

October 31, 2023

TOWN HALL  
Housing Market Update

James Vagle, CEO | Katie Elfstrom, VP Public Affairs | Kristen Ober, Communications & Industry Content Coordinator

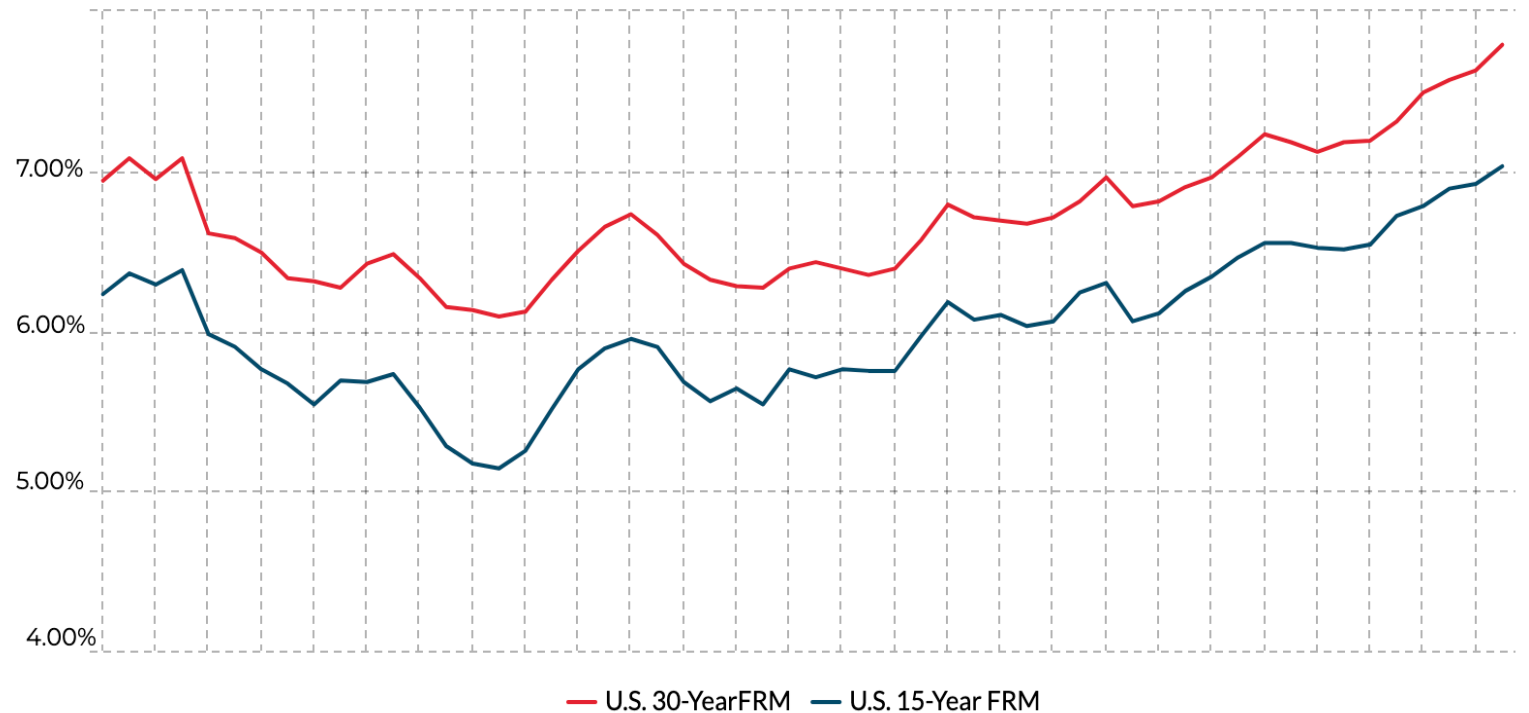
# By the Numbers

- Interest Rates ↔
  - 30-yr hovering below 8%
- Inventory of Homes ↓
  - 9.4% decrease year-over-year
- Permits ↑
  - Single-family construction up 110% since October 2022

# Interest Rates Continue to Hinder Activity

- On a steady incline, now hovering at and below 8%
- Contributing slowdown in activity in the existing market
- Sellers staying put, buyers being sidelined

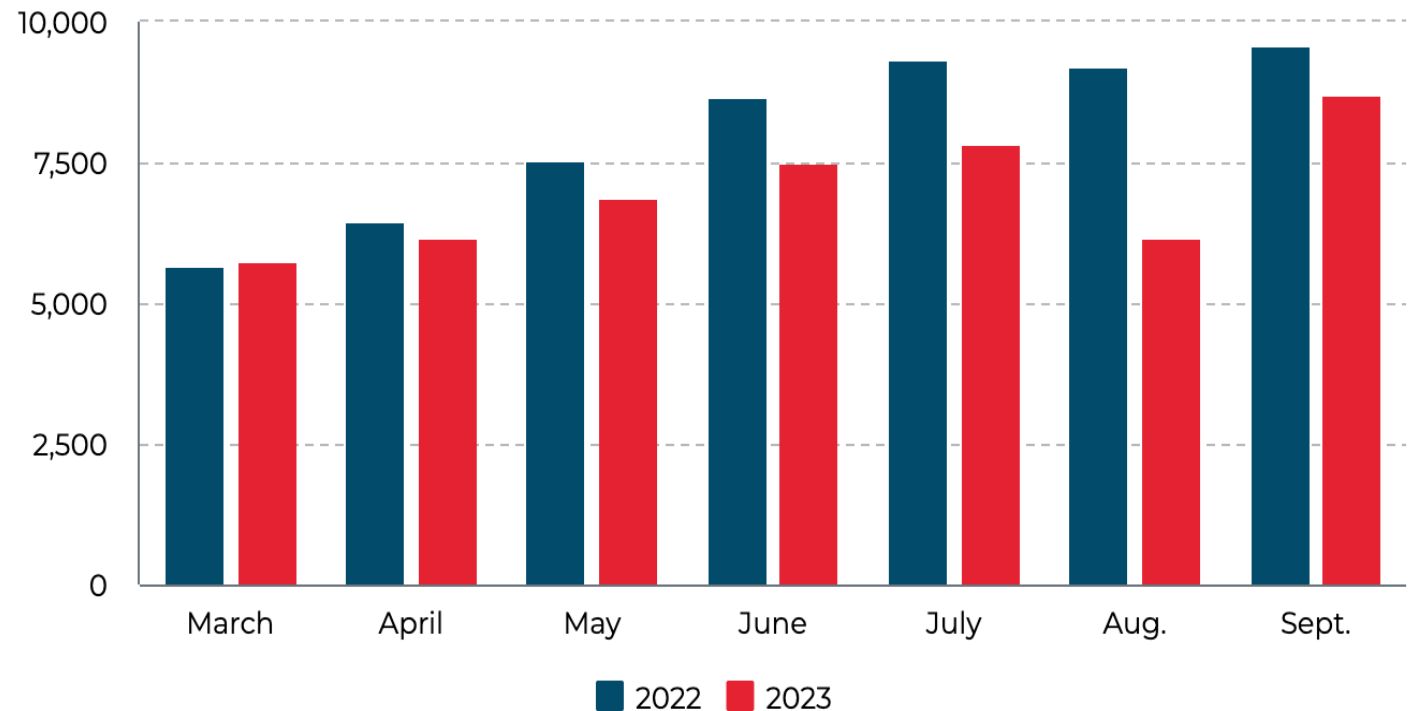
Freddie Mac Primary Mortgage Market Survey®



# Existing Market Struggling to Keep Up with Demand

- Inventory of available homes for sale down 9% compared to Sept. 2022
- Inventory was already an issue, now being worsened

Twin Cities Inventory of Homes for Sale



Source: Minneapolis Area REALTORS®

# Homebuilding Remains Strong

- Permits for new single-family homes in the Twin Cities were up 110% in October
- Motivated buyers are finding more flexibility and incentives available in the new construction sector

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# Regional Monthly Indicators

Minneapolis Area Association of Realtors

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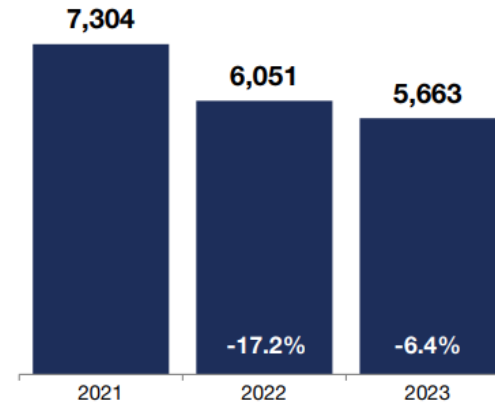
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# New Listings Remain Low

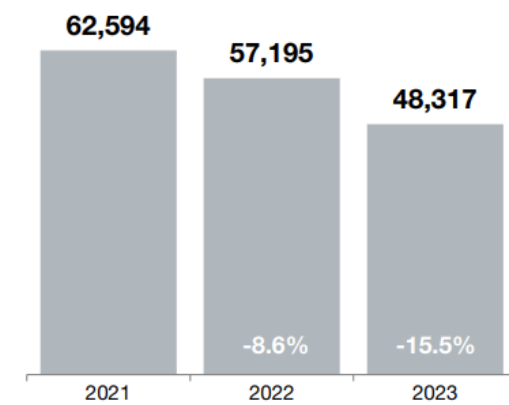
## New Listings

A count of the properties that have been newly listed on the market in a given month.

