

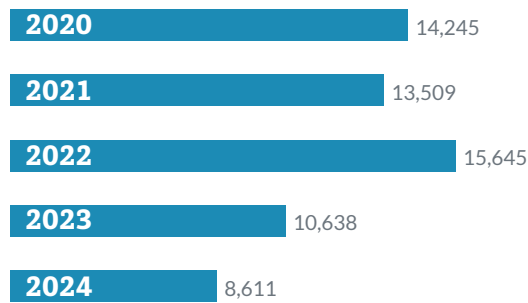


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“The steady growth in single-family homebuilding is a positive sign for residential construction. While the housing market has faced challenges this year, the recent uptick in construction of all types of housing shows there’s still momentum in the market as we head into 2025.”

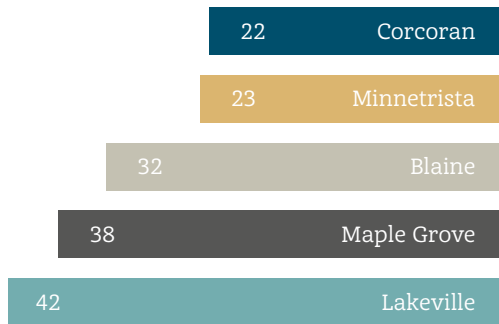
Art Pratt, 2024 board chair of Housing First Minnesota

Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT



December Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Single-Family Construction a Bright Spot for Residential Construction in 2024

Twin Cities single-family homebuilding held onto its positive trend as 2024 ended. Metro homebuilders pulled 471 permits for single-family homes during the month of December – a 17% increase over the same time last year.

Multifamily construction saw an increase in activity from the previous month. Builders pulled permits for 490 multifamily units in December. However, year-to-date, multifamily units were down nearly 55% compared to 2023.

“The steady growth in single-family

homebuilding is a positive sign for residential construction,” said Art Pratt, 2024 board chair of Housing First Minnesota. “While the housing market has faced challenges this year, the recent uptick in construction of all types of housing shows there’s still momentum in the market as we head into 2025.”

There were 484 permits issued for a total of 961 housing units during the four comparable weeks in December, according to the Keystone Report.

For the year there were 6,387 permits pulled for 8,611 housing units in the Twin Cities.

“Our state is facing a critical housing shortage, and it’s clear that we need to accelerate residential construction to meet the growing demand,” said James Vagle, CEO of Housing First Minnesota. “From single-family homes to multifamily developments, every type

of housing is essential to ensure our communities have the homes they need to thrive. Builders are ready to step up, but it’s going to take collaboration with policymakers to reduce barriers and keep construction moving forward.”

For the month in permits, Lakeville took the top spot with 42 permits issued. Maple Grove came in second with 38 permits. Blaine was third highest with 32. Minnetrista was fourth with 23 permits. Corcoran rounded out the top five with 22 permits.

For the month in units, Minnetonka came in on top with 393 permitted units. Wayzata came next with 70 units, followed by Lakeville with 42 units. Maple Grove came in fourth with 38 units. Shakopee rounded out the top five with 35 permitted units.



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[Minnesota State and Twin Cities Metro Realtor® Associations]

Buyer and Seller Activity Higher than 2023 Despite Affordability Headwinds

Home sales increased in 2024, according to new annual reports issued by Minnesota Realtors® (MNR), Minneapolis Area REALTORS® (MAR) and the St. Paul Area Association of REALTORS® (SPAAR). It’s been a challenging few years for aspiring home buyers. Hindered by a thorny trifecta of rising prices, higher mortgage rates and a shortage of homes, it’s no secret today’s home buyers are feeling the squeeze.

That’s what makes an increase in sales stand out given the impediments. Despite the headwinds, buyers were persistent and hopeful for future refinancing opportunities. Home sales rose 1.1% statewide and 1.8% in the Twin Cities metro, both compared to 2023. But that slight gain was off of a low baseline. While it’s impossible to say with certainty, 2023 could be the bottom for sales this cycle.

Prices also rose but so did market times. The median sales price was up 3.9% to \$345,000 statewide and rose 3.3% to \$380,000 in the metro. Mortgage rates are too high for prices to rise significantly, but supply is too tight for prices to fall. There’s less activity overall but the balance between buyer and seller activity (i.e. supply and demand) remains tight. Since 2020, home prices are up 25.5% statewide and 24.6% for the metro.

“Buyers not only saw rates vary throughout the year but also noticed that inventory growth as well,” said Frank D’Angelo, president of MAR. “If rates continue to cool down toward the low sixes or even high fives, I think that would really get buyers off the bench. But we still don’t have enough homes for sale.”

December 2024 Metro Building Activity

Metro homebuilders had an increase in permitting activity this month with 471 permits pulled for single-family homes in December, a 15% increase from the same time last year.



