

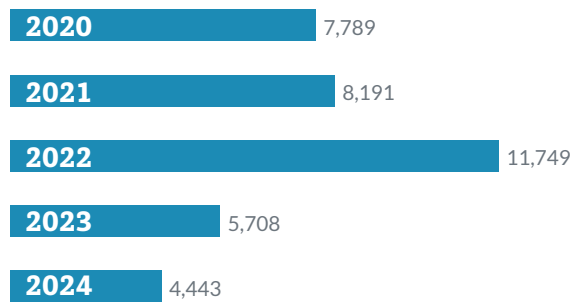


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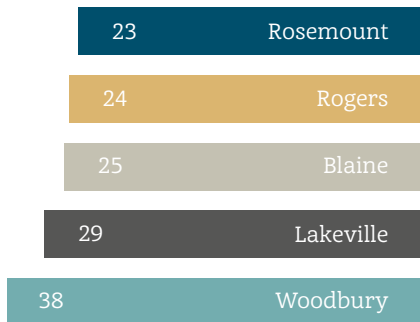
Art Pratt, board chair of Housing First Minnesota

## Twin Cities Building Activity



### Units Authorized Year-to-Date July 2020-2024

SOURCE: KEYSTONE REPORT



### July Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

## Homebuilding Activity Slow in July, While Demand Remains Strong

Summer homebuilding in the Twin Cities saw slower momentum in July as interest rates and affordability challenges continue to impact the housing market. Metro homebuilders pulled 452 permits for single-family homes during the month of July. This is a 1% increase over last year.

Additionally, multifamily construction activity has yet to show signs of recovery. Builders pulled permits for 150 multifamily units in July. Although this is an increase over the

previous month, overall units were still down 303% over July 2023.

“The demand for new homes hasn’t disappeared; it’s simply on the sidelines waiting for the right moment,” said Art Pratt, board chair of Housing First Minnesota. “Despite the challenges, builders are committed to providing safe and durable homes for Minnesotans when they’re ready and able to buy.”

There were 461 permits issued for a total of 602 housing units during the four comparable weeks in July, according to the Keystone Report.

“Now more than ever, we need to focus on building housing of all types, especially starter homes at lower price points, to reduce the overall cost of housing,” said James Vagle, CEO of

Housing First Minnesota. “Without action from the legislature on zoning modernization, the dream of homeownership in Minnesota is at risk for future generations.”

For the month in permits, Woodbury took the top spot with 38 permits issued. Lakeville came in next with 29 permits. Blaine was third highest with 25. Shakopee was fourth with 24 permits and Rosemount rounded out the top five with 23.

For the month in units, Bloomington came in on top with 99 permitted units. Woodbury came next with 38 units, followed by Lakeville with 32 units. Otsego and Rosemount came in fourth with 31 units each. Blaine rounded out the top five with 25 permitted units.



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

## Listings Up But Sales Down As Buyers Eye Lower Mortgage Rates Ahead

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, seller activity rose in July compared to last year while buyers pulled back. Inventory and prices were higher.

Overall, seller activity has been rising modestly while buyer activity is relatively flat to up slightly for the year so far. That

has also meant more inventory—also known as active listings or the number of homes for sale. But the inventory isn’t necessarily in the price buckets today’s homebuyers want and need, and they may not be in the preferred market segment or location.

Plus, it’s still squarely a seller’s market although not for all areas, segments or price points. Higher interest rates have stuck around,

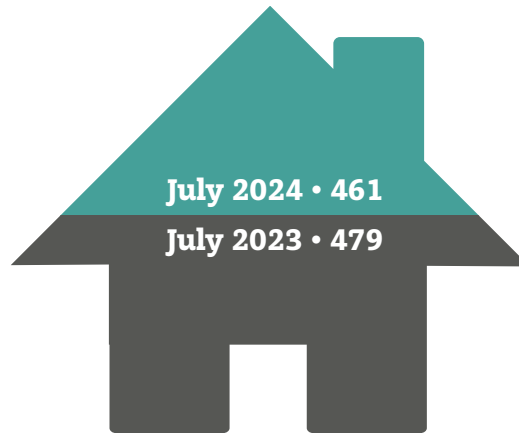
though there’s good evidence that will change.

“It may very well be worth it to stomach a temporarily higher rate for a less competitive environment,” said Jamar Hardy, president of Minneapolis Area REALTORS®. “Buyers are eager for more supply, but we’re still finding consumers to be cautious and selective.”

New home sales outperformed existing home sales while condo sales fell much more than single family. Sales over \$500,000 performed better than sales under \$500,000, as higher-end buyers are less rate-sensitive. Cities such as Columbus, Hudson, Corcoran and Hanover saw among the largest sales gains while Mounds View, Orono, Medina and Victoria all had notably weaker demand.

# July 2024 Metro Building Activity

Metro homebuilders had another positive month of permitting activity with 452 permits pulled for single-family homes in July, a 1% increase from the same time last year.



