

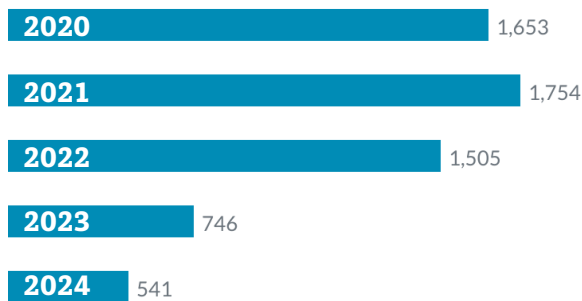


February 2024
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“As mortgage rates level off, we expect to see a pick-up in activity across the housing market. Twin Cities homebuilders are problem solvers and are prepared to adapt to meet the changing needs of buyers in an evolving market.”

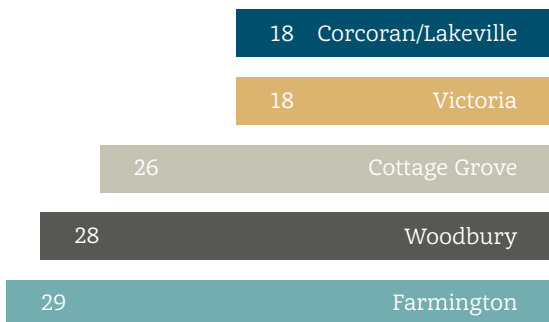
Art Pratt, board chair of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date January 2020-2024

SOURCE: KEYSTONE REPORT



January Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Metro Homebuilders Start Year on Positive Note

Twin Cities homebuilders kicked off 2024 with a positive month of single-family construction activity. Metro builders pulled permits for 359 single-family homes during the month of January, a 10% increase from the same time last year.

Activity in the multifamily construction sector, however, continued to see decreases in overall activity with permits pulled for only 182 units – a 57% decrease compared to this same time last year.

Single-Family
Permits Pulled
↑ 10%
Compared to
January 2023

“As mortgage rates level off, we expect to see a pick-up in activity across the housing market,” said Art Pratt, 2024 board chair of Housing First Minnesota. “Twin Cities homebuilders are problem solvers and are prepared to adapt to meet the changing needs of buyers in an evolving market.”

There were 365 permits issued for a total of 541 units during four comparable weeks in January, according to the Keystone Report.

“Another month of positive single-family homebuilding activity in our metro area is a good sign,” said James Vagle, the CEO of Housing First Minnesota. “Despite the efforts of builders, we still need more housing units of all types and

price points. It’s time for Minnesota to bring about meaningful policy changes at both legislative and regulatory levels.”

For the month in permits, Farmington took the top spot with 29 permits issued. Woodbury came in next with 28 permits. Cottage Grove was third highest with 26. Victoria, Corcoran and Lakeville all issued 18 permits to round out the top cities.

For the month in units, Rosemount came in on top with 178 permitted units. Farmington came in next with 29 units, followed by Woodbury with 28 units. Cottage Grove came in fourth with 26 units. Victoria, Corcoran, Lakeville and Maple Grove all had 18 permitted units to round out the top cities.

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

Year Off to a Promising Start With Gains in Listings and Sales

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, both buyer and seller activity rose in January. Sales rose from low levels as mortgage rates softened making sellers more confident about listing their homes.

Sellers listed 18.0% more homes than last January. That marked a

third consecutive month of year-over-year gains in new listings. Sellers are more optimistic about listing their homes and about getting stronger offers. They’re also feeling better about their payments on the next house.

