

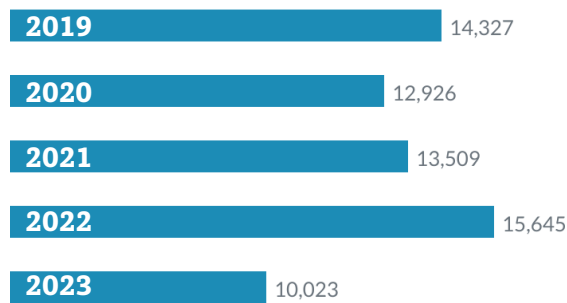


**December 2023**  
Volume XI, Issue: 12

“Conditions in the existing market are leaving motivated buyers frustrated. As interest rates begin to descend, builders want to have homes ready for those buyers who have been waiting for their right time to buy.”

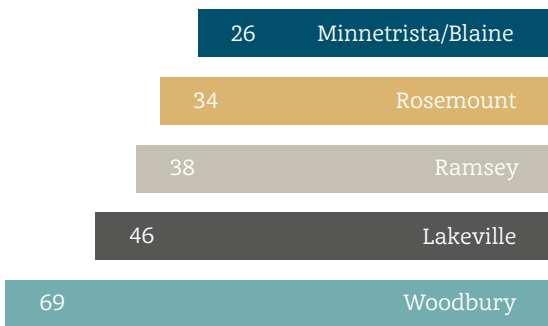
John Quinlivan, board chair of Housing First Minnesota

## Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT



### November Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

## Homebuilders Continues Strong Streak in November

Single-family home construction activity in the Twin Cities saw another positive month in November as interest rates faltered slightly and activity in the existing market continues to slow. Metro builders pulled permits for 573 single-family homes during the month, a 47% increase from the same time last year.

Activity in the multifamily construction sector also saw an increase in activity with permits pulled for 407 units. This is a 34% increase in units compared

to this same time last year.

“Conditions in the existing market are leaving motivated buyers frustrated,” said John Quinlivan, 2023 board chair of Housing First Minnesota. “As interest rates begin to descend, builders want to have homes ready for those buyers who have been waiting for their right time to buy.”

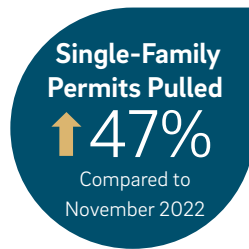
There were 586 permits issued for a total of 980 units during four comparable weeks in November, according to the Keystone Report.

“Despite strong and consistent buyer demand, various market dynamics have all but sidelined it,” said James Vagle, CEO of Housing First Minnesota. “Our housing market is in desperate need of

supply. It’s time Minnesota modernizes our zoning laws to allow for starter homes to be built in order to foster homeownership opportunities for all Minnesotans.”

For the month in permits, Woodbury took the top spot with 69 permits issued. Lakeville came in next with 46 permits. Ramsey was third highest with 38 followed by Rosemount with 34 permits. Minnetrista and Blaine both issued 26 permits to round out the top five.

For the month in units, Minneapolis came in on top with 327 permitted units. Woodbury came in next with 69 units, followed by St. Louis Park with 60 units. Lakeville with 53 units and Rosemount with 42 units rounded out the top five.



### LOVE INDUSTRY DATA & NEWS?

STAY UP TO DATE ON INDUSTRY NEWS AT HOUSINGINDUSTRYNEWS.ORG

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

## Sales Flatten and Prices Remain Higher, Meanwhile New Listings Rise and Rates Ease

Rates have eased from over 8.0% in mid-October to around 7.0% by the end of November. While still elevated relative to the last 20 years, that figure is below its 50-year average. In addition to a low baseline comparison, that decline has helped the number of signed purchase agreements stabilize in November. And because sellers weren’t feeling quite as stuck in their homes, the dip in rates helped boost seller activity as some felt more

confident about listing their homes.

Slightly lower rates could mean more buyers will qualify and write offers, and that fewer sellers will feel “locked in” to their mortgage rates. While that could mean more listing activity, it’s likely to be met with demand that’s been pent up for a while in the current affordability environment. Come spring market of 2024, that balance between supply and demand may

offer key insights into how the year could play out.

