

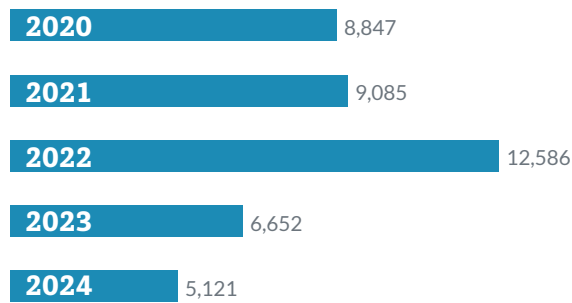


September 2024  
Volume XII, Issue: 9

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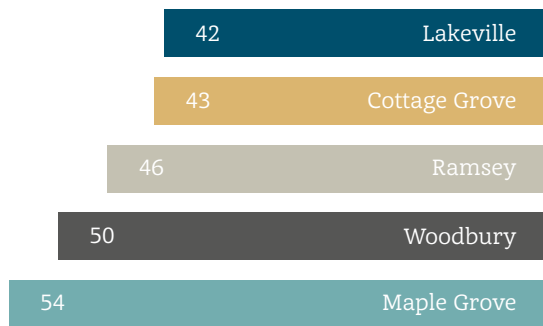
Art Pratt, board chair of Housing First Minnesota

## Twin Cities Building Activity



### Single-Family and Multifamily Units Authorized Year-to-Date - August 2020-2024

SOURCE: KEYSTONE REPORT



### August Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

## Twin Cities Home Construction Ends Summer on Positive Note

Homebuilding in the Twin Cities maintained its steady pace in August despite stubborn, high mortgage rates continuing to impact activity. Metro homebuilders pulled 586 permits for single-family homes during the month of August. This is a 3% increase over last year and a 30% increase from July.

However, activity in the multifamily sector continues to be sluggish. Builders pulled permits for just 92 multifamily

units in August, a 75% drop in activity from August 2023.

“Many potential buyers are waiting for the rate environment to be right before they jump into the market,” said Art Pratt, board chair of Housing First Minnesota. “If the Federal Reserve cuts rates as anticipated this fall, the impact on all sectors of the housing market could be significant.”

According to the Keystone Report, 601 permits were issued for a total of 678 housing units during the four comparable weeks in August.

“The challenge facing our market is tight supply, especially at the lower price points,” said James Vagle, CEO of Housing First Minnesota.

“There simply aren’t enough homes being built to meet demand. Even with lower rates, affordability will continue to be an issue for many potential homeowners.”

For the month in permits, Maple Grove took the top spot with 54 permits issued. Woodbury came in next with 50 permits. Ramsey was third highest with 46. Cottage Grove was fourth with 43 permits, and Lakeville rounded out the top five with 42.

For the month in units, Maple Grove came in on top with 59 permitted units. Woodbury came next with 50 units, followed by Shakopee with 49 units. Ramsey came in fourth with 46 units. Cottage rounded out the top five with 43 permitted units.



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

## Buyer and Seller Activity Down From Last August, but Lower Rates on the Way

According to new data from Minneapolis Area REALTORS® and the Saint Paul Area Association of REALTORS®, seller activity softened along with buyer activity. Inventory and prices were higher.

For August, pending sales were down 10.2% but are only down 0.7% for the year. Seller activity was also lower; new listings fell 3.3% but are actually up 8.5%

for the year. Homes took more time to sell.

At an average of 40 days, market times were up 21.2% for the month but are only 7.3% higher compared to 2023 year-to-date. Buyers thirsty for more inventory will benefit from an 11.7% increase in the number of homes for sale.

That figure has now risen for 10

straight months. Unfortunately, that inventory isn’t necessarily at the price points or in the locations today’s homebuyers want or need.

Prognosticators are already discussing 2025 spring market. The rate environment should continue to improve, but a significant backlog of pent-up demand could overwhelm even the inventory growth

we’ve seen.

