

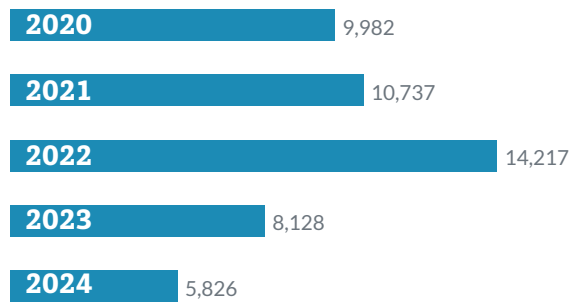


October 2024  
Volume XII, Issue: 10

“Strong traffic on the Fall Parade of Homes confirms demand is still out there. With mortgage rates lowering, we should expect to see more activity, as previously sidelined buyers get back into the market.”

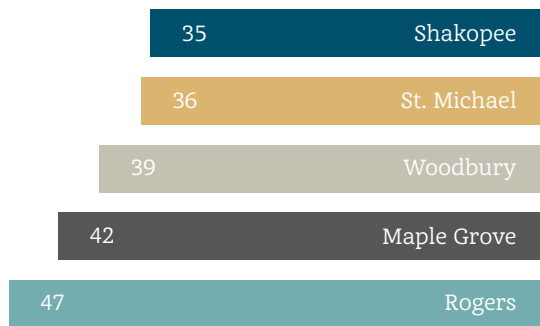
Art Pratt, board chair of Housing First Minnesota

## Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT



### September Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

## Pace of Construction Slows in September

Twin Cities homebuilding saw a drop in activity in September despite lowering mortgage rates. Metro homebuilders pulled 524 permits for single-family homes during the month of September – a 20% decrease over last year.

Multifamily construction also experienced year-over-year declines. Builders pulled permits for just 181 multifamily units in September which is a 78% drop in activity from September 2023.

“Strong traffic on the Fall Parade of Homes confirms demand is still out there,” said Art Pratt, board chair of Housing First Minnesota. “With mortgage rates lowering, we should expect to see more activity, as previously sidelined buyers get back into the market.”

There were 533 permits issued for a total of 705 housing units during the four comparable weeks in September, according to the Keystone Report.

“The Fed’s recent decision to cut rates is a step in the right direction for homebuyers. However, the supply challenge cannot be ignored,” said Jame Vagle, CEO of Housing First Minnesota. “We urgently need new housing units of all kinds. Without

a boost of supply in our market, potential homebuyers will be priced out of their dream of homeownership.”

For the month in permits, Rogers took the top spot with 47 permits issued. Maple Grove came in next with 42 permits. Woodbury was third highest with 39. St. Michael was fourth with 36 permits and Shakopee rounded out the top five with 35.

For the month in units, Lakeville came in on top with 155 permitted units. Carver came next with 66 units, followed by Rogers with 47 units. Maple Grove came in fourth with 42 units. Woodbury rounded out the top five with 39 permitted units.



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## Affordability Inches Up Alongside Inventory While Sales Stabilize

According to new data from the Minnesota and Twin Cities metro REALTOR® Associations, listings rose compared to last year while sales were flat. Inventory and prices are both up.

It’s no secret that buyers have been facing a triple punch lately: higher prices, higher mortgage rates and tight inventory. That’s shown up in slower sales activity, lower affordability and slim pickings when it comes to the

number of homes for sale on the market.

In fact, statewide, sales hit their lowest level since 2011, but now signed purchase agreements are rising. Sellers are caught in between—either they stay put in a home they might have outgrown or trade up to a higher price, higher mortgage rate and higher monthly payment. But there’s evidence that’s changing.

For example, the state and metro saw 4.4% and 4.2% more new listings, respectively, when compared to September 2023. For sales, statewide activity was relatively flat (down 0.5%) while metro-area activity rose a modest 1.5%. The fact that listing activity has been stronger than sales means inventory levels are up—most recently rising an even 10%. But we’re still in a sellers’ market.

“There is still plenty of pent-up activity both buyers and sellers—who are being patient. That sounds like a good idea until you realize everyone else is waiting for the same thing,” said Geri Theis, president of Minnesota Realtors. “And as rates come down, some may find themselves in another competitive environment where listings are selling for over asking price.”

# September 2024 Metro Building Activity

Metro homebuilders had a drop this month of permitting activity with 524 permits pulled for single-family homes in September, a 20% decrease from the same time last year.



