

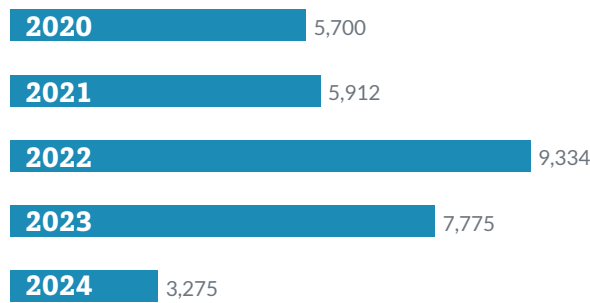


June 2024
Volume XII, Issue: 6

“Even with little change on the interest rate front, we saw a strong boost in permits for single-family homebuilding. This uptick illustrates that demand for new homes is still going strong and the industry is ready to meet the needs of future homeowners.”

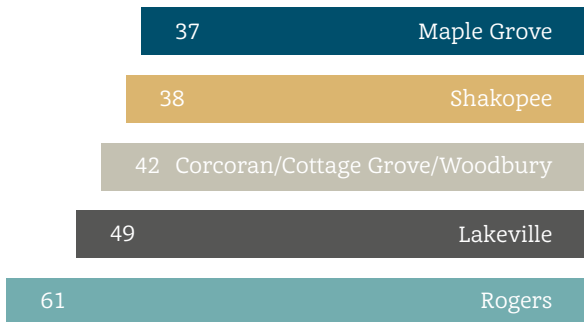
Art Pratt, board chair of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date May 2020-2024

SOURCE: KEYSTONE REPORT



May Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Summer homebuilding off to strong start in Twin Cities

Twin Cities homebuilders maintained positive momentum in May despite stubborn interest rates. Homebuilders in the metro area pulled 665 permits for single-family homes throughout the month—a 36% increase over May 2023.

However, multifamily construction activity continued to see declines. Builders pulled permits for just 45 multifamily units during May. This is a 91% decrease in activity year-over-year.

“Even with little change on the interest rate front, we saw a strong boost in permits for single-family homebuilding,” said Art Pratt, board chair of Housing First Minnesota. “This uptick illustrates that demand for new homes is still going strong and the industry is ready to meet the needs of future homeowners.”

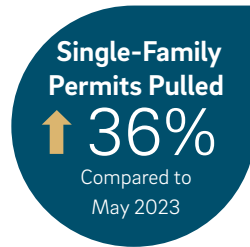
There were 667 permits issued for a total of 710 units during four comparable weeks in May, according to the Keystone Report.

“Homebuilders had a strong month, but Minnesota is in desperate need of housing units at all price points,” said James Vagle, CEO of Housing First Minnesota. “To ensure the next generation can achieve the dream of homeownership,

both the Legislature and local governments must act to modernize zoning and legalize housing options for all Minnesotans.”

For the month in permits, Rogers took the top spot with 61 permits issued. Lakeville came next with 49 permits. Corcoran, Cottage Grove, and Woodbury tied for third highest with 42 each. Shakopee was fourth with 38 permits and Maple Grove rounded out the top five with 37.

For the month in units, Rogers came in on top with 61 permitted units. Lakeville came next with 49 units, followed by Minneapolis with 44 units. Corcoran, Cottage Grove, and Woodbury came in fourth with 42 units each. St. Michael rounded out the top five with 41 permitted units.



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

Growth in listings met by cooler demand leads to an increase in supply

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, listings rose slightly compared to last year while sales softened. Inventory levels and prices were up.

Buyers are starting to notice more inventory across the price spectrum. From under \$200,00 to over \$1,000,000, there are more homes

for sale than there were a year ago. In fact, the number of homes for sale rose 15.7% from last year. That's the highest number of active listings for May since 2020.

And yet every price range—apart from \$1,000,000 and above—remains a seller's market where sellers are still getting strong offers relatively quickly. This year has seen growth in both listings and sales compared to 2023.

For May, new listings are up 3.1% while sales fell 5.0%.

The median home price was up 4.1% to \$385,000. Single-family prices stood at \$420,000, condo prices came in at \$220,000 and townhomes checked in at \$320,000. New home prices are just over \$500,000 while existing home prices are \$371,000. Even while they're still in a relatively strong position, some sellers are

finding themselves paying closing costs or incorporating other buyer incentives.

“While the market is undergoing corrections, it is not a balanced market yet,” said Amy Peterson, president of the Saint Paul Area Association of REALTORS®. “Buyers need to remain both persistent and strategic ensuring their monthly payments align with their financial plans.”

May 2024 Metro Building Activity

Metro homebuilders had another positive month of permitting activity with 665 permits pulled for single-family homes in May, a 36% increase from the same time last year.



