Employment and Economic Development. This is compared to the June rate of 3.4%.

The national unemployment rate remained unchanged in July at 3.8%.



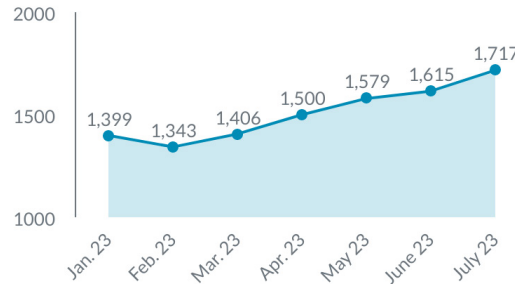
Unemployment Rate Snapshot

SOURCE: DEED-MN



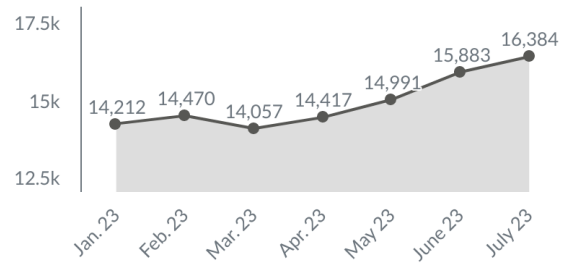
Twin Cities Construction Employment

SOURCE: DEED-MN



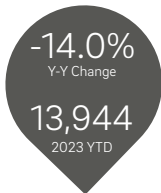
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



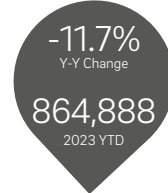
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

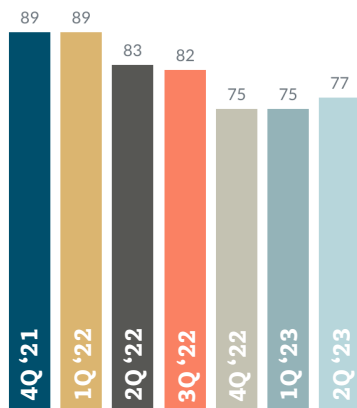
Regional/National Statistics

Sales of existing homes slightly decreased 2.2% in July, according to the National Association of REALTORS®.

Regionally, sales in the Northeast decreased 5.9% and dropped 3% in the Midwest. In the South, sales fell 2.6% over the previous month, and in the West sales increased 2.7% from June.

Remodeling Market Indices

SOURCE: NAHB



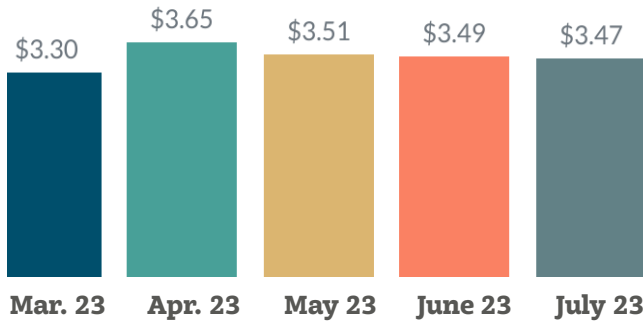
Current

Futures

Key Indicators

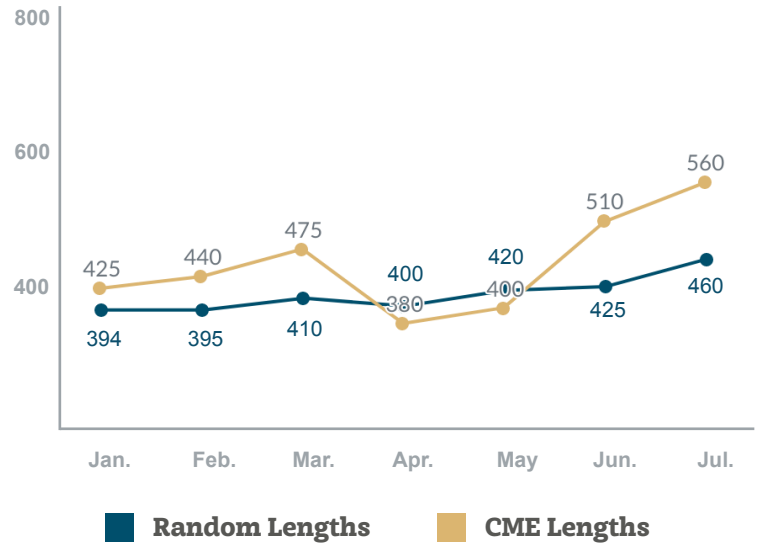
Though the new construction sector is seeing increasing activity due to a lack of supply in the existing market, it is not unaffected by the impacts of higher mortgage rates.

Builder confidence fell for the first time in July after a seven-month streak of increases, according to the National Association of Home Builders (NAHB). NAHB reports that although demand for housing has not waned, higher rates are making for higher monthly mortgage payments and putting pressure on what buyers can afford.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB



FIRST-TIME HOMEBUYER

\$10K Giveaway

THANK YOU

The Parade of Homes has a long legacy of supporting homeownership in our state. Over the past few years, the Parade of Homes First-Time Homebuyer \$10K Giveaway has made a major impact in the lives of everyday Minnesotans. These down payments were made possible through several donations from Housing First Minnesota members. We thank them for their generosity and support of creating homeownership opportunities for all.