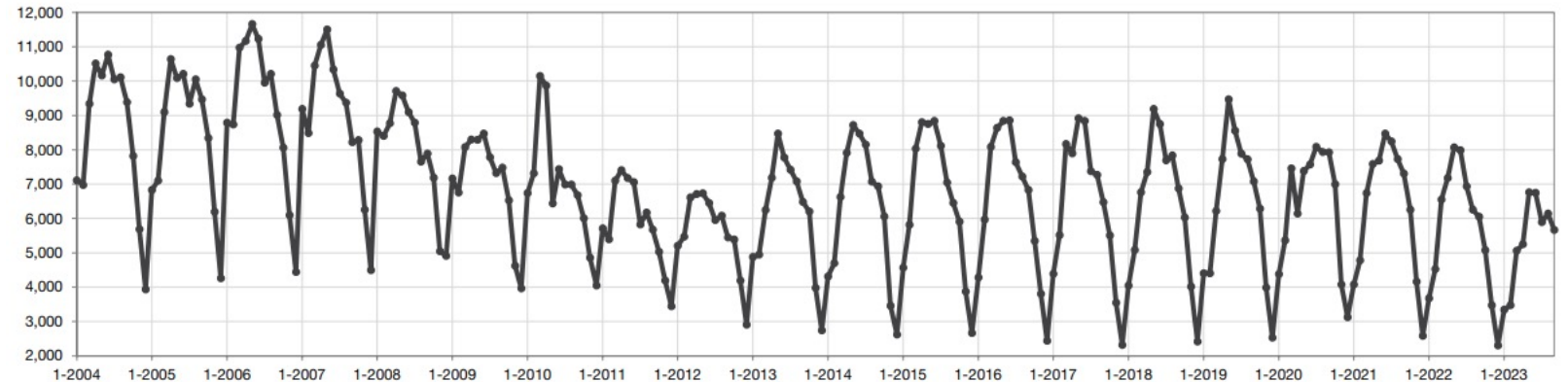
### September



### Year To Date



### Historical New Listing Activity



Source: MAAR

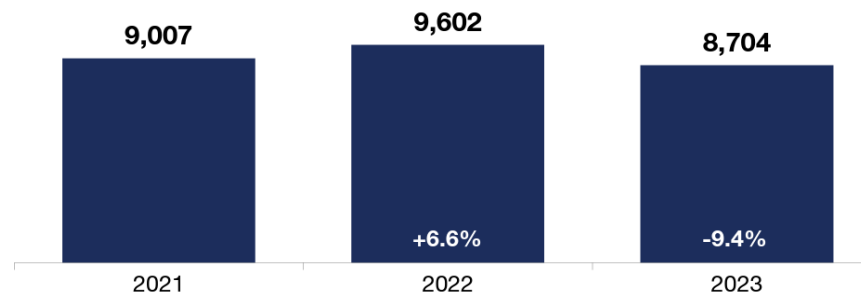
# Inventory of Homes for Sale

## Inventory of Homes for Sale

The number of properties available for sale in active status at the end of a given month.

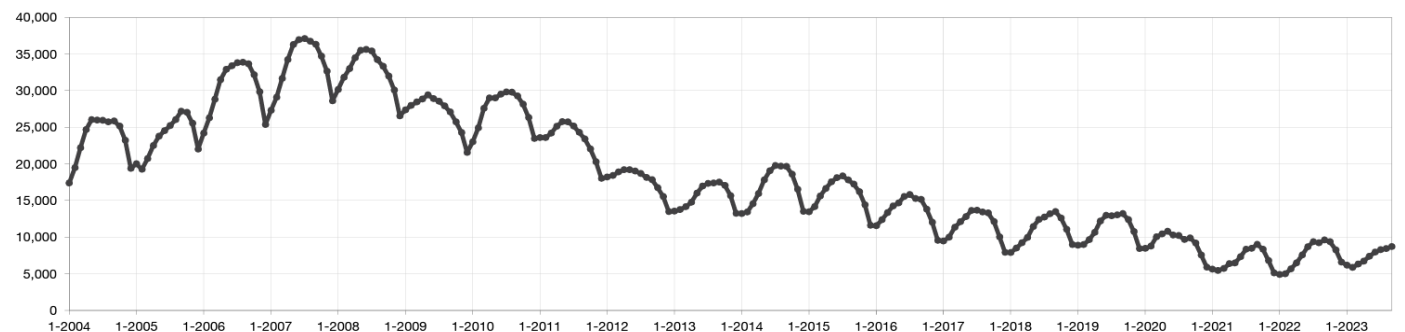


### September



Homes for Sale	Prior Year	Percent Change
October 2022	8,338	+12.1%
November 2022	6,787	+21.4%
December 2022	5,094	+29.2%
January 2023	4,883	+26.2%
February 2023	4,976	+17.5%
March 2023	5,649	+11.6%
April 2023	6,444	+4.0%
May 2023	7,542	-2.4%
June 2023	8,657	-8.4%
July 2023	9,348	-11.7%
August 2023	9,197	-8.5%
<b>September 2023</b>	<b>9,602</b>	<b>-9.4%</b>
12-Month Avg	7,487	+6.8%