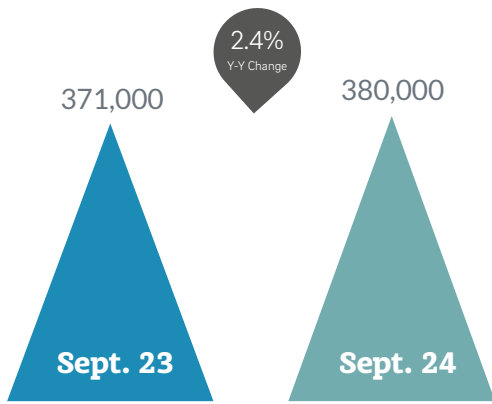
-22.0%  
Y-Y Change

**Units YTD:**  
**5,826**

**Multifamily**  
**26%**  
of Twin Cities Housing  
Units Authorized

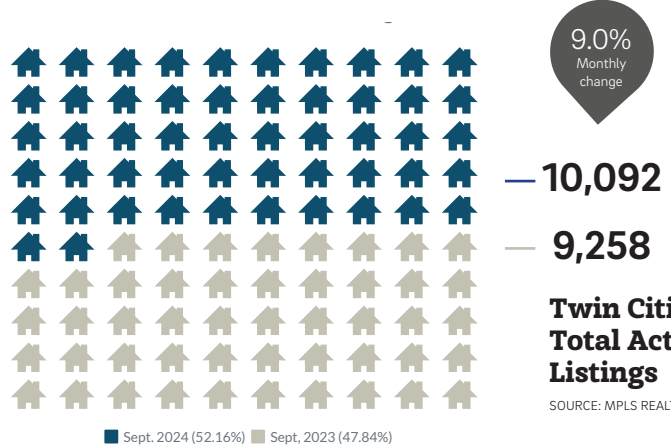
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT

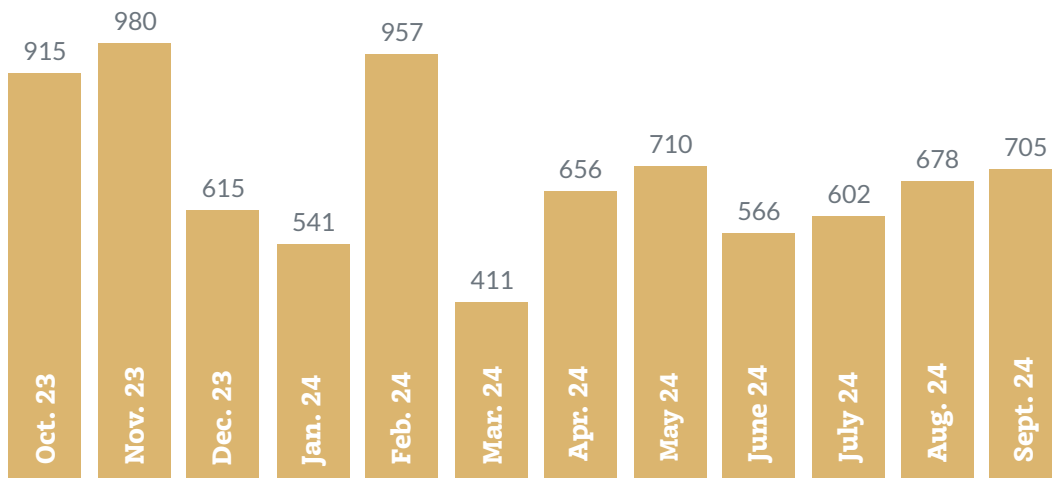


## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



SOURCE: MPLS REALTORS



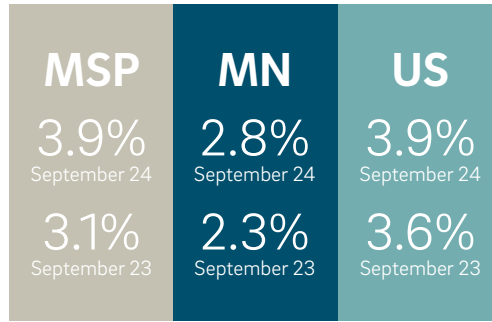
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

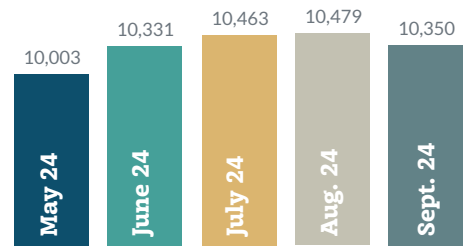
Minnesota's non-seasonally adjusted September unemployment rate dropped to 2.8%, according to the Minnesota Department of Employment and Economic Development. This is compared to the August rate of 3.9%.

The national unemployment rate also saw a decrease month-over-month from 4.4% in August to 3.9% in September. Construction employment in Minnesota saw no change since the previous month.



