

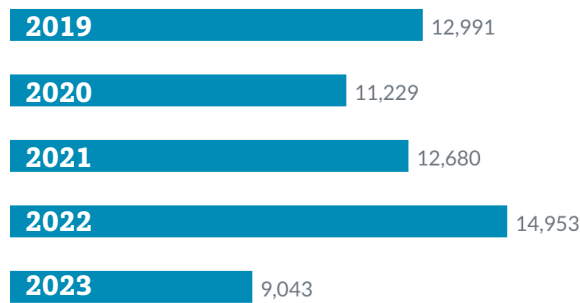


November 2023
Volume XI, Issue: 11

“Strong traffic during the Fall Parade of Homes demonstrates that demand for homeownership has not faltered, but it is being pushed to the sidelines. As supply in the existing market continues to dwindle, buyers are turning to new construction to fill the need for homes in the Twin Cities.”

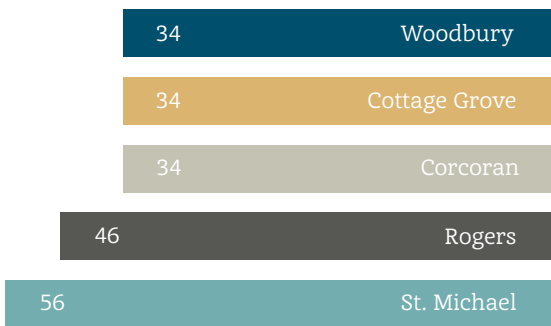
John Quinlivan, board chair of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date October 2019-2023

SOURCE: KEYSTONE REPORT



October Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Homebuilding in the Twin Cities Stays Strong in October

Single-family home construction activity in the Twin Cities saw another promising month in October amid woes in the existing market. Metro builders pulled permits for 581 single-family homes during the month, a 110% increase from the same time last year. Activity in the multifamily construction sector continued to see a slowdown in activity with permits pulled for 334 units. This is a 27% decrease in units compared to this same time last year.



“Strong traffic during the Fall Parade of Homes demonstrates that demand for homeownership has not faltered, but it is being pushed to the sidelines,” said John Quinlivan, 2023 board chair of Housing First Minnesota. “As supply in the existing market continues to dwindle, buyers are turning to new construction to fill the need for homes in the Twin Cities.”

There were 595 permits issued for a total of 915 units during four comparable weeks in October, according to the Keystone Report.

“Homebuyers are still finding a way in a tough market, which shows you the value of homeownership in Minnesota,” said James

Vagle, CEO of Housing First Minnesota. “We need to modernize zoning laws to legalize starter homes, to support first-time buyers, and safeguard homeownership opportunities for future generations of homebuyers.”

For the month in permits, St. Michael took the top spot with 56 permits issued. Rogers came in next with 46 permits. Corcoran, Cottage Grove, and Woodbury all issued 34 permits to round out the top five.

For the month in units, Prior Lake came in on top with 201 permitted units. Farmington came in next with 94 units, followed by St. Michael with 56 units. Rogers with 46 units and Woodbury with 40 units rounded out the top five.

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

Rates Briefly Break 8.0%, Further Burdening Buyers and Stifling Sellers

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, metro-wide home prices rose slightly in October. Sales activity slowed as mortgage rates weighed heavily on the marketplace even as listing activity could be flattening out.

At around 8.0%, the fixed 30-year mortgage rate hit its highest

level since 2000. Naturally, that weighed on home buyers who are already contending with tight inventory and rising prices. Pending sales were down 4.9% while closings were down 7.9%. It also weighed on would-be sellers and reinforces the “lock-in effect” where existing homeowners are unwilling to let go of their historically low mortgage rates.

“Inventory is too low for prices to be falling much,” said Jerry Moscowitz, president of Minneapolis Area REALTORS®. “But rates are too high for prices to be rising much.”

With existing homeowners clinging to their interest rate and low monthly payment, new home builders have captured a larger share of the market. New

construction pending sales rose 31.6% in October compared to an 8.8% decline for existing homes. New home inventory rose 20.3% over the last 12 months compared to a 4.8% decline for previously owned properties.

October 2023 Metro Building Activity

Single-family home construction activity in the Twin Cities saw another promising month in October amid woes in the existing market. Metro builders pulled permits for 581 single-family homes during the month, a 110% increase from the same time last year. Activity in the multifamily construction sector continued to see a slowdown in activity with permits pulled for 334 units. This is a 27% decrease in units compared to this same time last year.