### Historical Inventory of Homes for Sale



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# New Housing Inventory

## Total Housing Inventory

Under Construction MOS

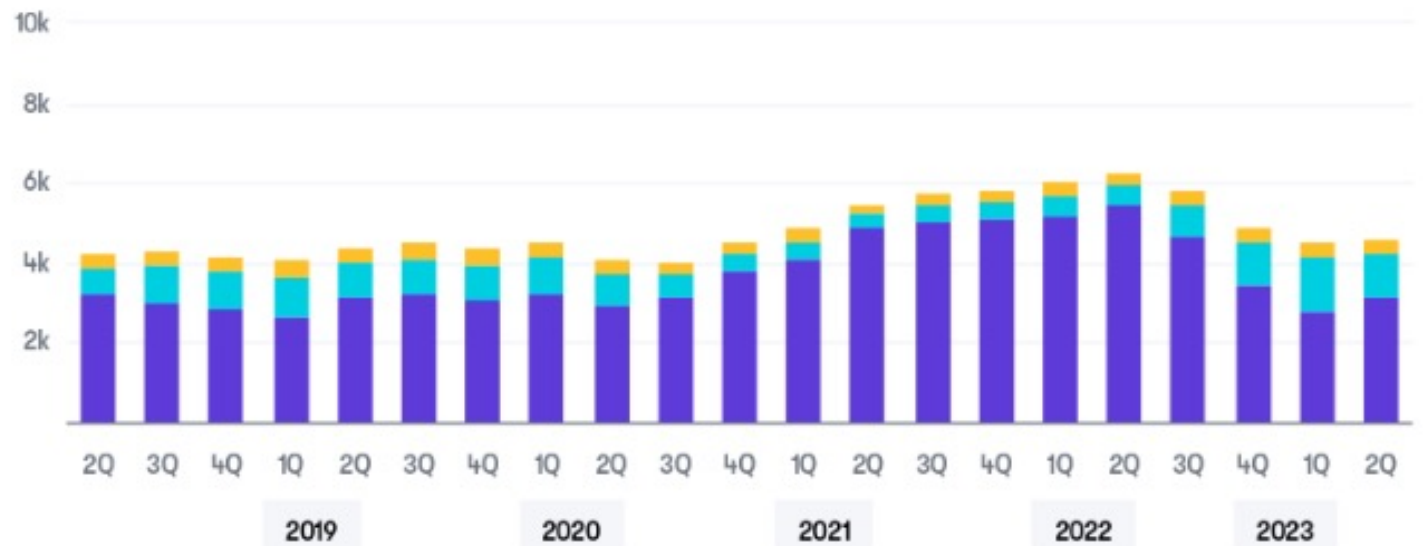
4.8 ↓

3Q 2023

Finished Vacant MOS

2.5 ↑

Under Construction Finished Vacant Models



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# New Home Sales

## New Home Sales

Sales

5,909 ↓

Last 12 Months

Avg. Sales Rate

1.2 ↑

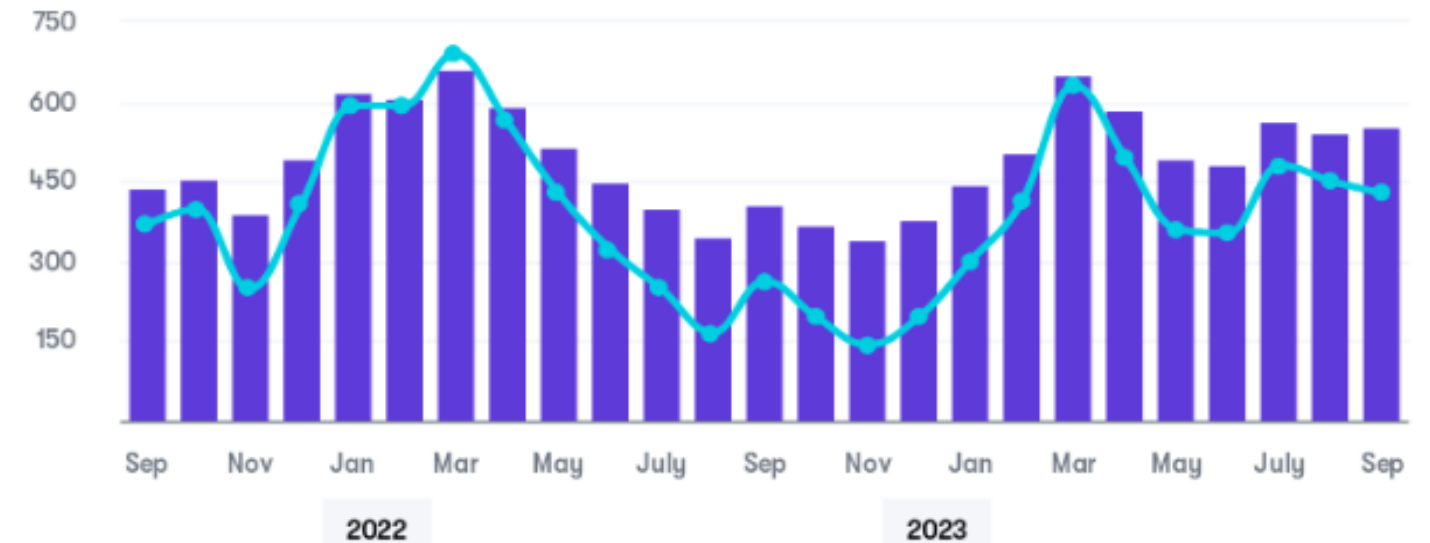
Last 12 Months

Last Month Avg. Sales Rate

1.2 ↓

Sep. 2023

■ Sales    ● Avg. Sales Rate



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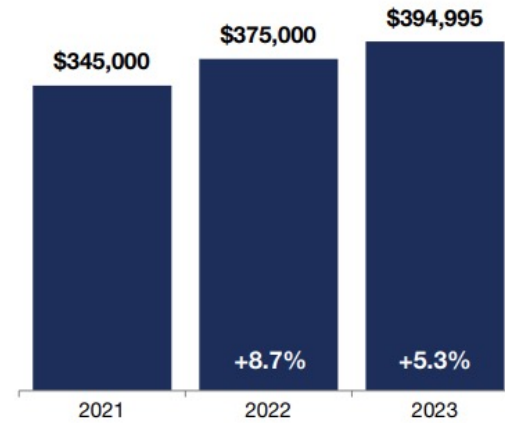
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# Median List Price Up

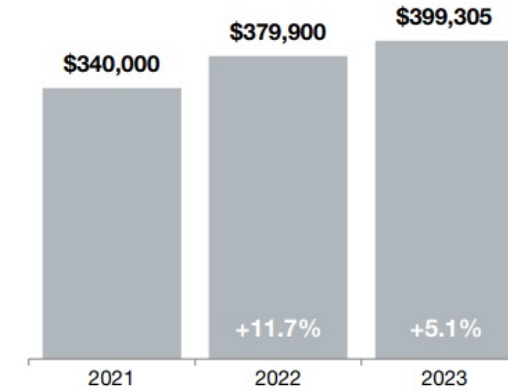
## Median Original List Price

Median original list price for all new listings in a given month. List prices can serve as a leading indicator of future price movement.

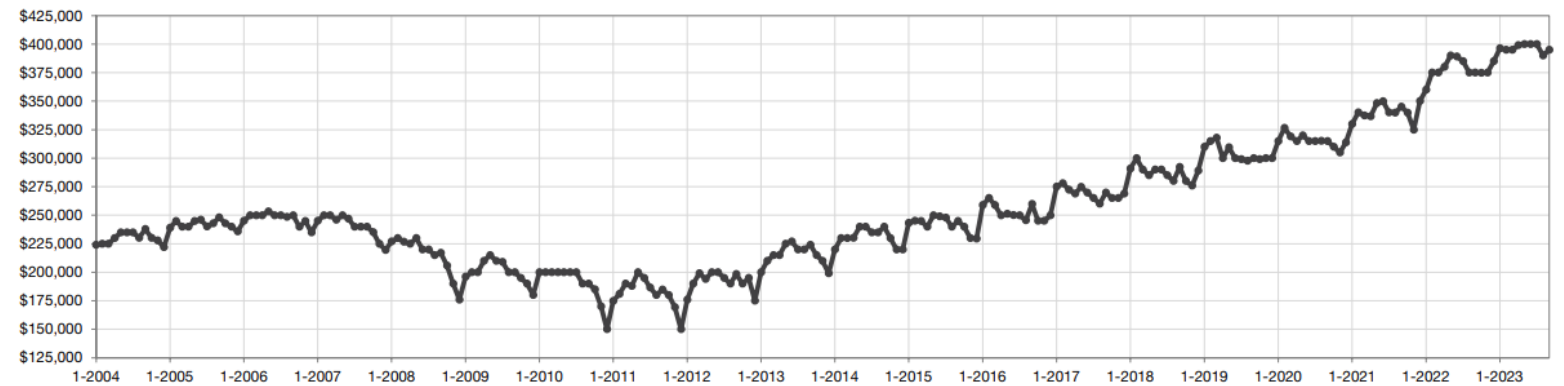
### September



### Year To Date



### Historical Median Original List Price

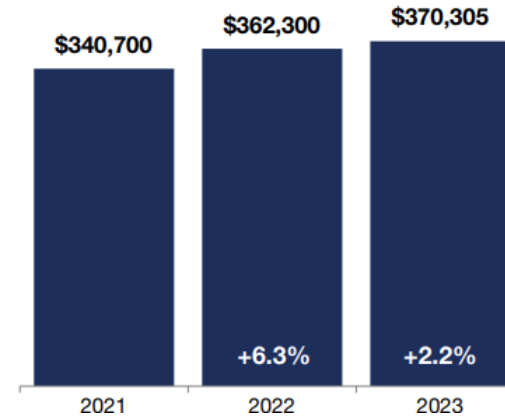


# Median Sales Price Up

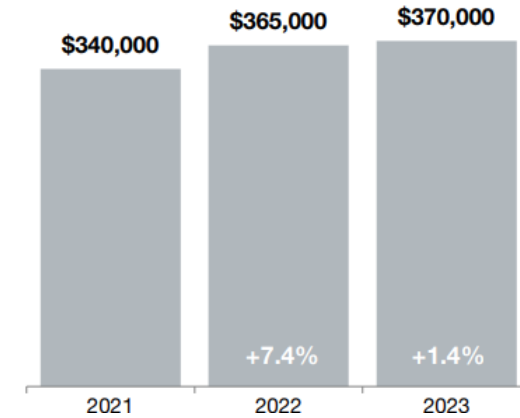
## Median Sales Price

Median price point for all closed sales, not accounting for seller concessions, in a given month.