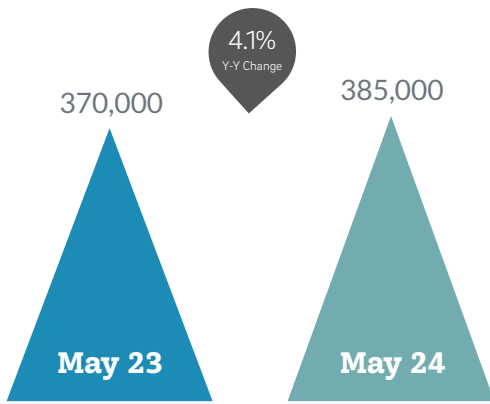
34.0%
Y-Y Change

Units YTD:
3,275

Multifamily
6%
of Twin Cities Housing
Units Authorized

Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



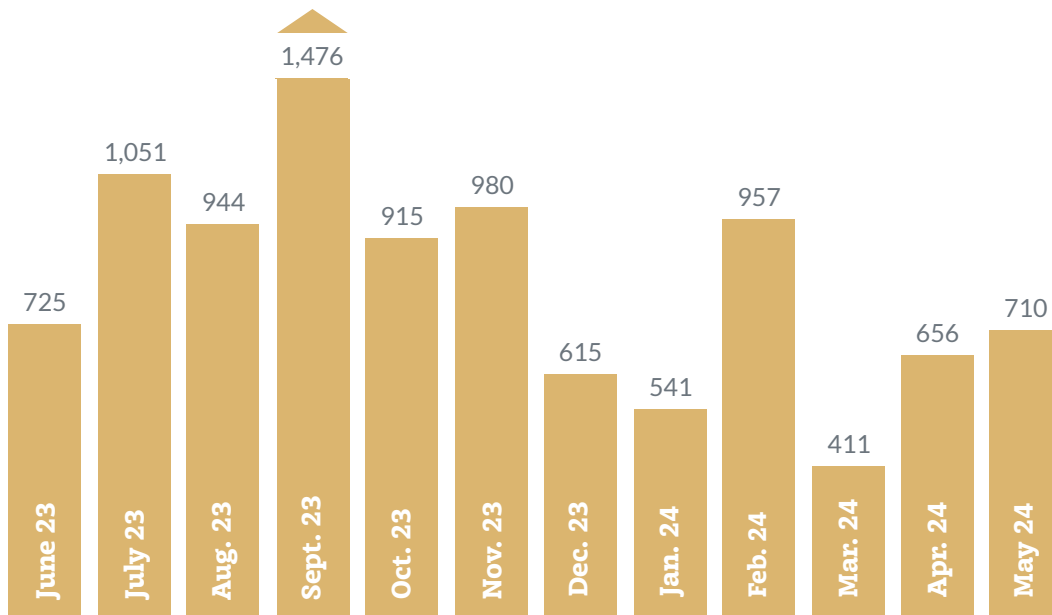
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



SOURCE: MPLS REALTORS

■ May 2024 (53.65%) ■ May 2023 (46.35%)



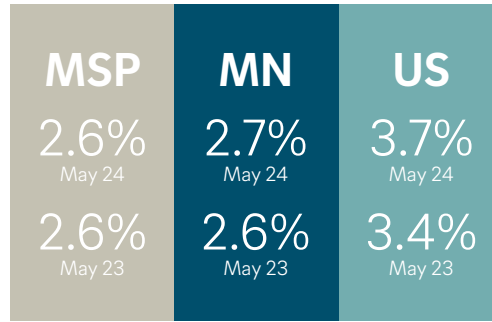
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

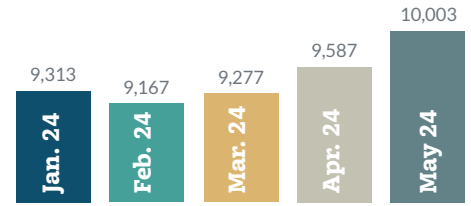
Minnesota's May non-seasonally adjusted unemployment rate remained unchanged from April at 2.6%, according to the Minnesota Department of Employment and Economic Development.

The national unemployment rate, however, saw a tick up from 3.5% in April to 3.7% in May. Construction employment in Minnesota reported a gain of 100 jobs.



