

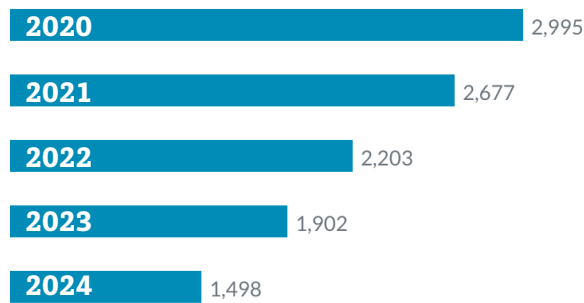


March 2024
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“Mortgage rate shock is starting to wear off for a lot of buyers, they’re just ready to jump back into the housing market. As we gear up for the Spring Parade of Homes, the spring housing market is poised to burst into action, and we’re anticipating strong traffic.”

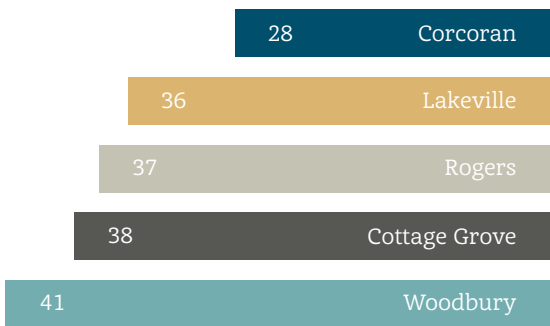
Art Pratt, board chair of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date February 2020-2024

SOURCE: KEYSTONE REPORT



February Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Twin Cities Homebuilding Sees Surge in Activity

Metro homebuilders had another positive month of permitting activity with 462 permits pulled for single-family homes in February, a 113% 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 495 units – a 42% decrease compared to this same time last year.

“Mortgage rate shock is starting to wear off for a

lot of buyers, they’re just ready to jump back into the housing market,” said Art Pratt, 2024 board chair of Housing First Minnesota. “As we gear up for the Spring Parade of Homes, the spring housing market is poised to burst into action, and we’re anticipating strong traffic.”

There were 472 permits issued for a total of 957 units during four comparable weeks in January, according to the Keystone Report.

“The positive trend we’re seeing in new home construction is reflective of the eagerness Minnesotans are feeling for new homes of all types,” said James Vagle, CEO of Housing First Minnesota. “The legislature is in a unique

position this session to modernize zoning in our state that would allow more homes of all price points and sizes to be built.”

For the month in permits, Woodbury took the top spot with 41 permits issued. Cottage Grove came in next with 38 permits. Rogers was third highest with 37. Lakeville was fourth with 36 permits and Corcoran rounded out the top five with 28.

For the month in units, Prior Lake came in on top with 206 permitted units. Minnetonka came next with 199 units, followed by Otsego with 80 units. Woodbury came in fourth with 41 units. Cottage Grove rounded out the top five with 38 permitted units.



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

Spring Market Blossoming Early Amid Signs of a Turnaround

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, both buyer and seller activity rose in February. Homes also sold in less time and at higher prices.

With four consecutive year-over-year increases in new listings and three consecutive year-over-year increases in pending sales, the

market turnaround narrative is gaining traction. While inventory levels were up, potential buyers should understand that the market remains significantly undersupplied.

In February, sellers listed 34.5% more homes on the market and buyers signed 13.1% more purchase agreements. Sellers unwilling to give up their favorable mortgage rate have withheld listings due to

the “rate lock-in effect” but now there is a backlog and we’re seeing some of that activity being released.

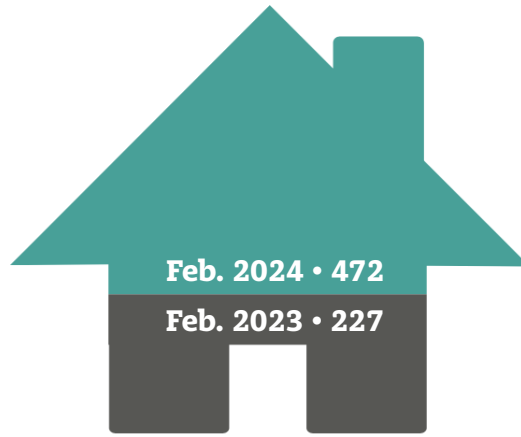
Inventory levels are on the rise in the metro, up 13.3% compared to last February. Those out shopping for homes during this spring market should expect both more listings from pent-up sellers but also more competition from pent-up buyers. In that sense, activity levels will be

higher but the balance between supply and demand will remain tight.

“Perhaps it’s still early to make the call, but it sure feels like we’ve reached a turning point,” said Jamar Hardy, president of Minneapolis Area REALTORS®. “Despite the market ramping up, buyers are still cautious and deliberate but also more optimistic.”