### September



### Year To Date



### Historical Median Sales Price



# Twin Cities Median Closing Price

## Median Closing Price

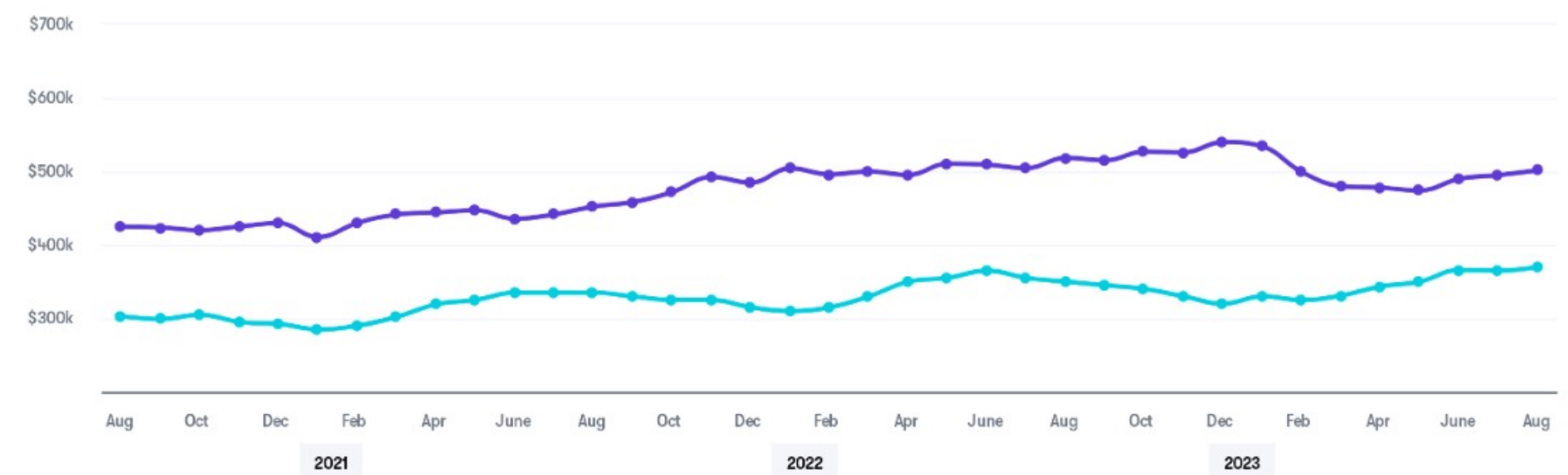
New

\$501,554 -3.3%

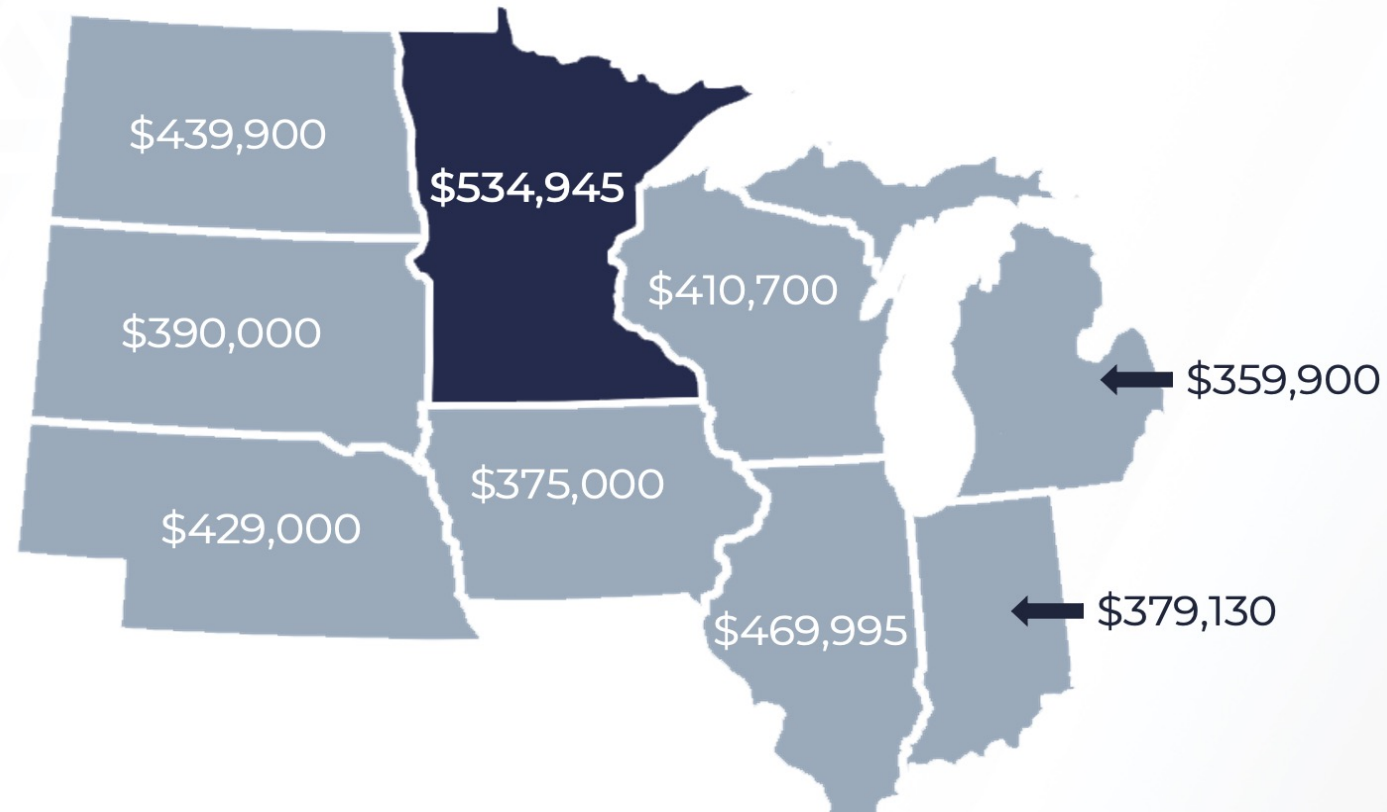
Existing

\$370,000 5.7%

New Existing



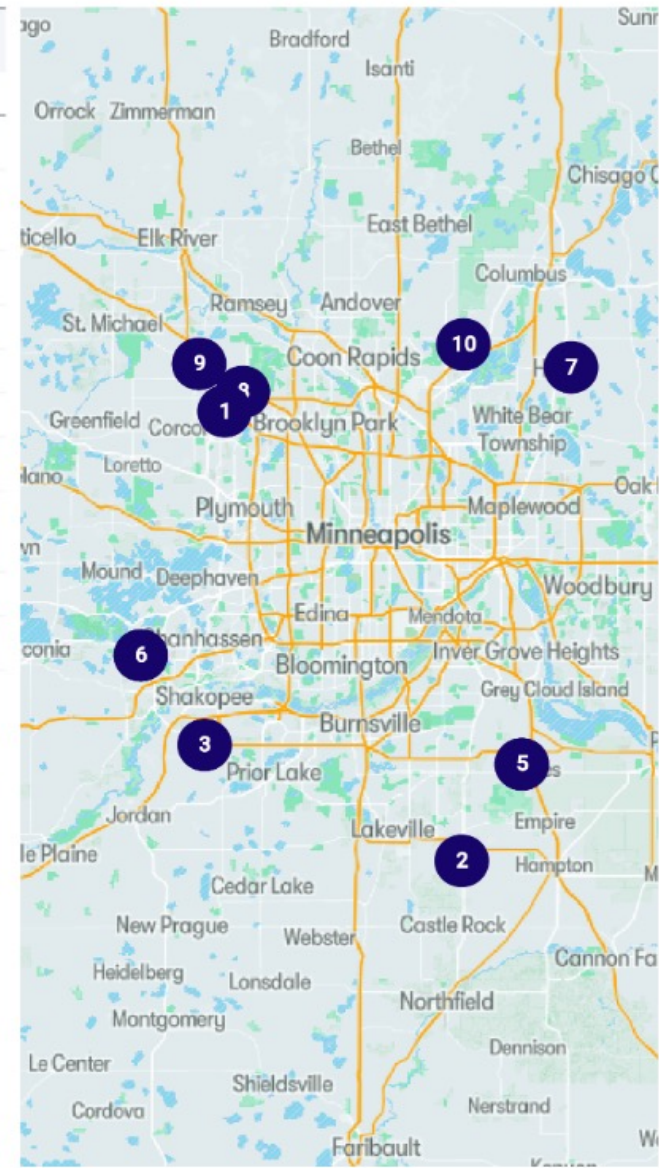
# Midwest Median New, Single-Family Home Price



