

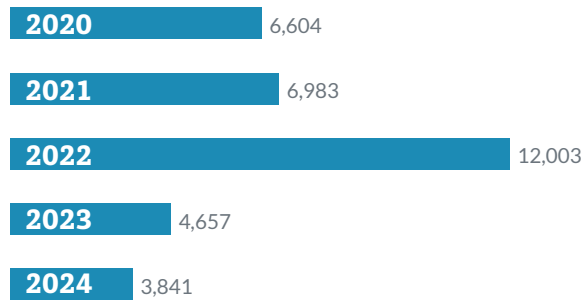


July 2024
Volume XII, Issue: 7

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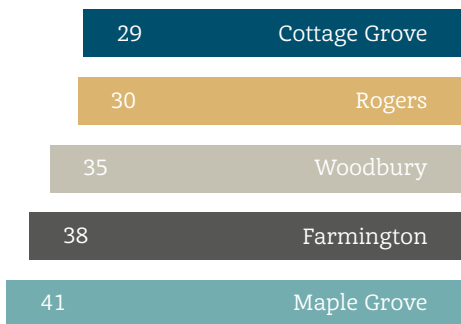
Art Pratt, board chair of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date June 2020-2024

SOURCE: KEYSTONE REPORT



June Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Single-Family Home Construction Remains Strong in June

The demand for new single-family homes continues to push strong homebuilding activity. Homebuilders in the metro area pulled 542 permits for single-family homes throughout the month – a 15% increase over June 2023.

However, multifamily construction was nearly nonexistent in June. Builders pulled permits for just 24 multifamily units in June. This is an 88% decrease in year-over-year activity.

“As homebuyers adapt to current interest rates, more and more buyers are drawn to new construction where many builders are offering incentives,” said Art Pratt, board chair of Housing First Minnesota. “Builders are adapting to the current housing market as the demand for homeownership has not waivered, even as rates and home prices have made it challenging for many.”

There were 548 permits issued for a total of 566 units during four comparable weeks in June, according to the Keystone Report.

“The complete drop off of multifamily construction is concerning, as Minnesota needs housing of all types,”

said James Vagle, CEO of Housing First Minnesota. “Now more than ever we need local governments and the Legislature to prioritize housing affordability and modernize zoning.”

For the month in permits, Maple Grove took the top spot with 41 permits issued. Farmington came next with 38 permits. Woodbury with 35 permits, Rogers with 30 permits and Cottage Grove with 29 permits rounded out the top five.

For the month in units, Maple Grove came in on top with 41 permitted units. Farmington came next with 38 units, followed by Rosemount with 26 units. Woodbury with 35 units and Rogers with 30 units rounded out the top five.



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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.

So far this year, there have been 10.6% more new listings and 1.8% more pending sales metro-wide compared to the same period last year. That means seller activity has risen more than five

times the pace of buyer activity on a year-to-date basis. Put another way, there was more supply coming online relative to demand—a trend confirmed by eight consecutive months of inventory growth.

For June, the number of homes for sale was up 10.6% to 8,905 active listings. That’s the number of listings on which buyers can write offers. While buyers may be feeling less pressure with 850

additional homes to choose from, there are still only 2.4 months of supply, indicating a seller’s market; a balanced market is 4-6 months of inventory.

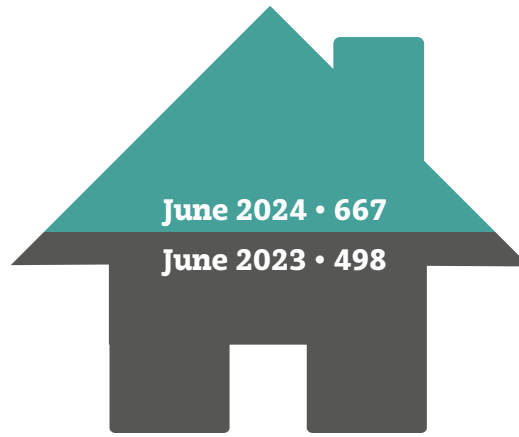
Listings in some areas are still getting multiple offers and selling for over list price. In fact, overall, sellers accepted offers at 100.1% of their list price on average. While perhaps surprisingly strong, that was down from last year. And those offers came in after an

average of 34 days on market, which was up from last year.

“This is still a somewhat fragmented market where activity truly varies from price point to price point and area to area,” said Jamar Hardy, president of Minneapolis Area REALTORS®. “While we’re encouraged by more supply, the lack of affordability caused by higher mortgage rates and rising prices are still significant hurdles.”

June 2024 Metro Building Activity

Metro homebuilders had another positive month of permitting activity with 542 permits pulled for single-family homes in June, a 15% increase from the same time last year.