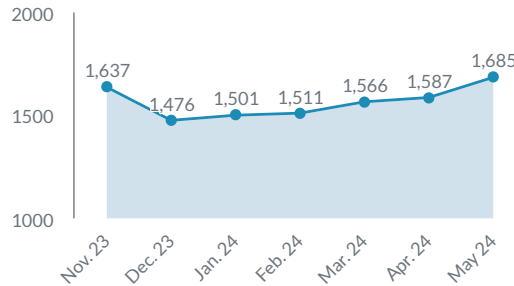
Unemployment Rate Snapshot

SOURCE: DEED-MN



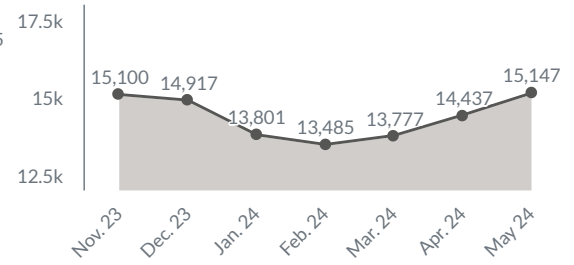
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



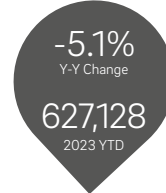
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

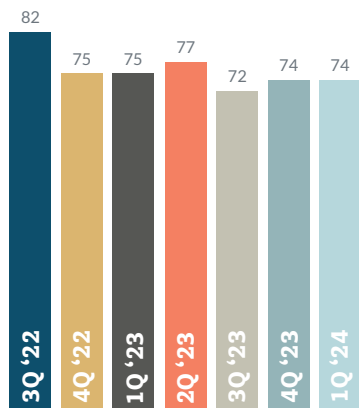
Regional/National Statistics

Existing-home sales fell 0.7% in May, according to the National Association of REALTORS®.

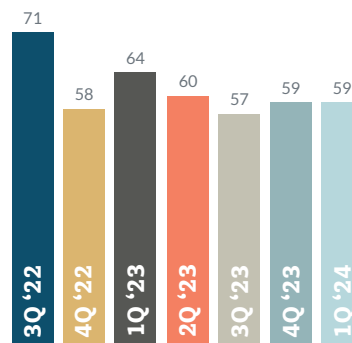
Regionally, sales in the Northeast, West, and Midwest regions were unchanged from the previous month. In the South, sales retreated 1.6% from the previous month.

Remodeling Market Indices

SOURCE: NAHB



Current

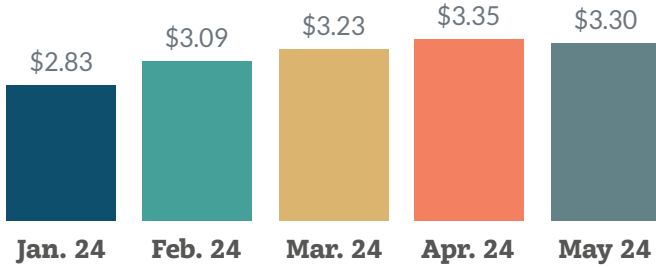


Futures

Key Indicators

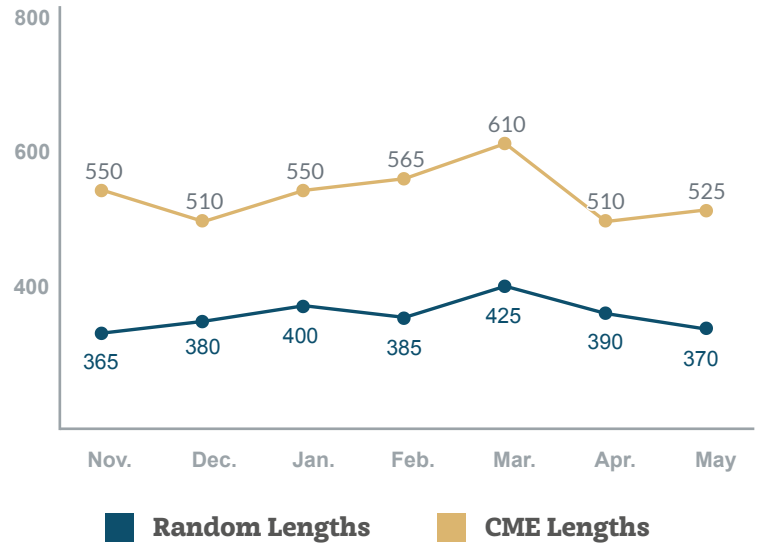
Mortgage rates that continue to hover around 7% along with elevated construction financing costs continue to put a damper on builder sentiment. Builder confidence in the market for newly built single-family homes was 43 in June, down two points from May, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released in June.

“Persistently high mortgage rates are keeping many prospective buyers on the sidelines,” said NAHB Chairman Carl Harris, a custom home builder from Wichita, Kan. “Home builders are also dealing with higher rates for construction and development loans, chronic labor shortages and a dearth of buildable lots.”



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

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Historic fundraising campaign fuels new housing initiative for Minnesota’s homeless veterans

The Housing First Minnesota Foundation and Lennar are taking a significant step toward ending veteran homelessness with the announcement of a Veteran Village project. According to the Minnesota Department of Veteran Affairs, over 200 veterans are currently experiencing homelessness throughout the state. The Housing First Minnesota Foundation, in partnership with Lennar and the Minnesota Assistance...

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