# Top Metro Projects

## Top Active Projects

MAP KEY	PROJECT NAME	BUILDER	CITY	TYPICAL LOT SIZE (SQ FT)	AVG. PRICE	AVG. SIZE	AVG. \$/SQ FT	SALES RATE ↓
<b>Averages</b>					<b>\$476,685</b>	<b>2,200</b>	<b>\$223</b>	<b>4.6</b>
1	Bellwether	PulteGroup Inc.	Maple Grove	7,500	\$523,682	1,670	\$320	6.0
2	Vermillion Commons/Colonial Manor	Lennar	Farmington	Townhomes	\$327,490	1,784	\$183	5.1
3	Amberglen Express Select	D.R. Horton, Inc.	Shakopee	Single-Family	\$475,748	2,244	\$212	4.7
4	Talamore/Discovery	Lennar	Rosemount	8,125	\$533,823	2,536	\$229	4.7
4	Talamore/Venture	Lennar	Rosemount	6,875	\$445,865	2,048	\$211	4.7
6	Brookmoore	Lennar	Victoria	9,100	\$576,133	2,481	\$248	4.4
7	Meadows at Hugo/Villa/2-Story Territorial	Centra Homes LLC	Hugo	5,940	\$409,267	1,877	\$232	4.4
8	Commons/Colonial Manor	Lennar	Maple Grove	Townhomes	\$368,990	1,784	\$206	4.3
9	Aster Mill/Expressions	PulteGroup Inc.	Rogers	8,400	\$504,590	2,730	\$183	4.1
10	Lexington Waters/Tradition	D.R. Horton, Inc.	Blaine	8,712	\$601,265	2,855	\$207	4.0

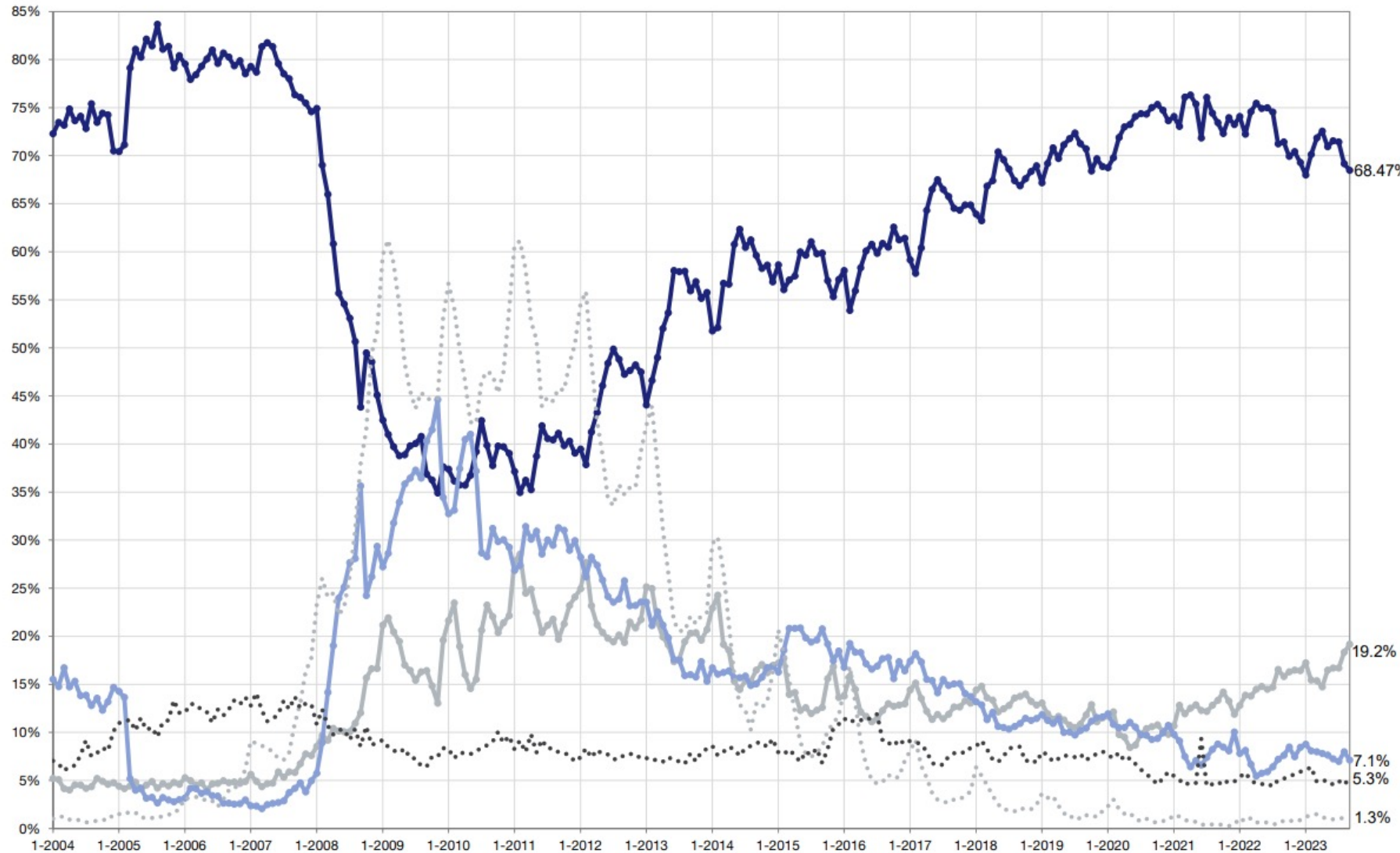


# Mortgage Finance Utilization Rates

Home finance type utilization rates as a share of all closed sales, by month. Note: "Other" includes Adjustable Rate / Graduated Payment, Assumable, Contract for Deed (CFD), CFD w/ Assumable, DVA, Exchange / Trade, Special Funding, Other, Unknown, Rural Development, Conventional Rehab, USDA, Federal Land Bank, Lease Purchase, and MHFA/WHEDA.