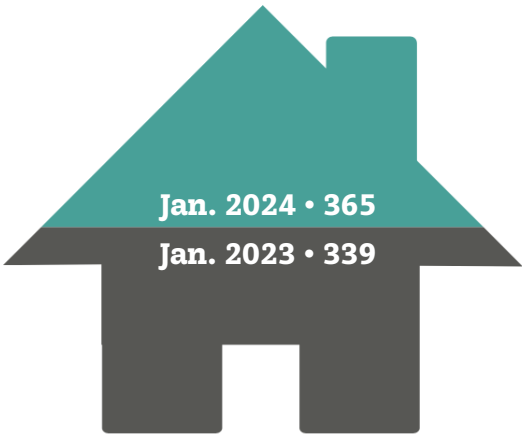
On the demand side, pending sales rose 8.0%, suggesting demand could be stabilizing. Supply levels are too low for prices to fall but

rates are too high for prices to rise much. The median sales price was up 2.3% to \$350,000, which amounted to \$199 per square foot. Homes lingered on the market for an average of 56 days, which is actually 8.2% faster than last year. In that time, sellers accepted offers at 96.7% of their asking price, which was up from 2023 but down from 2022.

“While too early to say for sure, we might look back at December and January as a turning point,” said Jamar Hardy, president of Minneapolis Area REALTORS®. “The easing of rates combined with an increase in listings and inventory should mean somewhat smoother sailing for buyers.”

January 2024 Metro Building Activity

Twin Cities homebuilders kicked off 2024 with a positive month of single-family construction activity. Metro builders pulled permits for 359 single-family homes during the month of January, a 10% increase from the same time last year.



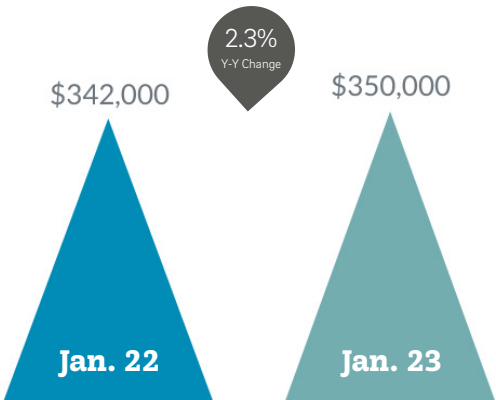
8.0%
Y-Y Change

Units YTD:
541

Multifamily
34%
of Twin Cities Housing
Units Authorized

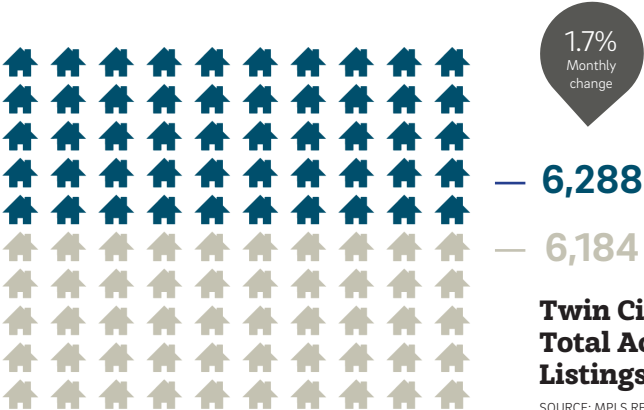
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