“The recent dip in rates has definitely spurred some buyer interest,” said Jerry Moscovitz, president of Minneapolis Area REALTORS®. “Buyers choosing to wait until spring should expect heightened competition.”

Buyers are still feeling the triple punch of low inventory, rising prices and

still relatively high mortgage rates. Pending sales were down just 1.5% from last November and are a better leading indicator than closings. On the supply side, inventory levels across the Twin Cities fell 5.1% compared to last November. While buyers are still finding limited options in their searches, deals are still occurring with some persistence and flexibility. In addition, the lack of existing inventory has benefited the new home market.

# November 2023 Metro Building Activity

Single-family home construction activity in the Twin Cities saw another positive month in November as interest rates faltered slightly and activity in the existing market continues to slow. Metro builders pulled permits for 573 single-family homes during the month, a 47% increase from the same time last year.



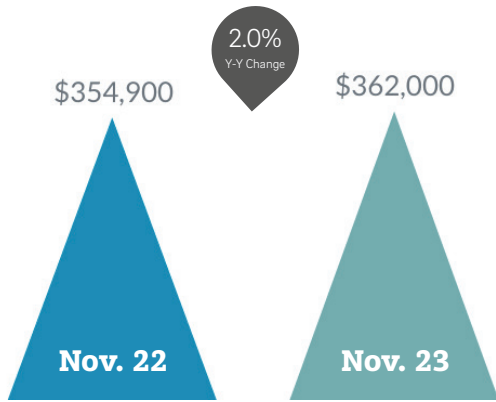
**41.6%**  
Y-Y Change

**Units YTD:  
10,023**

**Multifamily  
42%**  
of Twin Cities Housing  
Units Authorized

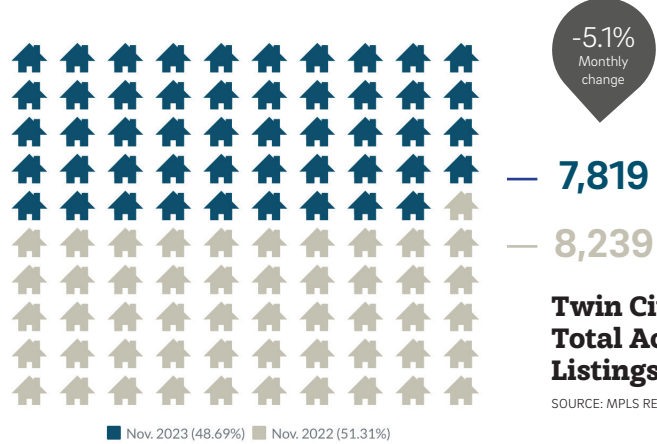
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT