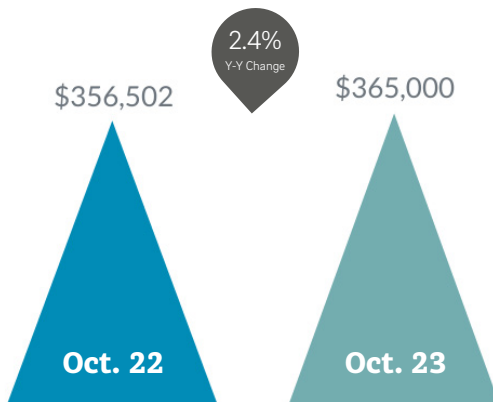
89.9%
Y-Y Change

Units YTD:
9,043

Multifamily
37%
of Twin Cities Housing
Units Authorized

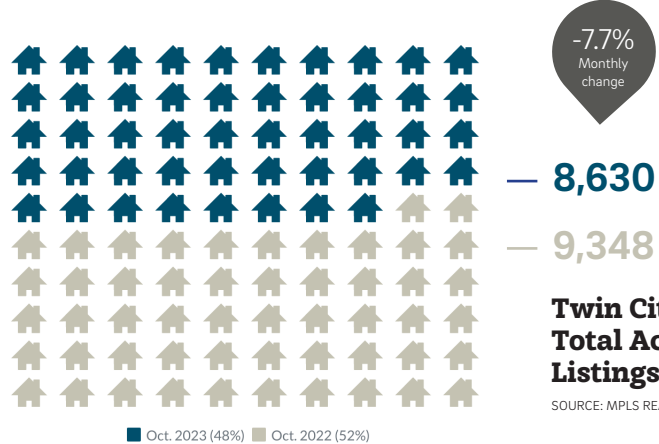
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



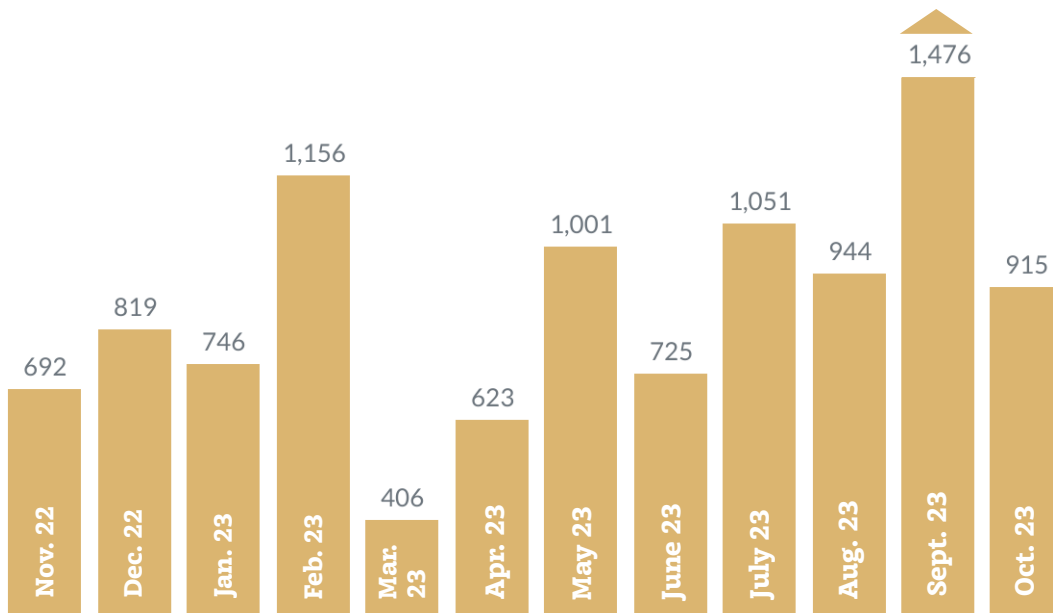
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



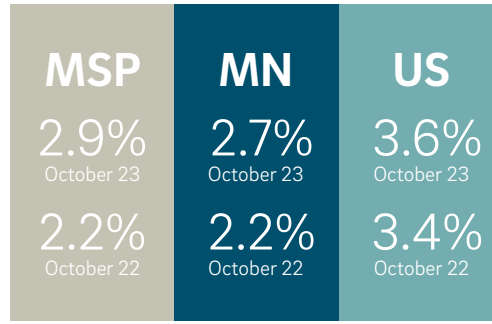
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

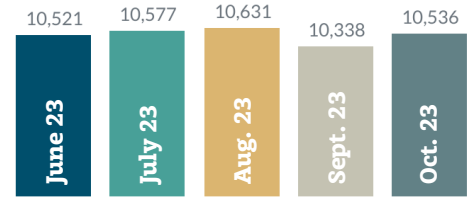
Minnesota's non-seasonally adjusted unemployment rate ticked up slightly to 2.7% in October, according to the Minnesota Department of Employment and Economic Development. This is compared to the September rate of 2.6%.

The national unemployment rate in October was unchanged month-over-month at 3.6%. Construction employment in Minnesota recorded a gain of 6,850 jobs since last year.