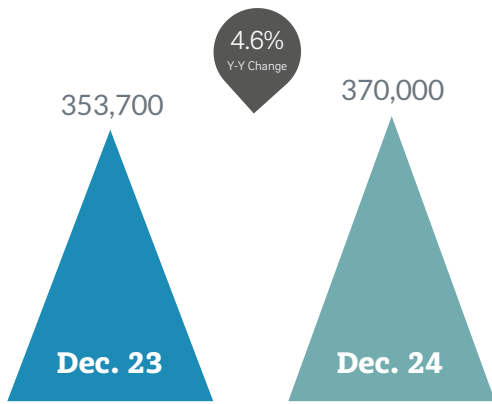
17.0%
Y-Y Change

Units YTD:
8,611

Multifamily
23%
of Twin Cities Housing
Units Authorized

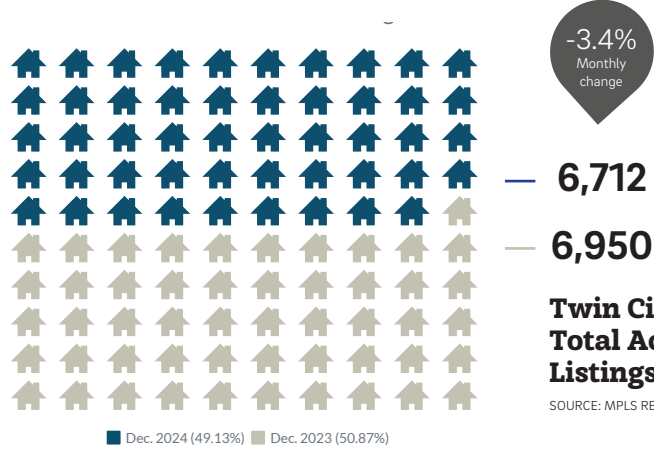
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



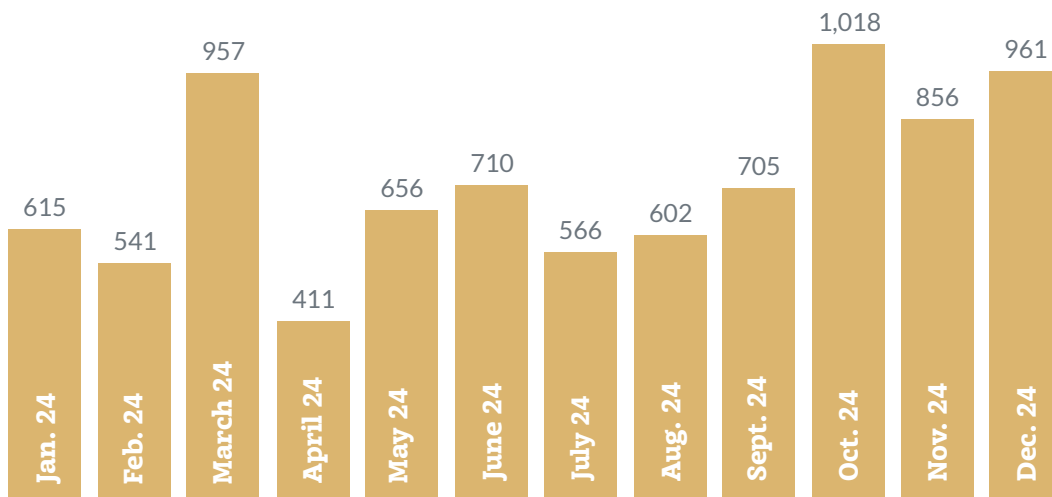
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



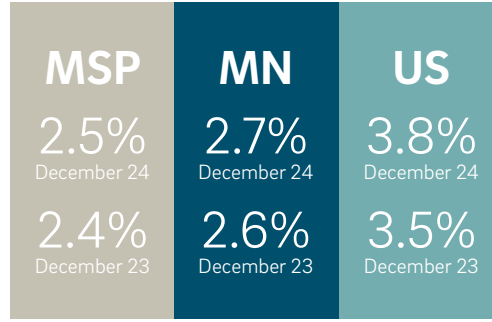
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

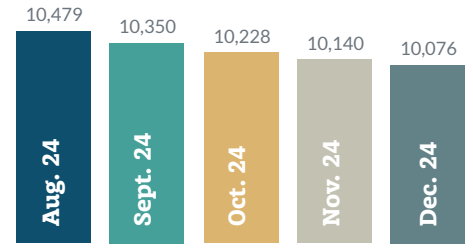
Minnesota's non-seasonally adjusted unemployment rate decreased in December to 2.7%, according to the Minnesota Department of Employment and Economic Development. This is compared to the November rate of 2.9%

The national unemployment rate also saw a reduction from 4% in November to 3.8% in December. Construction employment in Minnesota, however, saw a slight decrease in December with a loss of 1,700 jobs across all sectors of the industry.