“The biggest hurdle is affordability; the other big hurdle has been supply,” said Jamar Hardy, president of Minneapolis Area REALTORS®. “The trend in mortgage rates is promising, but it will take time to fix our long-term housing shortage.”

# August 2024 Metro Building Activity

Metro homebuilders had another positive month of permitting activity with 586 permits pulled for single-family homes in August, a 3% increase from the same time last year.

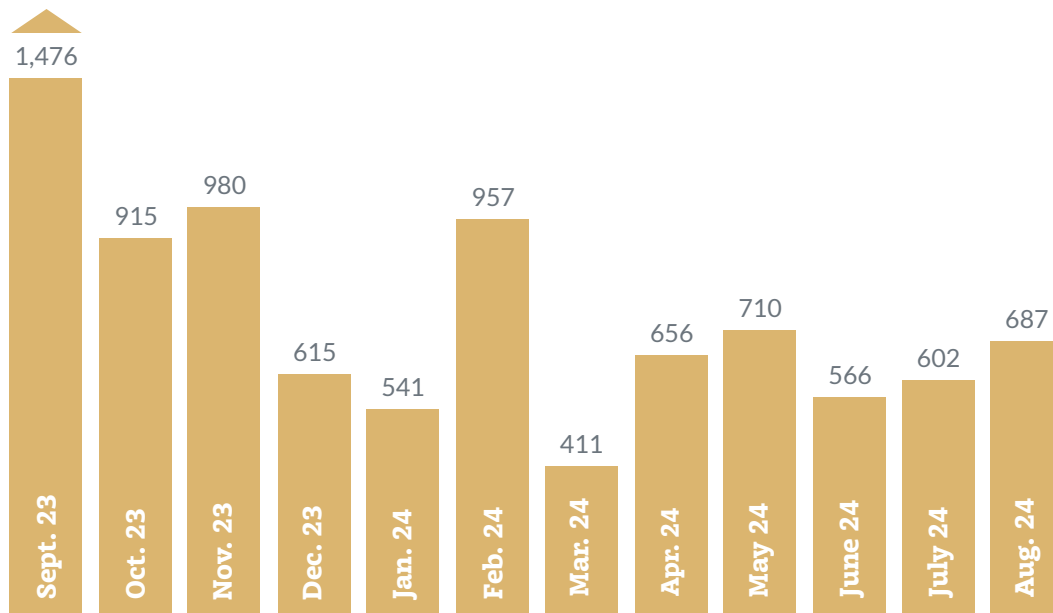
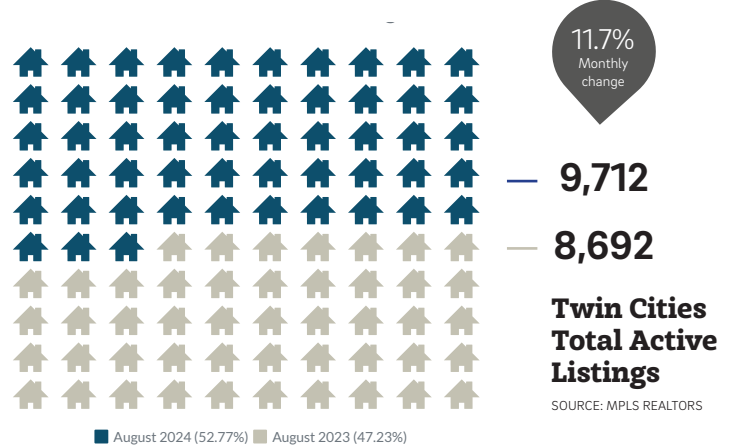
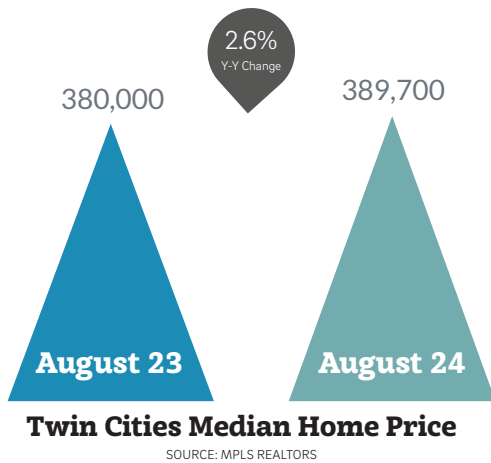