## Historical Mortgage Finance Utilization Rates

— Cash — Conventional — FHA ..... Distressed Sales Rate ..... Other



# Mortgage Finance Utilization



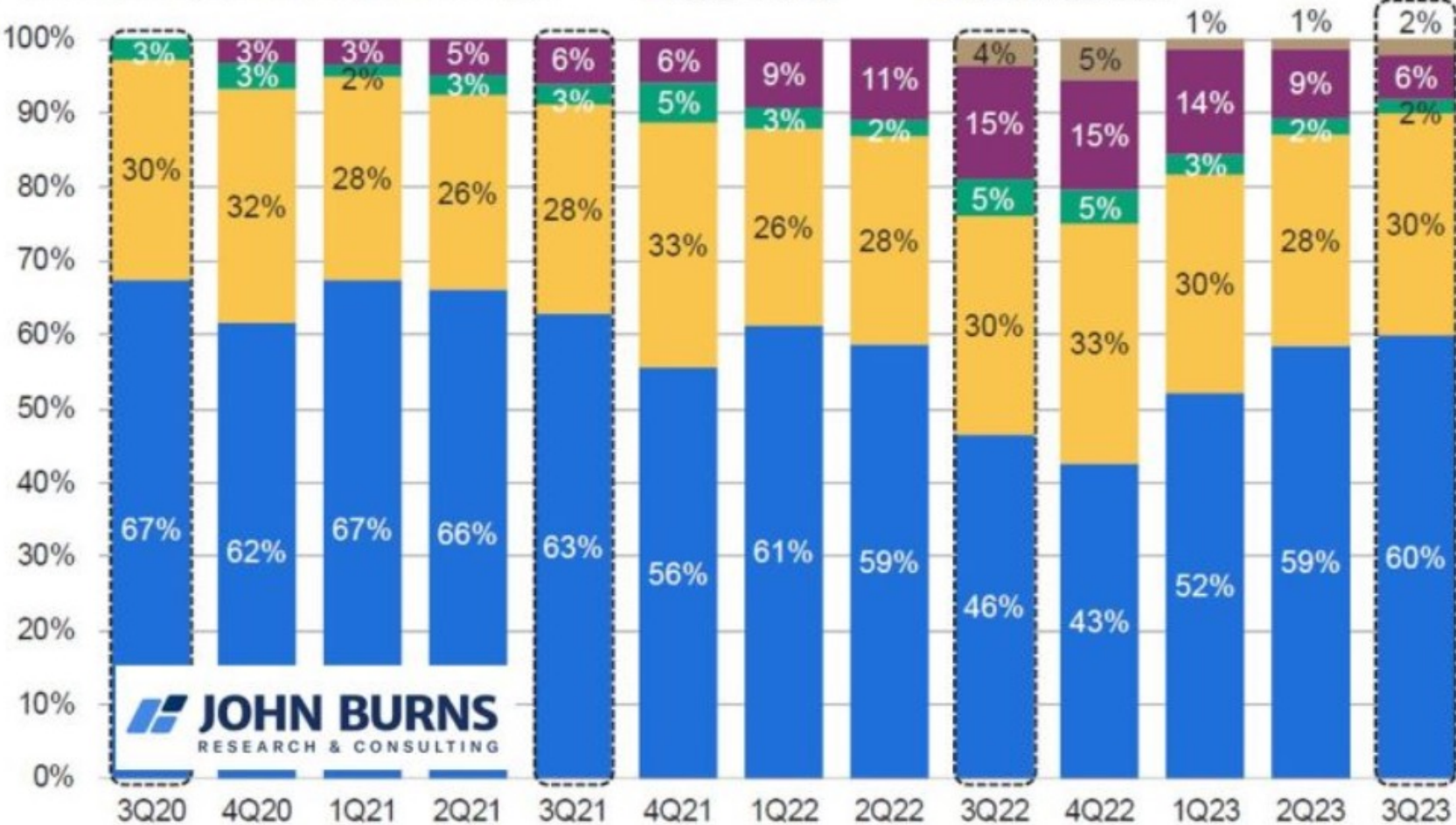
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# Key Data

# Finished Lot Purchasing

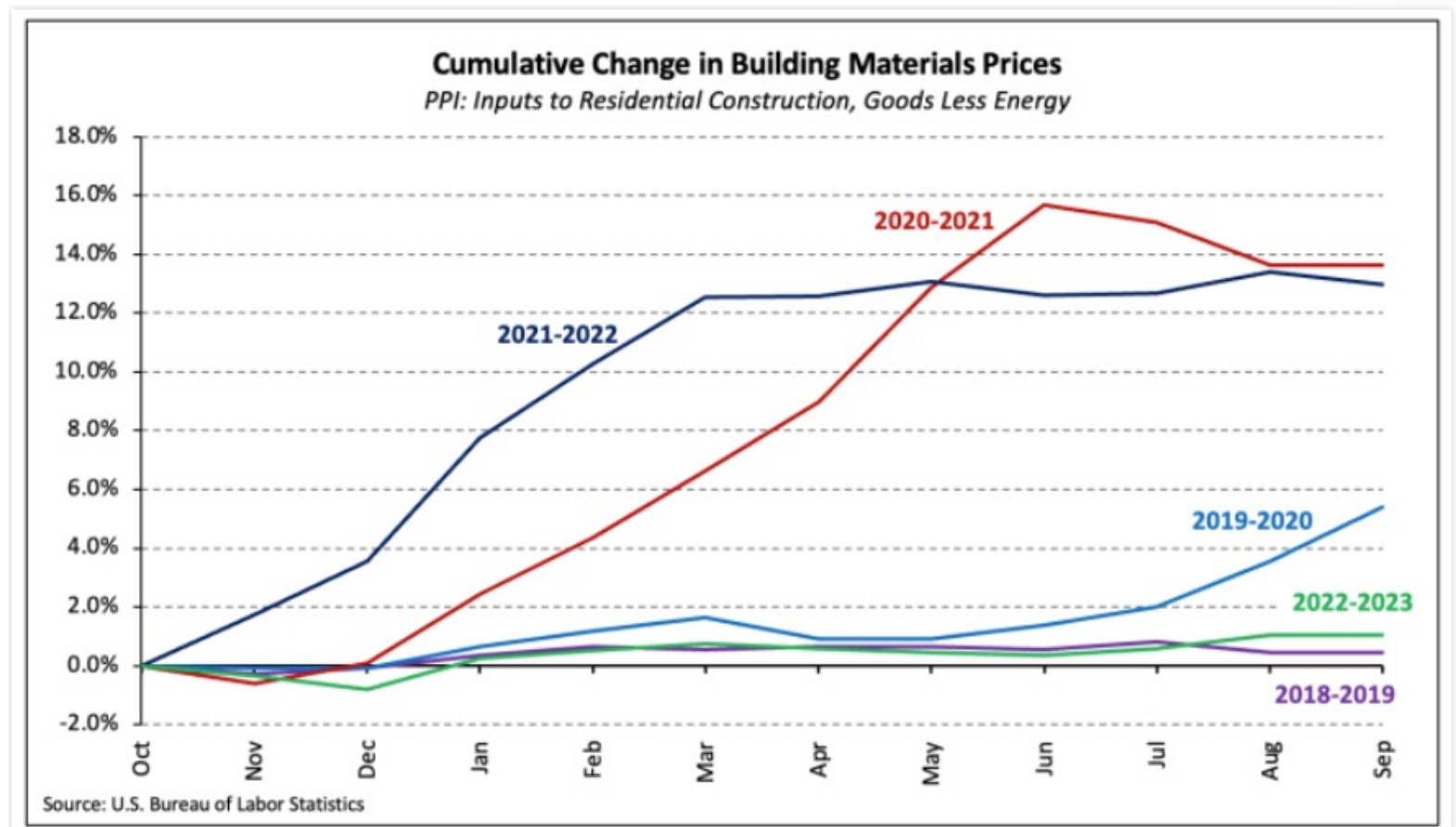
**Who Was Buying Finished Lots?**  
 Quarterly comparison, weighted averages

- Public builders
- Private builders
- Investors
- Build-to-rent
- No transactions