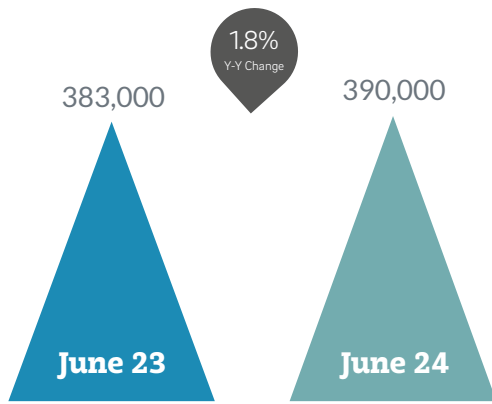
13.0%
Y-Y Change

Units YTD:
3,841

Multifamily
24%
of Twin Cities Housing
Units Authorized

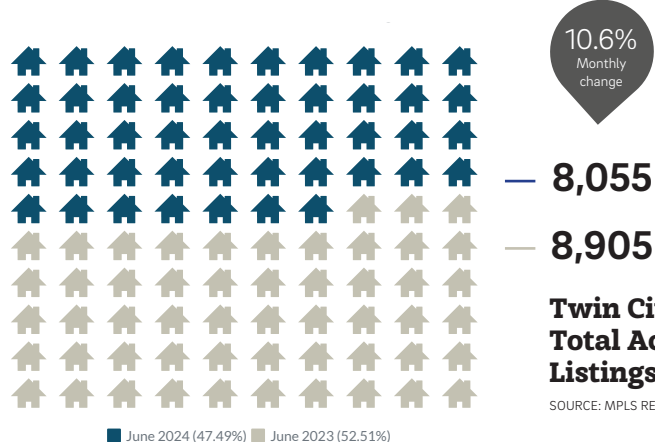
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT

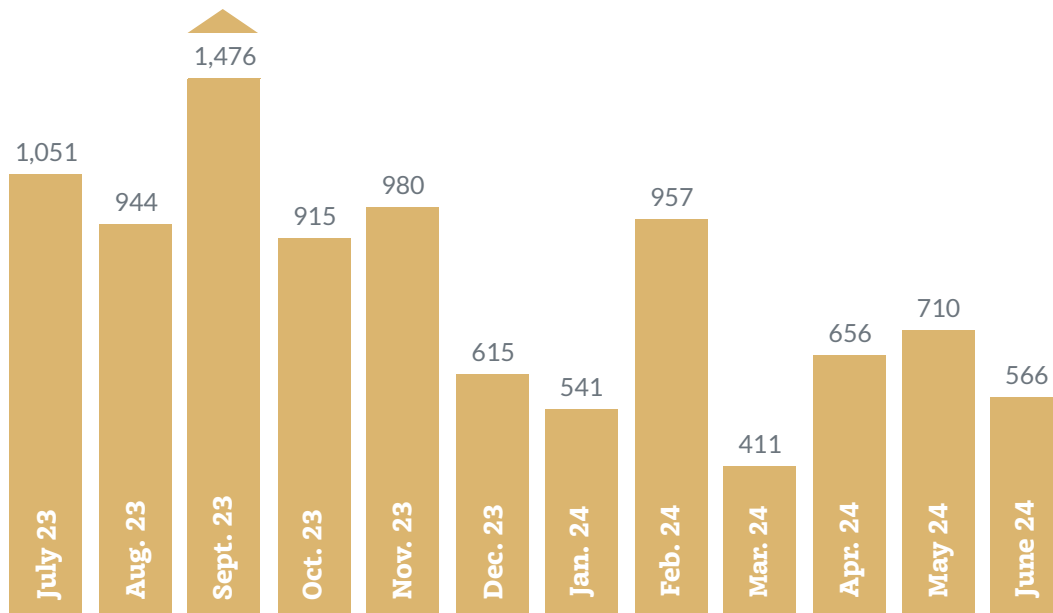


Twin Cities Median Home Price

SOURCE: MPLS REALTORS



SOURCE: MPLS REALTORS



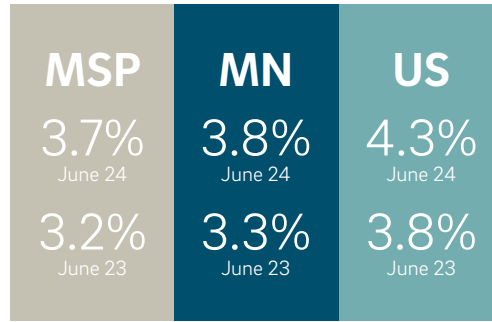
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

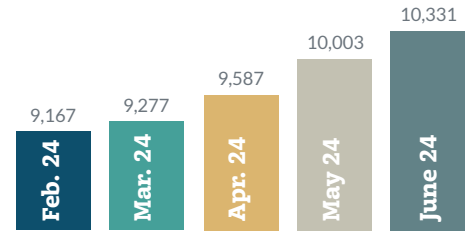
Minnesota's June non-seasonally adjusted unemployment rate shot up to 3.8%, according to the Minnesota Department of Employment and Economic Development. This is compared to the May rate of 2.7%

The national unemployment rate also saw a noticeable tick up from 3.7% in May to 4.3% in June. Construction employment in Minnesota reported a gain of 300 jobs.