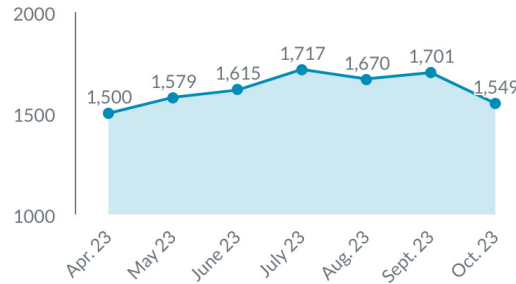
Unemployment Rate Snapshot

SOURCE: DEED-MN



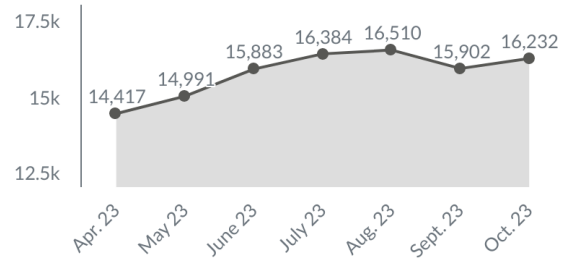
Twin Cities Construction Employment

SOURCE: DEED-MN



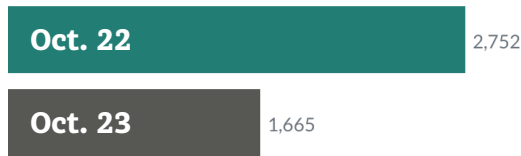
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



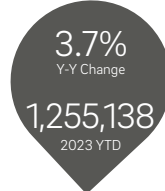
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

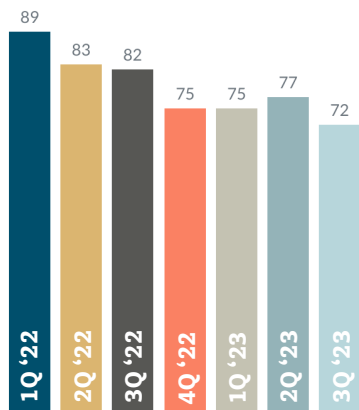
Regional/National Statistics

Sales of existing homes slightly decreased 4.1% in October, according to the National Association of REALTORS®.

Regionally, sales in the Northeast decreased 4% and were unchanged in the Midwest. In the South, sales fell 7.1% over the previous month, and in the West sales retreated 1.4% from October.

Remodeling Market Indices

SOURCE: NAHB



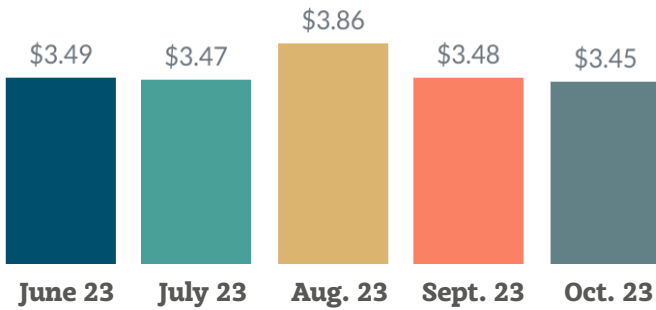
Current

Futures

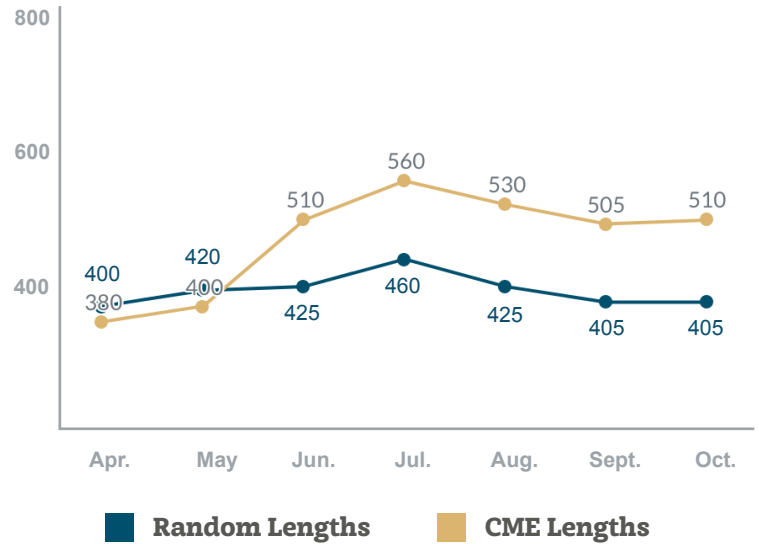
Key Indicators

Elevated mortgage rates are continuing to impact activity in both the existing and new construction markets. Builder confidence in the market for newly built single-family homes in November fell six points to 34 in November, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI).

This is the fourth consecutive monthly drop in builder confidence, as sentiment levels have declined 22 points since July and are at their lowest level since December 2022.



MN Monthly Retail Gasoline Prices
SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber
SOURCE: NAHB

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THE MINNESOTA HOUSING INDUSTRY NEWS SOURCE BY HOUSING FIRST MINNESOTA

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Homebuilding industry honored at 2023 Building Industry Gala

November 1, 2023

Last week, over 700 members of Minnesota’s housing industry gathered for the annual Building Industry Gala, known to many as the BIG Night. Builders, remodelers, suppliers, and individuals in Minnesota’s homebuilding networked, enjoyed tasty food and reflected on the past year’s accomplishments. Local radio host Jason DeRusha, returned to emcee the event.

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Homebuilding industry honored at 2023 Building Industry Gala

November 1, 2023

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November 14, 2023

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October 13, 2023

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October 5, 2023