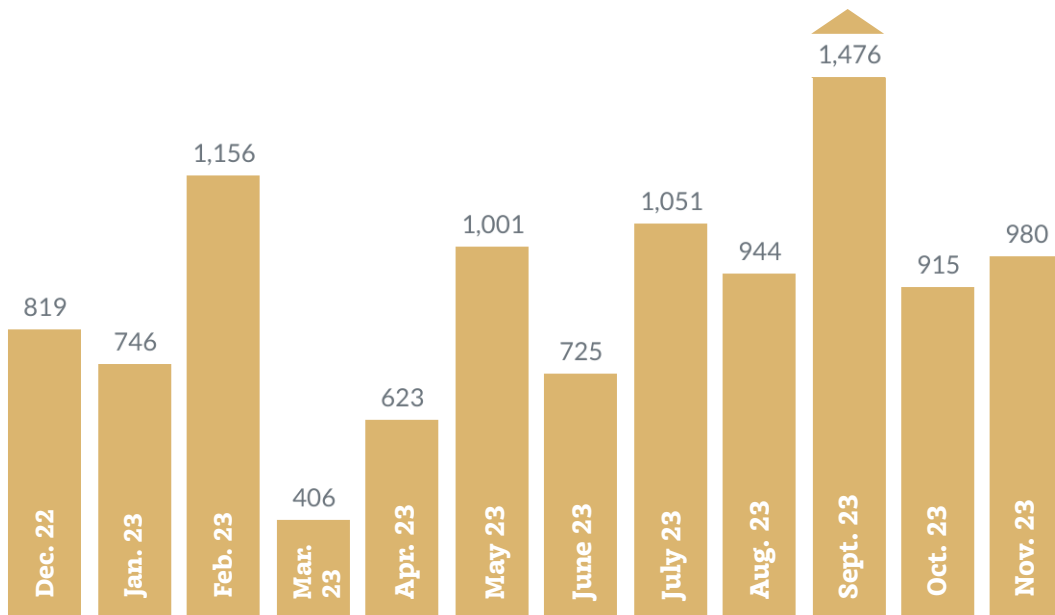


## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



SOURCE: MPLS REALTORS



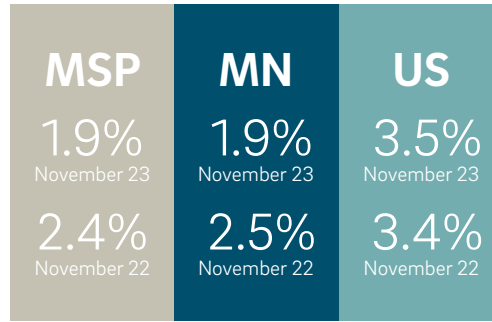
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

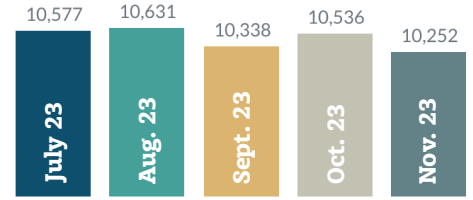
Minnesota's non-seasonally adjusted unemployment rate ticked down to 1.9% in November, according to the Minnesota Department of Employment and Economic Development. This is compared to the October rate of 2.7%.

The national unemployment rate in November also fell month-over-month from 3.6% to 3.5%. Construction employment in Minnesota recorded a gain of 7,094 jobs since last year.



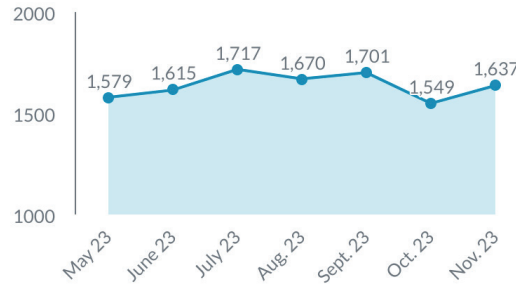
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



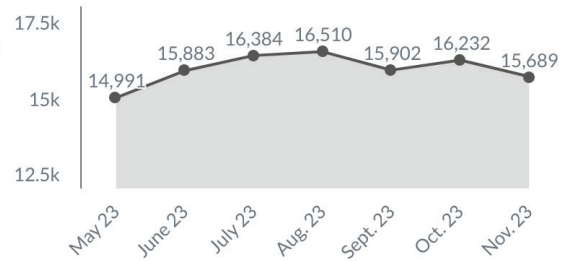
**Twin Cities Construction Employment**

SOURCE: DEED-MN



**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



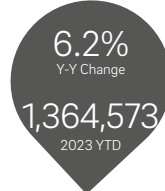
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

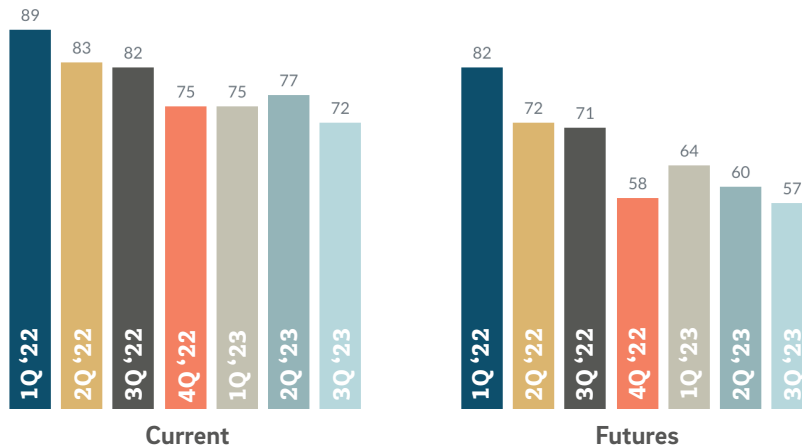
# Regional/National Statistics

Existing-home sales grew by 0.8% in November, breaking a streak of five consecutive monthly declines, according to the National Association of REALTORS®.