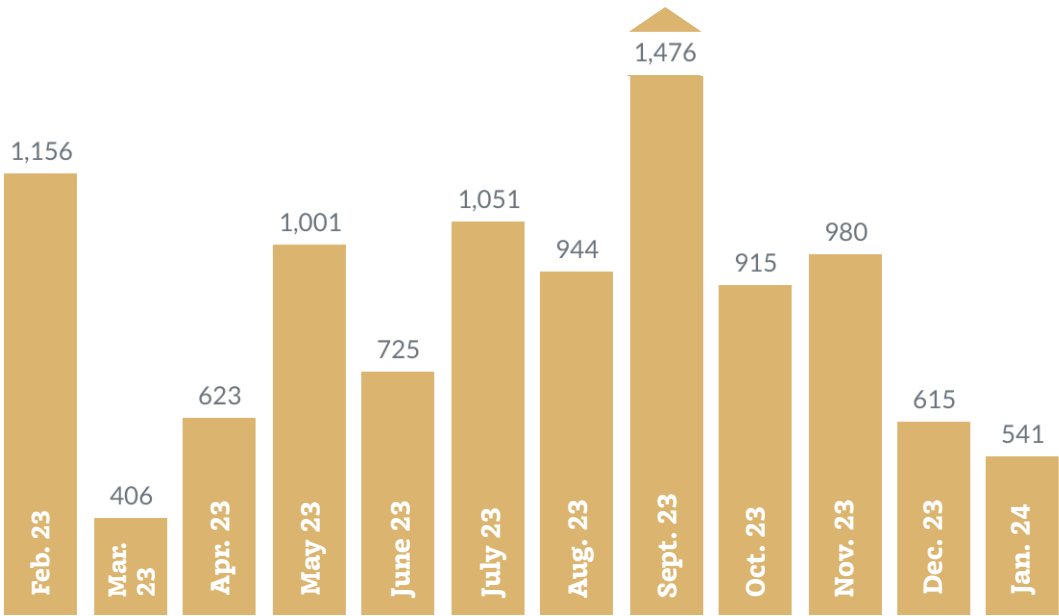
SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Jan. 2024 (50.42%) ■ Jan. 2023 (49.58%)



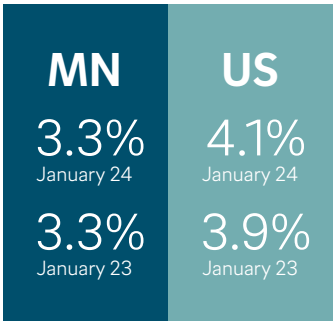
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

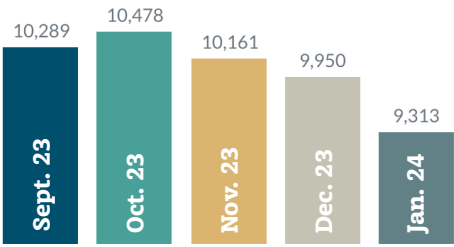
Minnesota's non-seasonally adjusted unemployment rate surged to 3.3% in January, according to the Minnesota Department of Employment and Economic Development. This is compared to the December rate of 2.6%.

The national unemployment rate also saw an increase from 3.5% in December to 4.1% in January. Construction employment in Minnesota ended its growth streak in January with a loss of 100 jobs over the month.



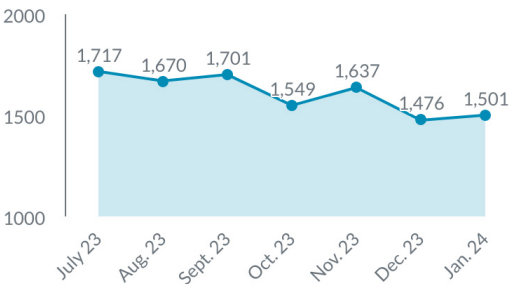
Unemployment Rate Snapshot

SOURCE: DEED-MN



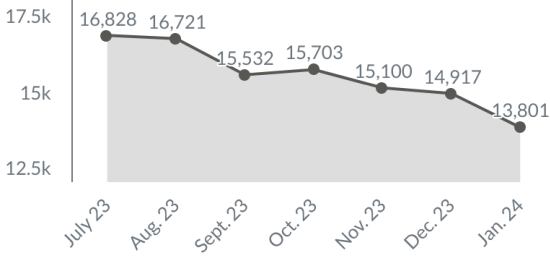
Twin Cities Construction Employment

SOURCE: DEED-MN



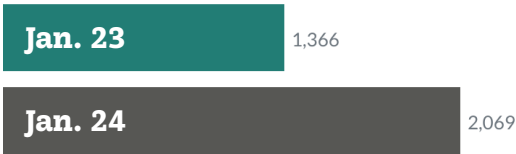
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



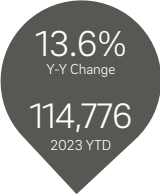
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