February 2024 Metro Building Activity

Metro homebuilders had another positive month of permitting activity with 462 permits pulled for single-family homes in February, a 113% increase from the same time last year.



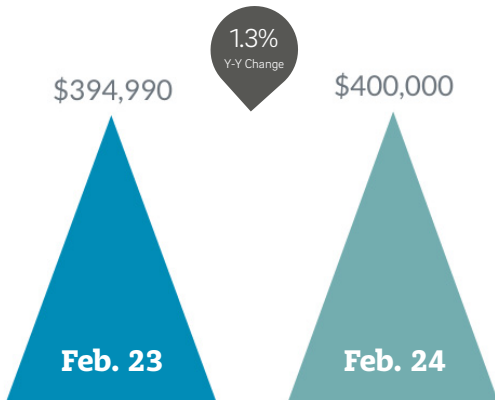
108%
Y-Y Change

Units YTD:
1,498

Multifamily
52%
of Twin Cities Housing
Units Authorized

Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

SOURCE: MPLS REALTORS

1.3%
Y-Y Change

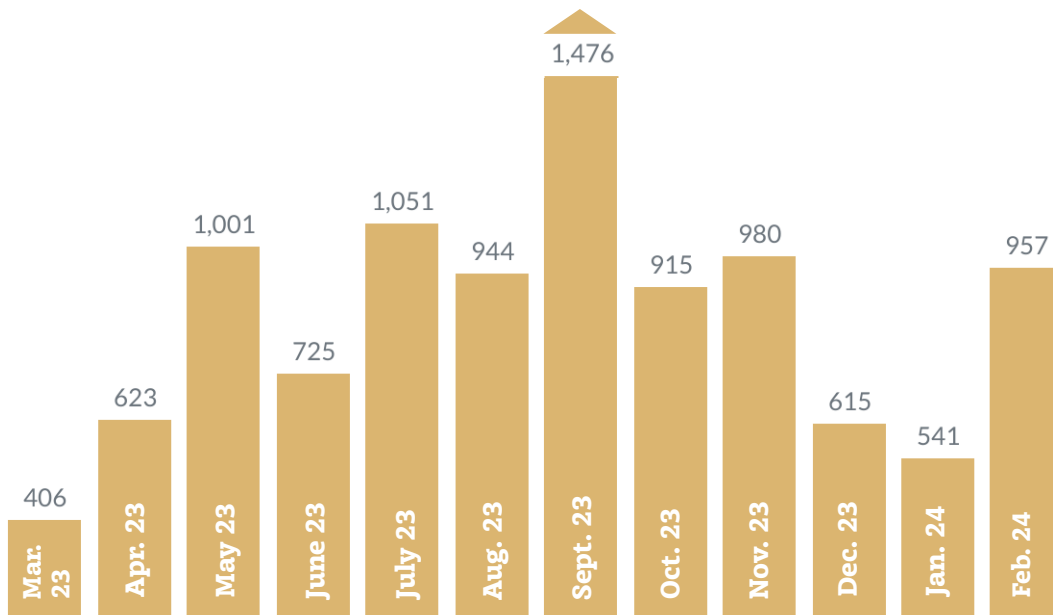


13.3%
Monthly change

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Feb. 2024 (53.12%) ■ Feb. 2023 (46.88%)



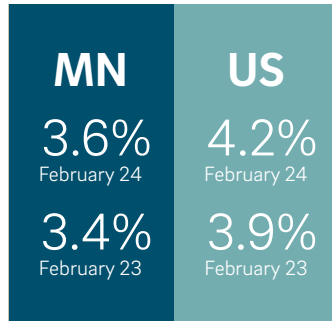
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

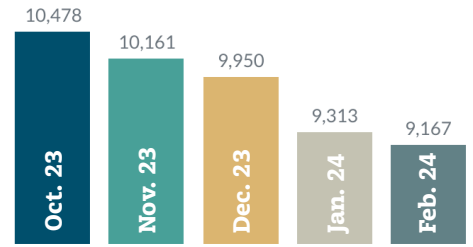
Minnesota's non-seasonally adjusted unemployment rose to 3.6% in February, according to the Minnesota Department of Employment and Economic Development. This is compared to the January rate of 3.3%.

The national unemployment rate also saw a slight tick up from 4.1% in January to 4.2% in February. Construction employment in Minnesota saw another decrease with a loss of 3,000 jobs.