Regionally, sales in the Northeast decreased 2.1% and were rose 1.1% in the Midwest. In the South, sales increased 4.7% over the previous month, and in the West sales retreated 7.2%.

## Remodeling Market Indices

SOURCE: NAHB

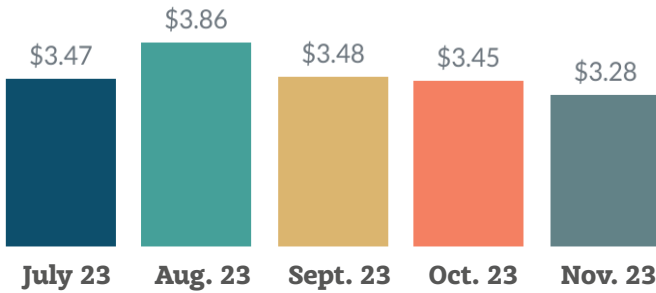


# Key Indicators

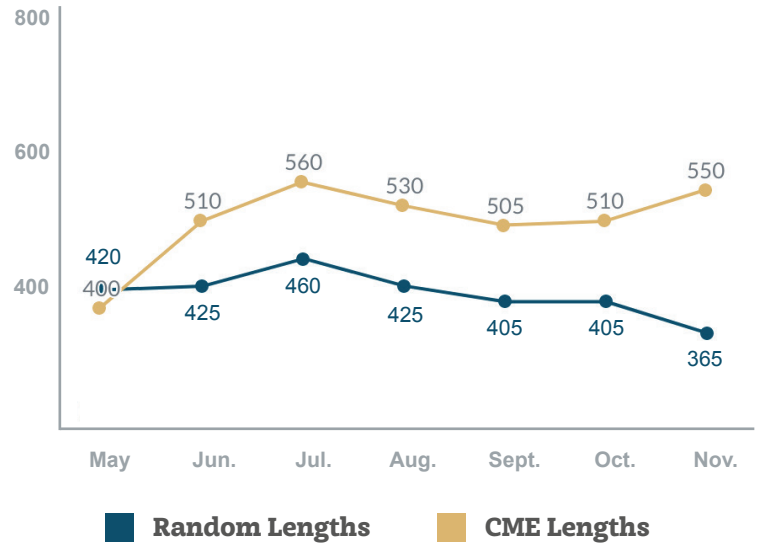
Falling mortgage rates helped end a four-month decline in builder confidence, and recent economic data signal improving housing conditions heading into 2024.

Builder confidence in the market for newly built single-family homes rose three points to 37 in December, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI).

"With mortgage rates down roughly 50 basis points over the past month, builders are reporting an uptick in traffic as some prospective buyers who previously felt priced out of the market are taking a second look," said NAHB Chairman Alicia Huey.



**MN Monthly Retail Gasoline Prices**  
SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**  
SOURCE: NAHB

## MINNESOTA HOUSING INDUSTRY NEWS

THE MINNESOTA HOUSING INDUSTRY NEWS SOURCE BY HOUSING FIRST MINNESOTA

NEWS ▾ VIDEO ABOUT ARCHIVE

### LATEST NEWS

LATEST NEWS

#### Zoning modernization heats up

Great expectations for legislative action on housing policy reform As the Minnesota Legislature prepares for its upcoming session in mid-February, a generational opportunity lies on the horizon - the chance to redefine the state's approach to zoning and housing policies. With polling data indicating bipartisan support and a growing coalition of supportive organizations, industry leaders...

[Read More >](#)



LEARN MORE AT

[HousingIndustryNews.org](https://HousingIndustryNews.org)

### TOP STORIES

HOUSING ON THE HILL

#### Zoning modernization heats up

December 20, 2023

INDUSTRY IN ACTION

#### Housing First Minnesota announces 2024 leadership

December 20, 2023

REGULATORY AFFAIRS

#### Energy code changes coming; EV requirements in multifamily

December 20, 2023

INDUSTRY IN ACTION

#### Housing industry spreads holiday cheer

December 20, 2023