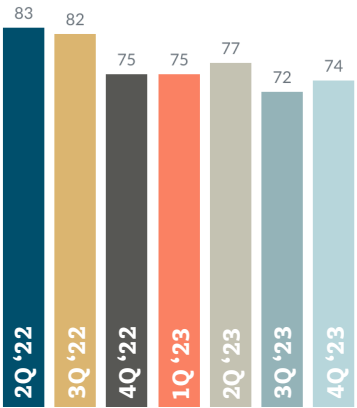
SOURCE: US CENSUS

Regional/National Statistics

Existing-home sales grew 3% in January, according to the National Association of REALTORS®.

Regionally, sales in the Northeast were unchanged but were up 2.2% in the Midwest. In the South, sales increased 4% over the previous month, and the West saw the biggest growth of 4.4%.

Remodeling Market Indices
SOURCE: NAHB



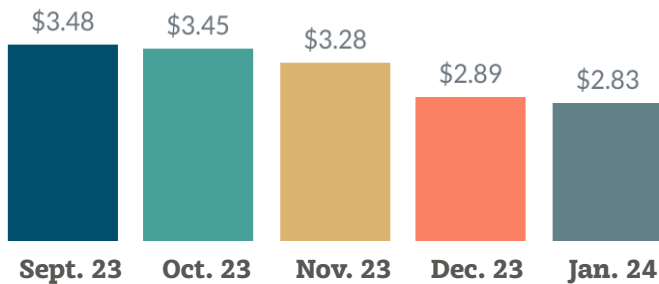
Current

Futures

Key Indicators

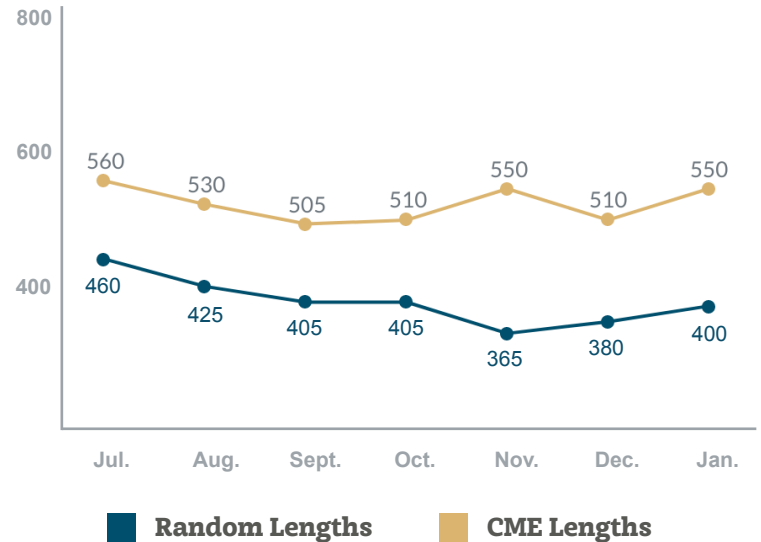
Sales of newly constructed single-family homes increased by 1.5% last month to a seasonally adjusted annual rate of 661,000, according to data released by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

New single-family home inventory in January remained elevated at a level of 456,000, up 3.9% compared to a year earlier. This represents an 8.3-month supply at the current building pace. A measure near a six-month supply is considered balanced.



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

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LATEST NEWS

Zoning modernization initiative announced at the legislature this week

This week, the legislature took the first steps towards a groundbreaking, state-level modernization of Minnesota's zoning practices. The "Minnesotans for More Homes" initiative, announced at a press conference with a bi-partisan coalition of legislators, would attempt to address the housing crisis afflicting the state by allowing the construction of more homes of all types and...

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Bill aimed at increasing housing affordability in Minnesota introduced

January 24, 2024

HOUSING ON THE HILL

Zoning modernization initiative announced at the legislature this week

February 23, 2024

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