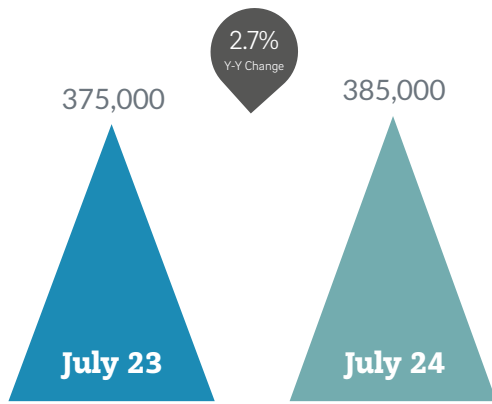
-3.7%  
Y-Y Change

**Units YTD:**  
**3,841**

**Multifamily**  
**25%**  
of Twin Cities Housing  
Units Authorized

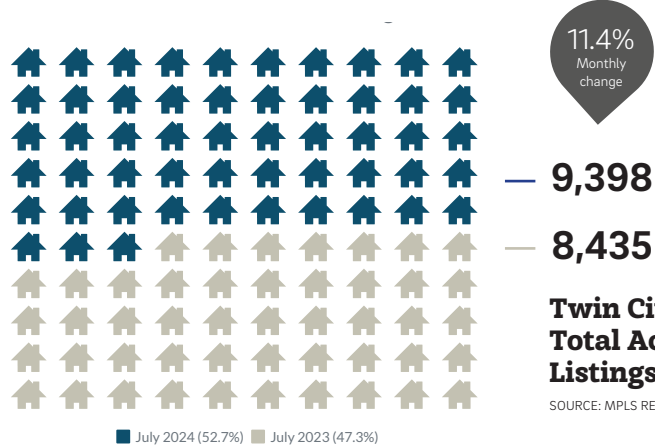
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT

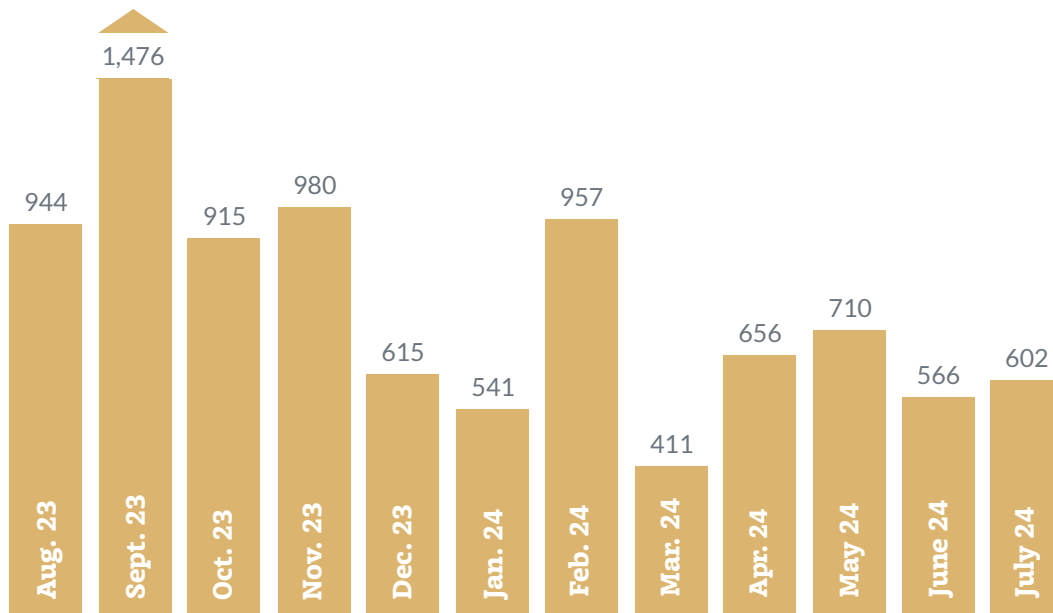


## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



SOURCE: MPLS REALTORS



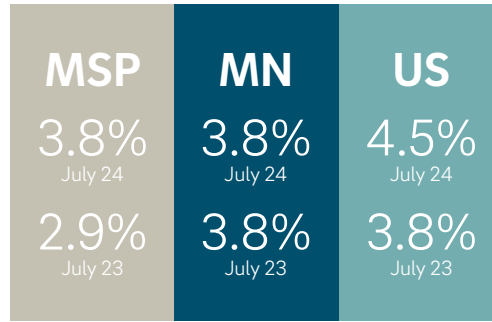
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

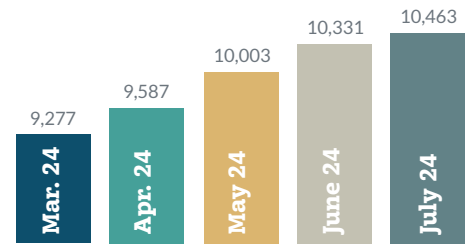
Minnesota's non-seasonally adjusted July unemployment rate was unchanged from June at 3.8%, according to the Minnesota Department of Employment and Economic Development.