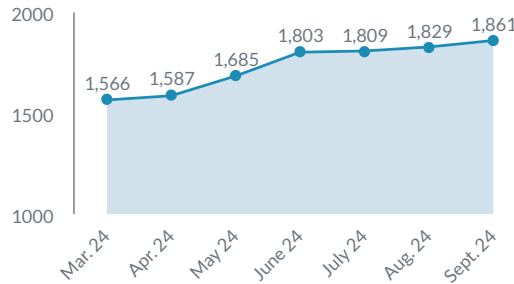
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



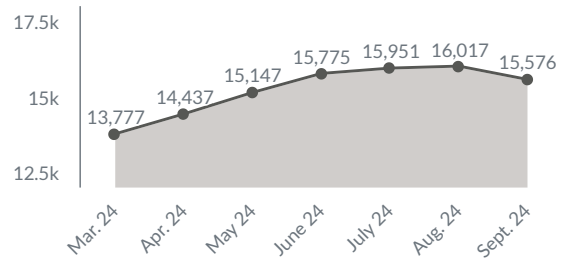
**Twin Cities Construction Employment**

SOURCE: DEED-MN



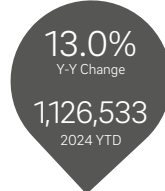
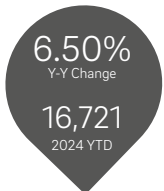
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

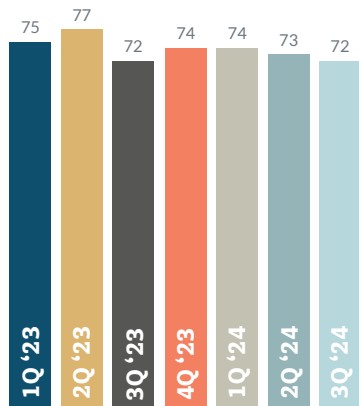
# Regional/National Statistics

Existing-home sales decreased 1% in September according to the National Association of REALTORS®.

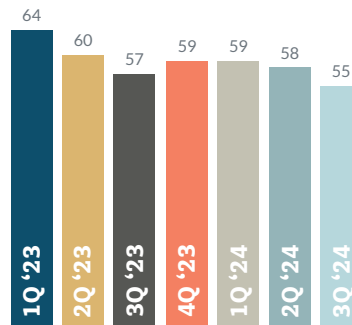
Regionally, sales in the Northeast dropped 4.2% in September and slipped 2.2% in the Midwest. Sales of existing homes in the South stumbled 1.7% throughout the month while sales in the West increased 4.1% from the previous month.

# Remodeling Market Indices

SOURCE: NAHB



**Current**

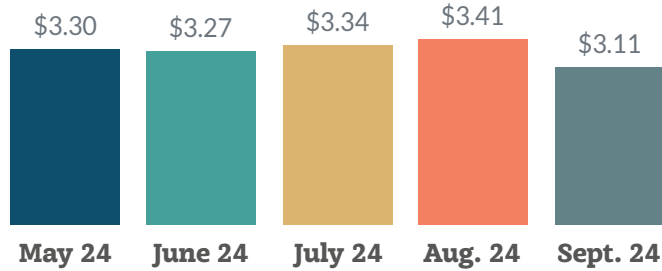


**Futures**

## Key Indicators

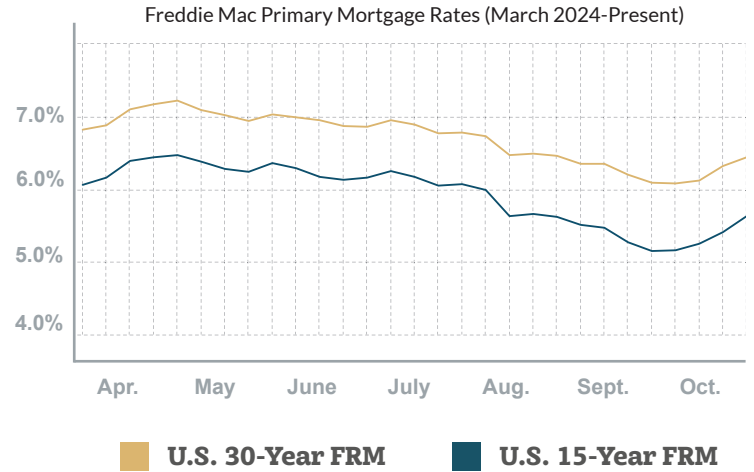
Despite the Federal Reserve cutting interest rates, mortgage rates have continued to rise. Freddie Mac reports that the average 30-year fixed mortgage rate hit 7.31% in October, driven by inflation concerns and strong housing demand.

The Mortgage Bankers Association (MBA) notes that higher rates have led to a 6% drop in mortgage applications, as homebuyers face increased borrowing costs.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Mortgage Rates**

SOURCE: FREDDIE MAC

December 3, 2024 | Golden Valley Country Club

# STATE OF THE INDUSTRY

Discover what's on the economic horizon for the housing industry. Details at [HousingFirstMN.org](https://HousingFirstMN.org)