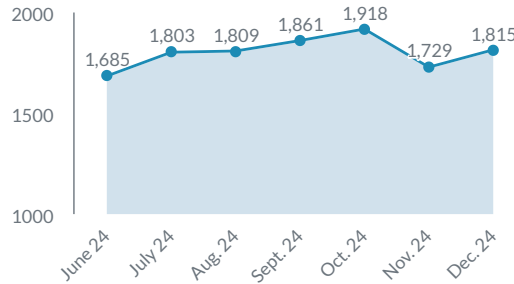
Unemployment Rate Snapshot

SOURCE: DEED-MN



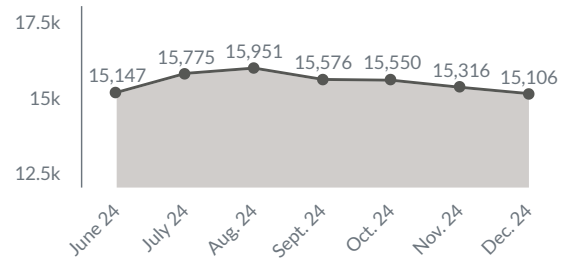
Twin Cities Construction Employment

SOURCE: DEED-MN



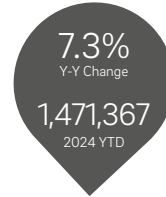
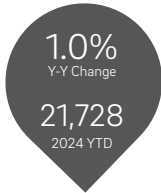
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



MN Construction Employment

SOURCE: DEED-MN



Regional/National Statistics



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

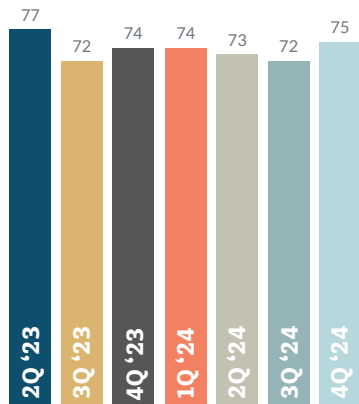
SOURCE: US CENSUS

Existing-home sales climbed 2.2% in December, according to the National Association of REALTORS®.

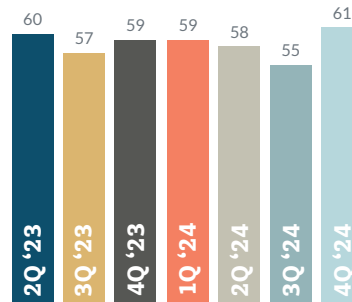
Regionally, sales in the Northeast increased 3.9% in December and dropped 1% in the Midwest. Sales of existing homes in the South grew 3.2% throughout the month and sales in the West rose 2.6% from the previous month.

Remodeling Market Indices

SOURCE: NAHB



Current

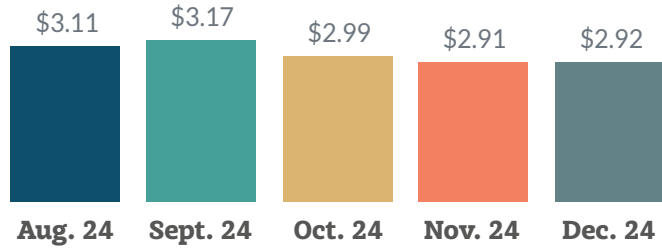


Futures

Key Indicators

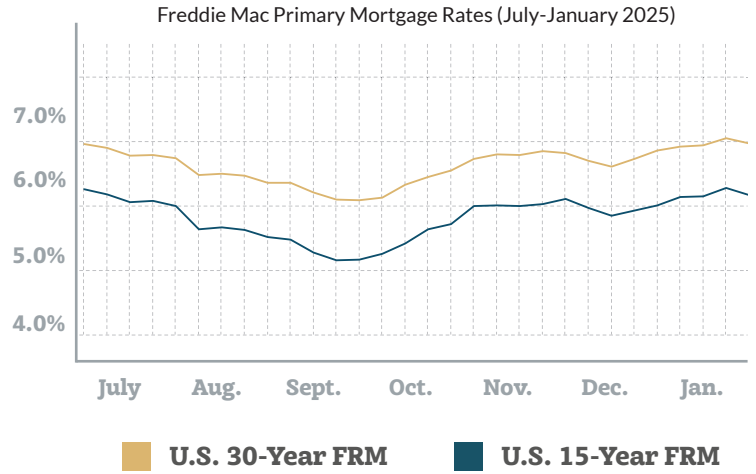
According to the National Association of Homebuilders (NAHB), in December 2024, U.S. housing starts rose 15.8% to a seasonally adjusted annual rate of 1.50 million units, the highest since February 2024.

This growth was driven by a 3.3% increase in single-family starts and a 61.5% surge in multifamily construction. Despite challenges like high mortgage rates and construction costs, the industry anticipates modest gains in single-family home building in 2025 due to ongoing housing shortages and solid economic conditions.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Mortgage Rates

SOURCE: FREDDIE MAC

HOUSING DAY AT THE CAPITOL

HOUSING FIRST MINNESOTA

CENTRAL MINNESOTA BUILDERS ASSOCIATION

March 3, 2025