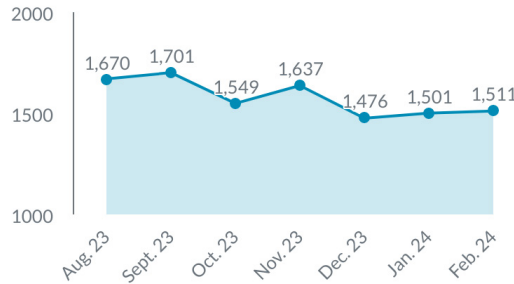
Unemployment Rate Snapshot

SOURCE: DEED-MN



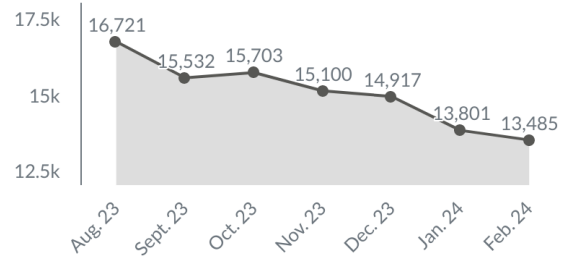
Twin Cities Construction Employment

SOURCE: DEED-MN



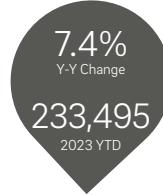
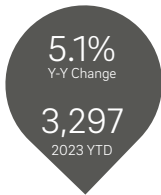
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



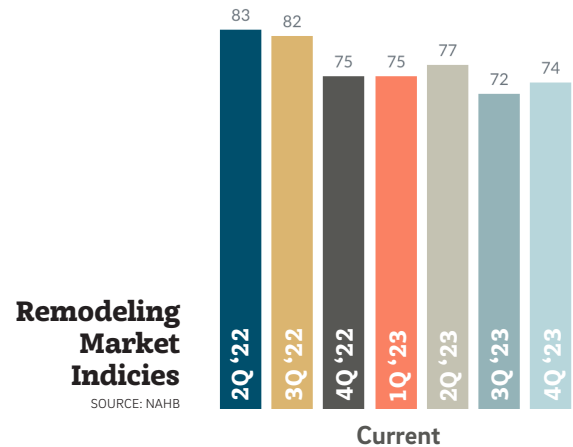
US Housing Units Authorized

SOURCE: US CENSUS

Regional/National Statistics

Existing-home sales surged 9.5% in February, according to the National Association of REALTORS®, the largest monthly increase since February 2023.

Regionally, sales in the Northeast were unchanged but were up 8.4% in the Midwest. In the South, sales increased 9.8% over the previous month, and the West saw the biggest growth of 16.4%.



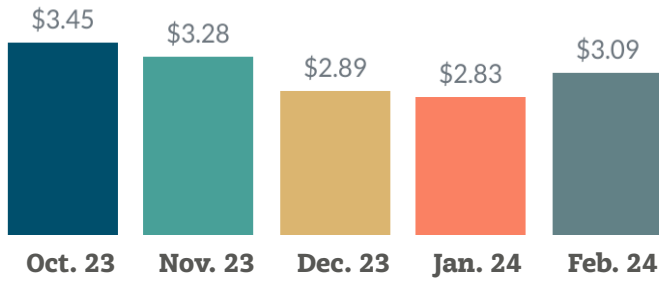
Remodeling Market Indices

SOURCE: NAHB

Key Indicators

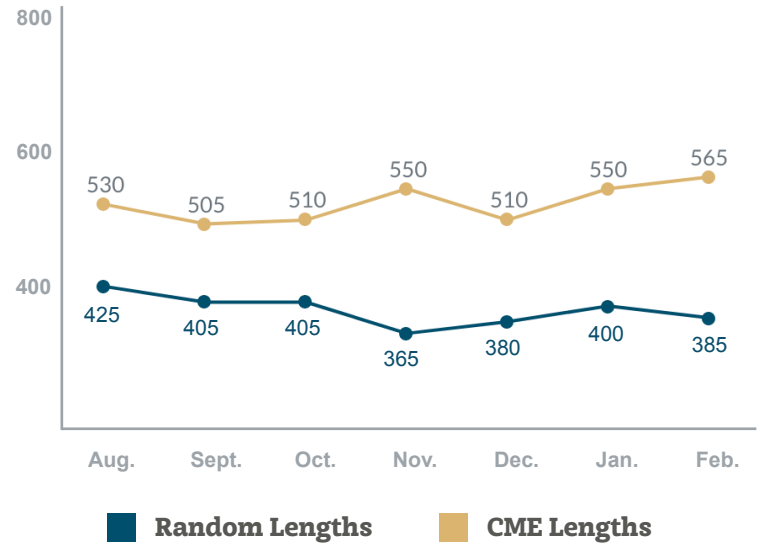
A lack of existing inventory that continues to drive buyers to new home construction, coupled with strong demand and mortgage rates below last fall's cycle peak helped push builder sentiment above a key marker in March. Builder confidence in the market for newly built single-family homes climbed three points to 51 in March, according to the National Association of Home Builders (NAHB).

"Buyer demand remains brisk, and we expect more consumers to jump off the sidelines and into the marketplace if mortgage rates continue to fall later this year," said NAHB Chairman Carl Harris.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

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MN Legislative Mid-Session Report

Wednesday, April 10 | 8 AM