**Units YTD:**  
**5,121**

**Multifamily**  
**14%**  
of Twin Cities Housing  
Units Authorized

## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



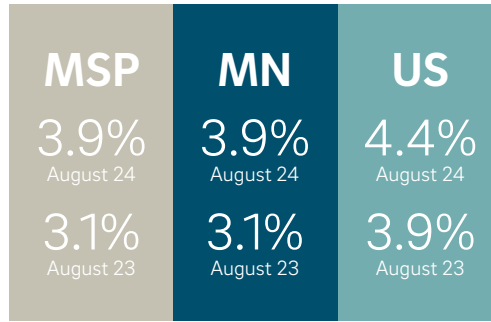
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

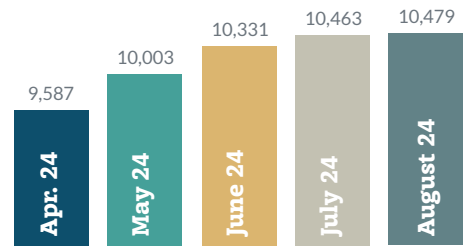
Minnesota's non-seasonally adjusted August employment rate rose slightly to 3.9%, according to the Minnesota Department of Employment and Economic Development. This is compared to the July rate of 3.8%.

The national unemployment rate, however, dropped month-over-month from 4.5% in July to 4.4% in August. Construction employment in Minnesota recorded a 0.7% decrease since last year.



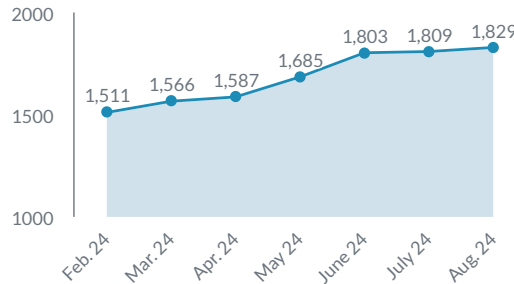
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



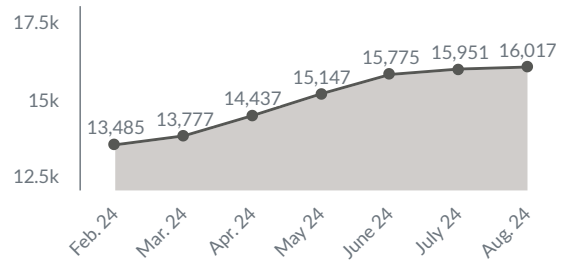
**Twin Cities Construction Employment**

SOURCE: DEED-MN



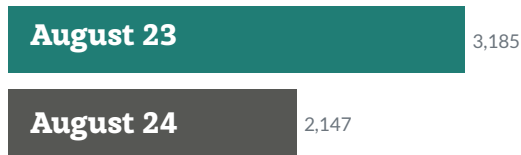
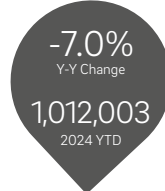
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

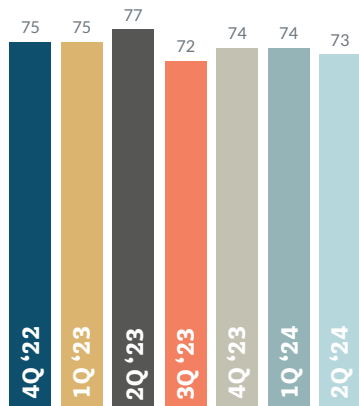
# Regional/National Statistics

Existing-home sales decreased 2.5% in August, according to the National Association of REALTORS®.