The national unemployment rate in July, however, increased month-over-month from 4.3% in June to 4.5% in July. Construction employment in Minnesota recorded a 1.6% decrease since last year.



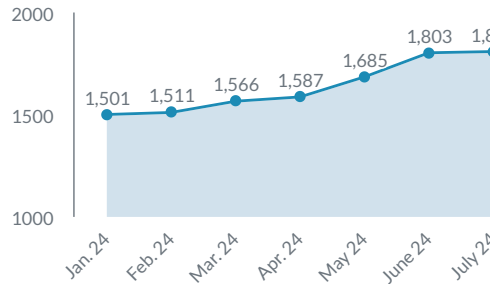
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



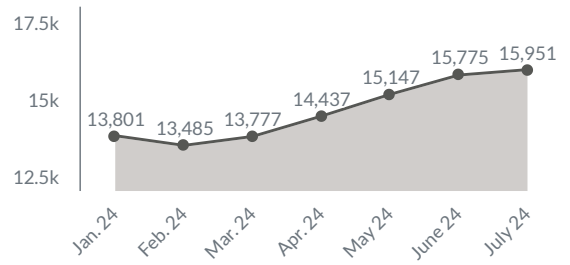
**Twin Cities Construction Employment**

SOURCE: DEED-MN



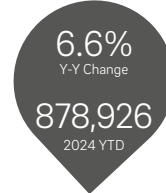
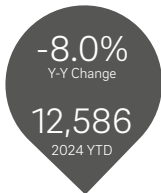
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

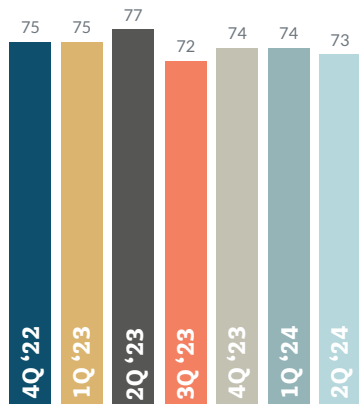
# Regional/National Statistics

Existing-home sales rose 1.3% in July, according to the National Association of REALTORS®.

Regionally, sales in the Northeast increased 4.3% in July and were unchanged in the Midwest. Sales of existing homes in the South climbed 1.1% throughout the month while sales in the West improved 1.4% from the previous month.

## Remodeling Market Indices

SOURCE: NAHB



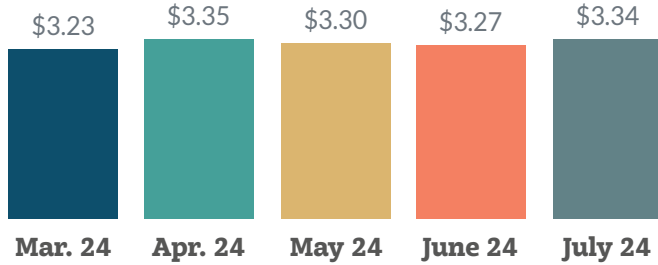
**Current**

**Futures**

# Key Indicators

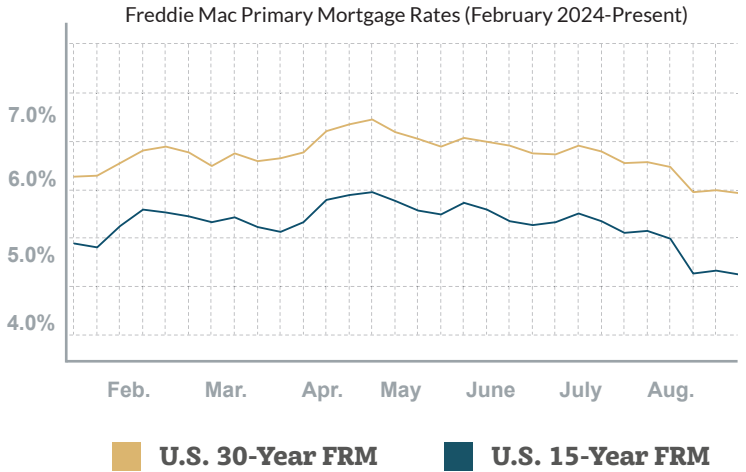
As of August 2024, mortgage rates are holding relatively steady, with the average 30-year fixed-rate mortgage hovering around 6.5%, according to Freddie Mac. This steadiness comes as the Federal Reserve signals potential interest rate cuts in response to cooling inflation and a slowing job market. Analysts predict that the Fed might begin cutting rates as early as mid-September, with additional cuts expected later this year or early next year.

These potential rate cuts could exert downward pressure on mortgage rates, providing some relief to prospective homebuyers who have faced higher borrowing costs over the past year.



## MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



## Mortgage Rates

SOURCE: FREDDIE MAC

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