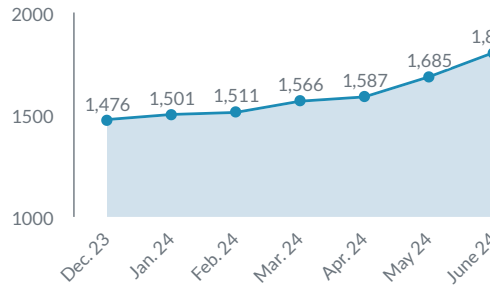
Unemployment Rate Snapshot

SOURCE: DEED-MN



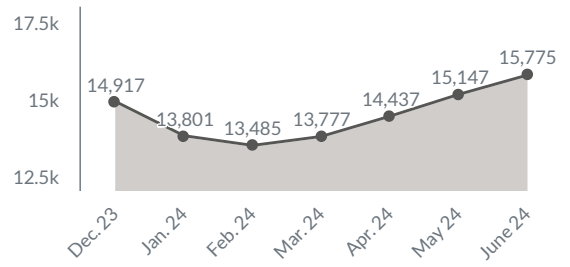
Twin Cities Construction Employment

SOURCE: DEED-MN



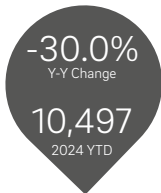
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



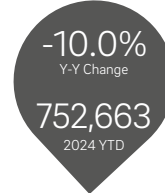
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

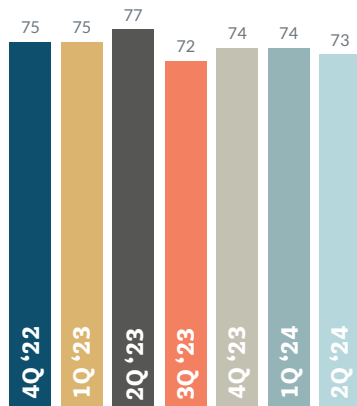
Regional/National Statistics

Existing-home sales fell 5.4% in June, according to the National Association of REALTORS®.

Regionally, sales in the Northeast fell 2.1% in June and declined 8% in the Midwest. Sales of existing homes in the South retreated 5.9% throughout the month while sales in the West dropped 2.6% from the previous month.

Remodeling Market Indices

SOURCE: NAHB



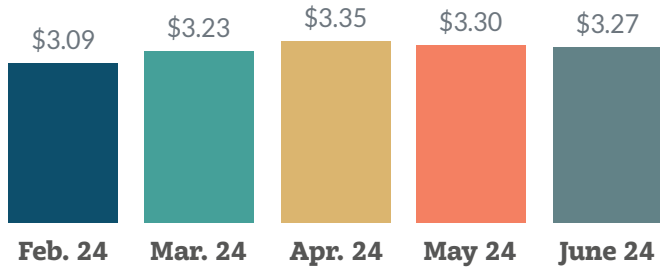
Current

Futures

Key Indicators

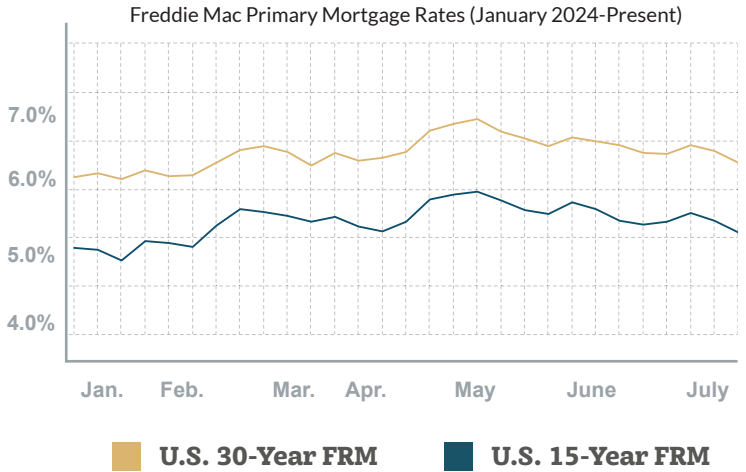
Elevated mortgage rates continue to keep buyers at bay, as new home sales remained relatively flat in June. Sales of newly built, single-family homes in June decreased by 0.6% to a seasonally adjusted annual rate of 617,000, slightly revised upward from May, according to newly released data from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. This pace is down 7.4% from a year earlier, marking the lowest rate since November 2023.

"Many potential buyers are staying on the sidelines due to elevated mortgage rates, which averaged nearly 7% in June," said Carl Harris, chairman of the National Association of Home Builders (NAHB). "However, moderating inflation suggests lower interest rates in the coming months, which should bring more buyers back into the market."



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Mortgage Rates

SOURCE: FREDDIE MAC

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