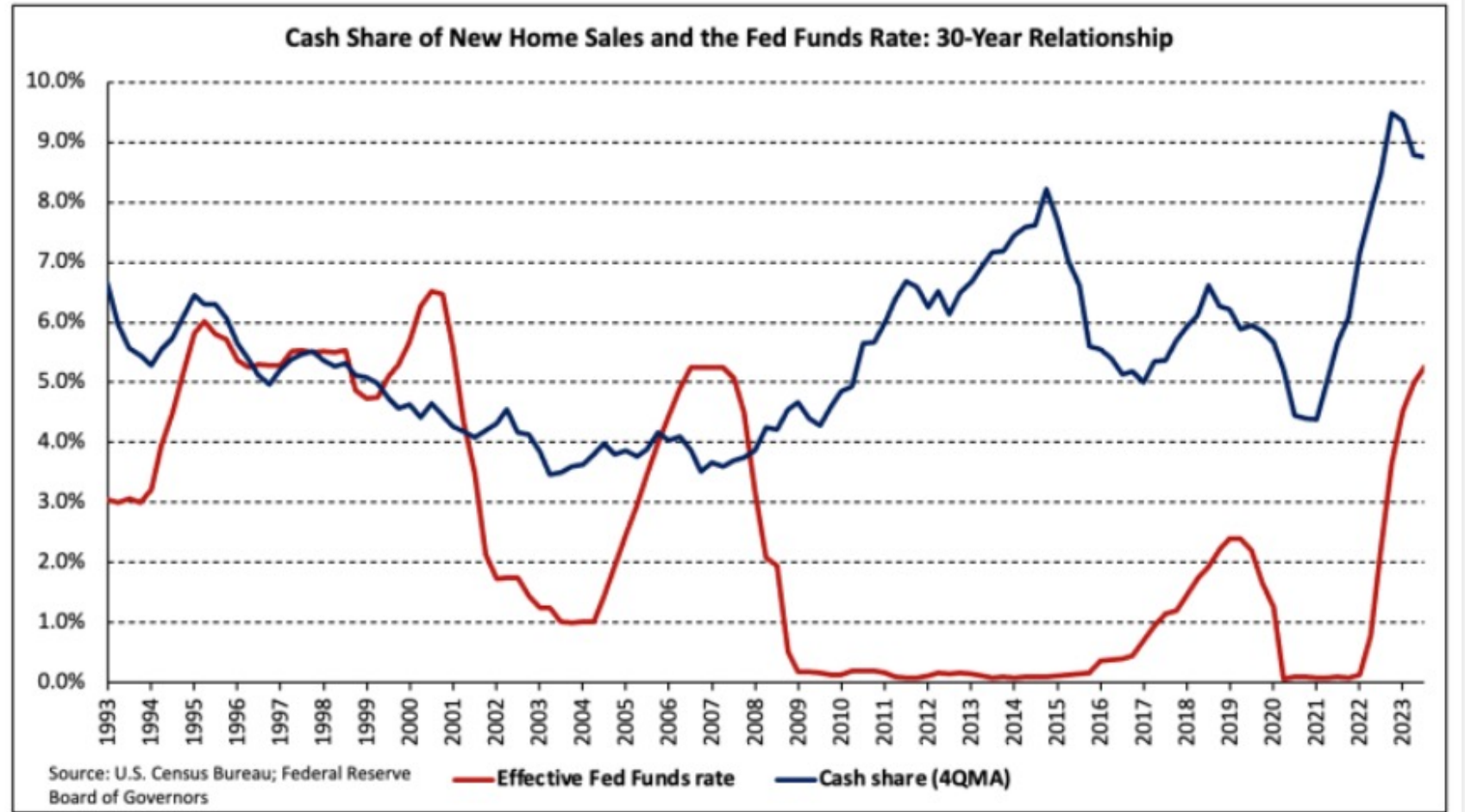


**JOHN BURNS**  
 RESEARCH & CONSULTING

# Producer Price Index Inflation Cools in September



# All-Cash Share of New Home Sales Climbs in Q3



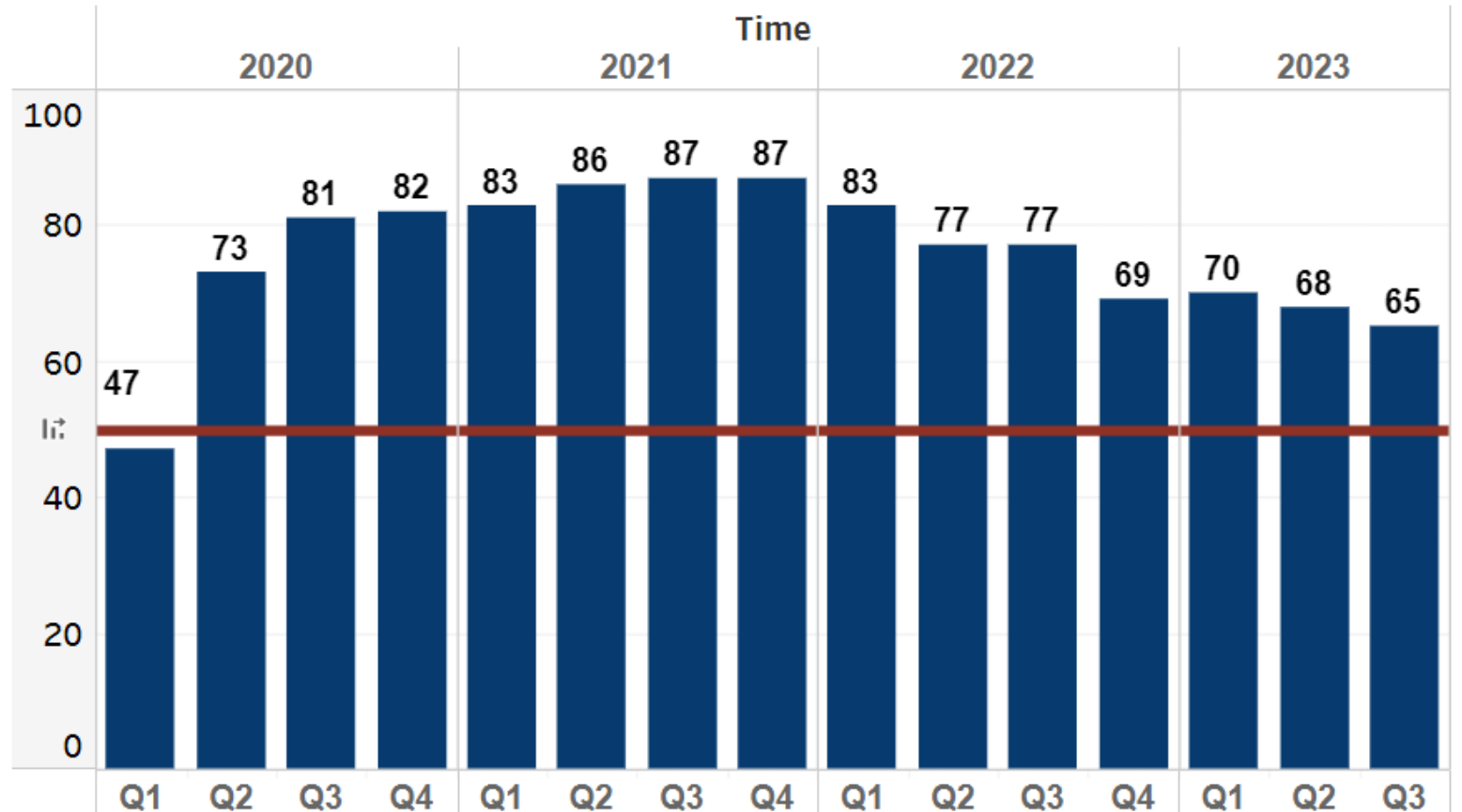
# Remodeling Market Sentiment Declines in 3<sup>rd</sup> Quarter of 2023

**Figure 1. NAHB/Westlake Royal Remodeling Market Index (RMI)  
Overall RMI (Seasonally Adjusted)**

Select the analysis of interest and hover over bars within graph for more information.