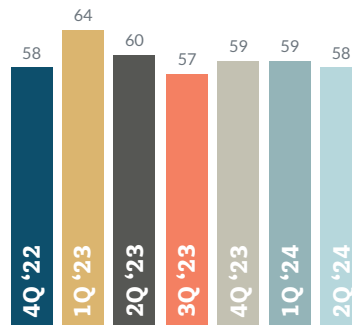
Regionally, sales in the Northeast dropped 2% in August and were unchanged in the Midwest. Sales of existing homes in the South stumbled 3.9% throughout the month while sales in the West declined 2.7% from the previous month.

## Remodeling Market Indices

SOURCE: NAHB



**Current**



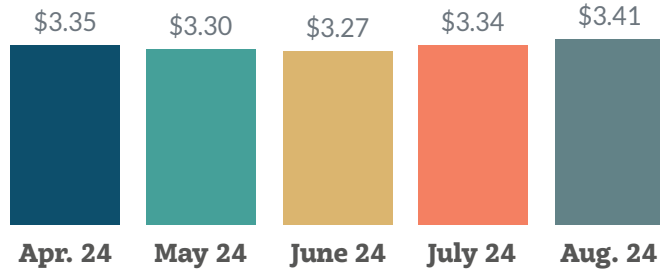
**Futures**

# Key Indicators

The Federal Reserve announced in September that they would cut interest rates for the first time since March 2020. This marks a pivotal shift after nearly two years of elevated borrowing costs.

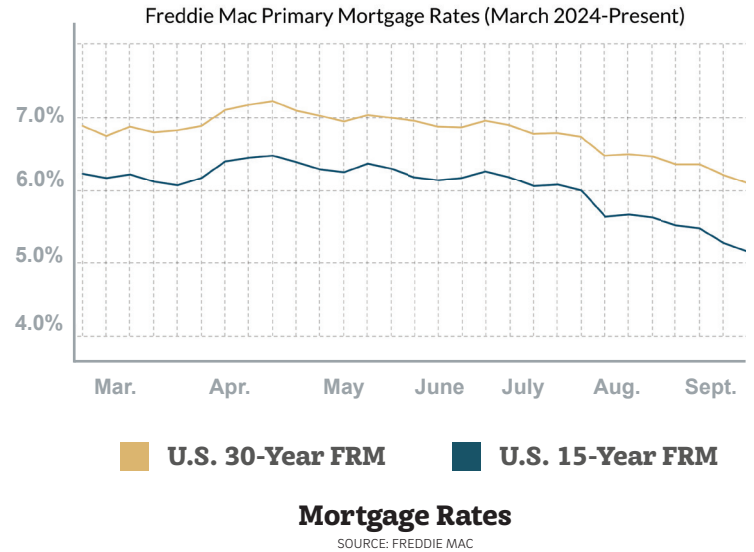
Historically, when the Fed cuts rates, mortgage rates tend to follow gradually. With the average 30-year fixed mortgage rate sitting at about 6.2%, experts are anticipating seeing this number drop into the 5% range as we head into 2025.

"With lower rates, the monthly payment on a \$400,000 home has fallen \$250 per month compared to September 2023," said Nick Erickson, executive director of Housing Affordability Institute.



## MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



## Mortgage Rates

SOURCE: FREDDIE MAC

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## Federal Reserve announces rate cut

The Federal Reserve announced today that they would cut interest rates for the first time since March 2020. This marks a pivotal shift after nearly two years of elevated borrowing costs. After a series of rate hikes aimed at curbing inflation, the Fed's pivot to lowering rates reflects its growing concerns over slowing economic growth...

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