Select Analysis

QoQ



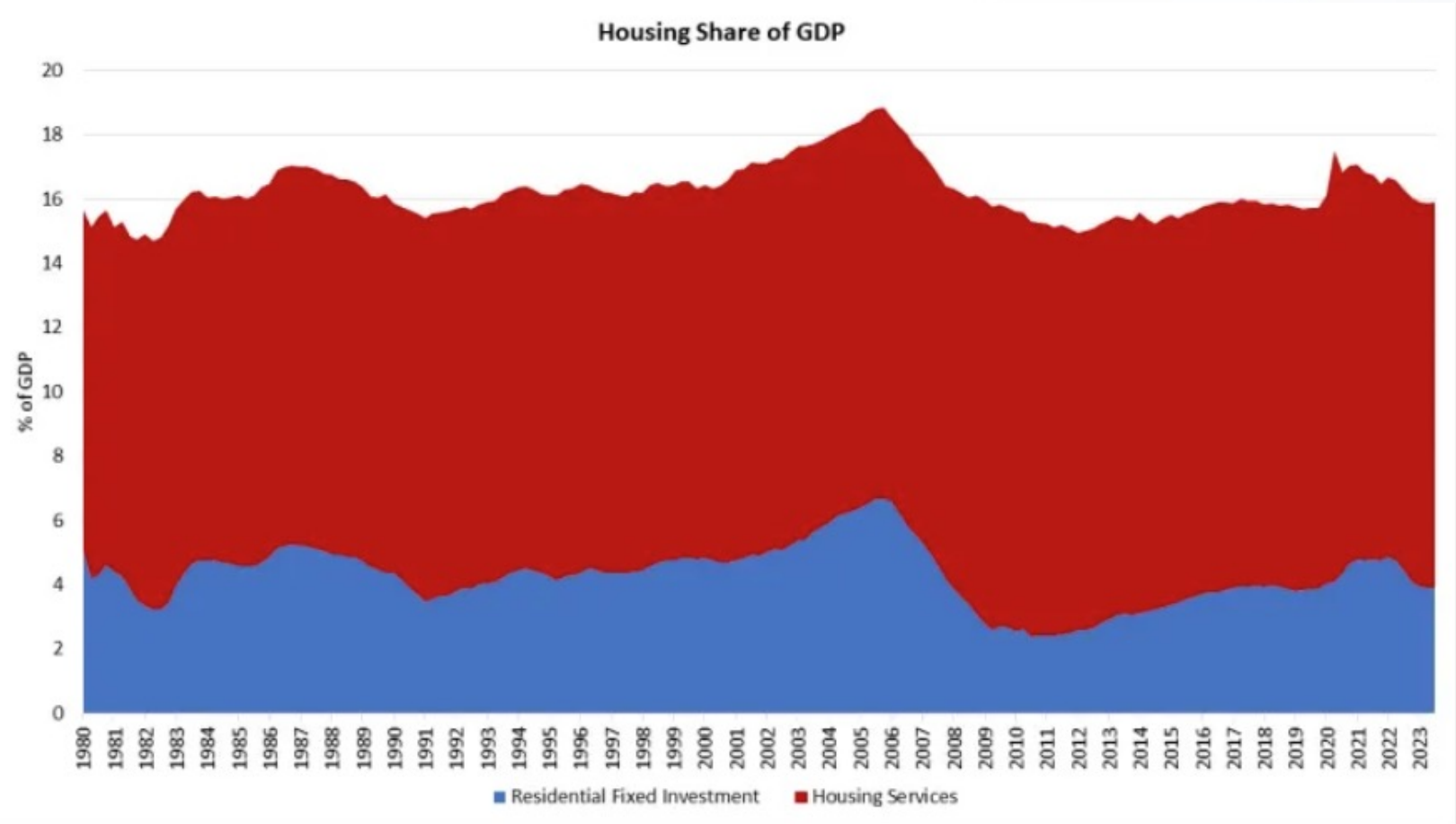
Data Source: Q3 2023 RMI Survey

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# Housing's Share of GDP

Remains Flat  
for 3Q



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# Forecasting for 2024 and Beyond

# Mortgage Rate Forecast

	2023	2024				2025			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
30-YR	7.2	6.8	6.6	6.3	6.1	5.9	5.8	5.6	5.5

Source: Mortgage Bankers Association



# Forecasts from Goldman Sachs/Wells Fargo

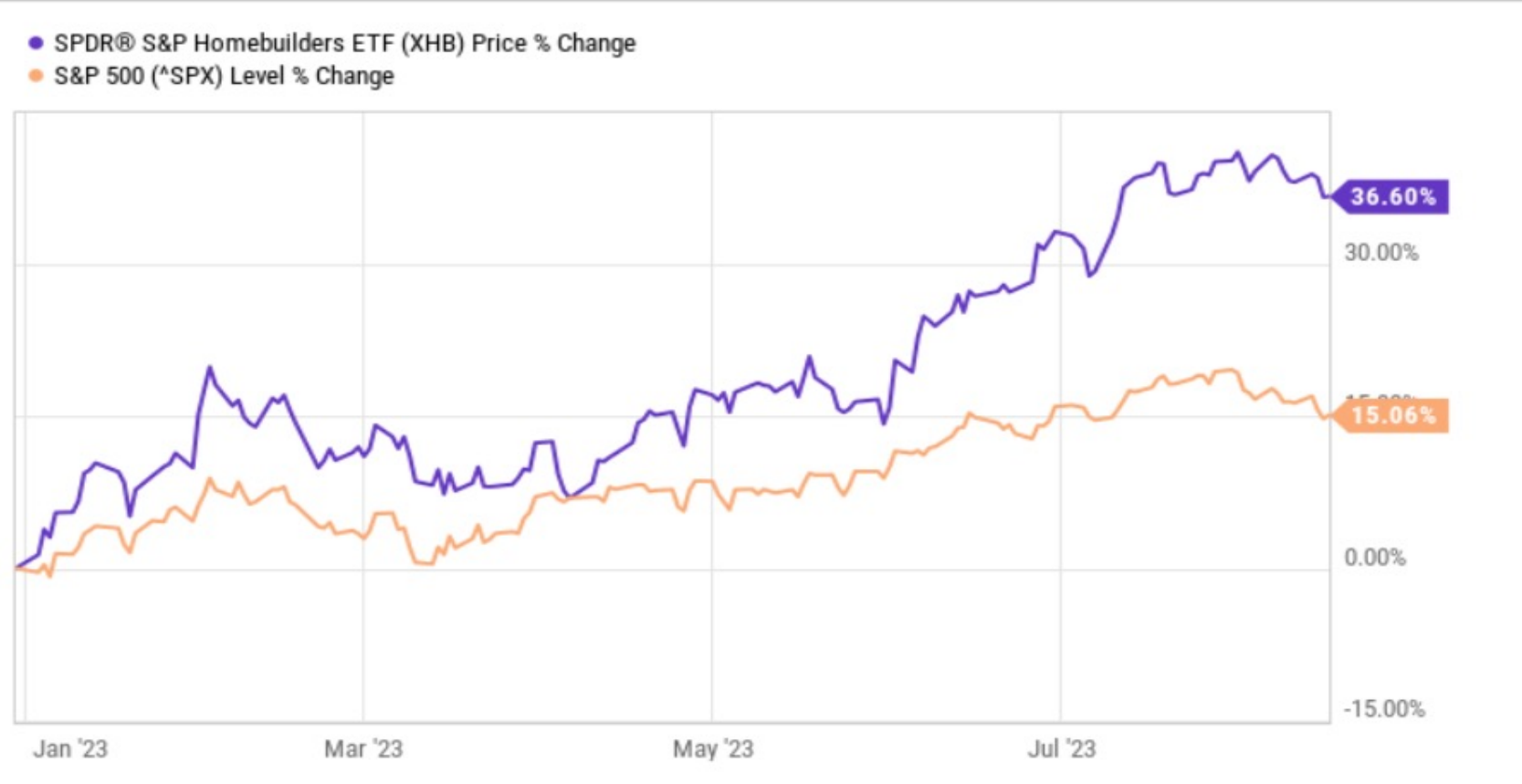
## Updated housing forecasts from Goldman Sachs and Wells Fargo

Goldman Sachs' forecast was updated on October 22, 2023. Wells Fargo's forecast was updated on October 26, 2023.

Firm	Metric	2023	2024	2025
Goldman Sachs	Unemployment rate (U3)	3.60%	3.60%	3.60%
Wells Fargo	Unemployment rate (U3)	3.60%	4.20%	4.10%
Goldman Sachs	10-year Treasury yield	4.30%	4.30%	4.25%
Wells Fargo	10-year Treasury yield	4.08%	3.73%	3.38%
Goldman Sachs	30-year fixed mortgage rate	7.10%	6.80%	6.50%
Wells Fargo	30-year fixed mortgage rate	6.94%	6.39%	5.70%
Goldman Sachs	Residential fixed investment	-11.60%	-1.70%	2.60%
Wells Fargo	Residential fixed investment	-10.90%	-0.10%	2.30%
Goldman Sachs	U.S. home prices (Case-Shiller)	3.50%	0.60%	3.80%
Wells Fargo	U.S. home prices (Case-Shiller)	1.80%	2.50%	4.40%
Goldman Sachs	Total existing home sales	4,093,000	3,838,000	4,244,000
Wells Fargo	Total existing home sales	4,215,000	4,415,000	4,745,000
Goldman Sachs	New home sales	680,000	723,000	771,000
Wells Fargo	New home sales	683,000	710,000	725,000
Goldman Sachs	Total housing starts	1,388,000	1,335,000	1,430,000
Wells Fargo	Total housing starts	1,385,000	1,348,000	1,360,000

Table: Lance Lambert • Created with Datawrapper

# Homebuilder Stock Performance



Source: Berkshire Hathaway

Questions?

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Up Next...

# State of the Industry

December 12 | Golden Valley Country Club

Dr. Elliot Eisenberg will discuss the health of the housing and real estate market on a national and local level.

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# Scan To Sign Up for the Hot Sheet

Your monthly housing market snapshot

