

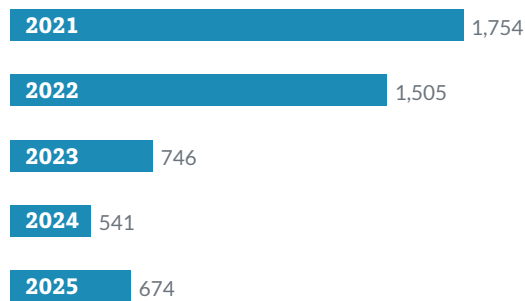


February 2025  
Volume XIII, Issue: 2

“The steady growth in homebuilding across the Twin Cities shows just how much a diverse housing stock is needed and wanted, especially for first-time buyers and those looking to downsize.”

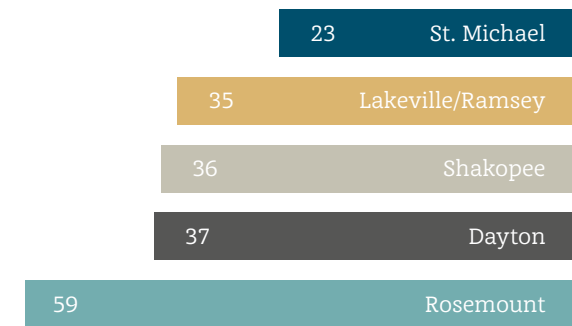
Tim Fohr, 2025 board chair of Housing First Minnesota

## Twin Cities Building Activity



### Single-Family and Multifamily Units Authorized Year-to-Date - Jan. 2021-2025

SOURCE: KEYSTONE REPORT



### January Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

## Twin Cities Residential Construction Continues to Show Strength in New Year

Homebuilders in the Twin Cities started 2025 on a high note. Metro homebuilders pulled 461 permits for single-family homes during January – a 28% increase over the same time last year.

Multifamily construction remained largely unchanged year-over-year with 213 units for the month. However, activity was down month-over-month with a 57% decrease compared to December.

“The steady growth in homebuilding across the

Twin Cities shows just how much a diverse housing stock is needed and wanted, especially for first-time buyers and those looking to downsize,” said Tim Fohr, board chair of Housing First Minnesota. “Minnesota homebuilders are eager to keep building homes that fit the needs of Minnesotans and their families.”

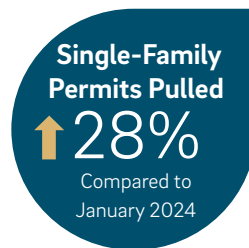
There were 465 permits issued for a total of 674 housing units during the four comparable weeks in January, according to the Keystone Report.

“Our housing market is in dire need of housing units of all types at a price Minnesotans can afford,” said James Vagle, CEO of Housing First Minnesota. “Metro homebuilders are prepared to help meet this demand, but that’s only part of the solution.”

The legislature must step up and address restrictive land use and zoning policies during the 2025 session.”

For the month in permits, Rosemount took the top spot with 59 permits issued. Dayton came in second with 37 permits. Shakopee was third highest with 36. Lakeville and Ramsey were fourth with 35 permits each. St. Michael rounded out the top five with 23 permits.

For the month in units, Minnetonka came in on top with 123 permitted units. Shakopee came next with 77 units, followed by Rosemount with 59 units. Minneapolis came in fourth with 57 units. Dayton rounded out the top five with 37 permitted units.



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[Minnesota State and Twin Cities Metro Realtor® Associations]

## Sellers Listing More Homes But Rates Still Constraining Buyer Activity

According to new data from the Minnesota state and Twin Cities metro REALTOR® Associations, seller activity and home prices rose across the state and metro in January, but new buyer activity was lower.

An inventory shortage and lack of affordability brought on by higher mortgage rates remain central themes. Mortgage rates averaged

just about 7.0% throughout January—the highest level since May 2024. That pushed buyer activity lower across the state and metro, breaking a three-month streak of gains in pending sales for the state, and a four-month streak of gains for the metro. And that was just as buyers seemed to be adjusting to higher rates in recent months.

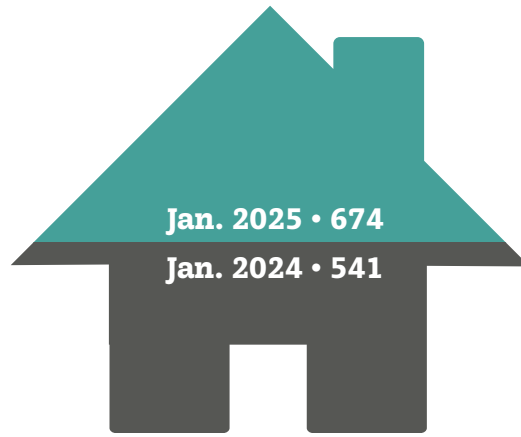
“First time buyers face the biggest hurdle while other shoppers and sellers aren’t feeling the pinch quite as much,” said Patti Jo Fitzpatrick, president of Minnesota Realtors®. “Today’s buyers can be more patient and selective because they have more choices, but that could change as we approach the spring. The year is young.”

The statewide median home

price was up 4.8% to \$330,000, while the metro median price was up 5.0% to \$370,000. But home prices seem to matter less than monthly payments. In fact, a typical “all-in” payment on the median priced home, including taxes and insurance, is about \$2,500 statewide and \$2,800 in the metro. Compare that to an \$1,800 metro mortgage payment in 2021.

# January 2025 Metro Building Activity

Metro homebuilders had an increase in permitting activity this month with 461 permits pulled for single-family homes in January, a 28% increase from the same time last year.



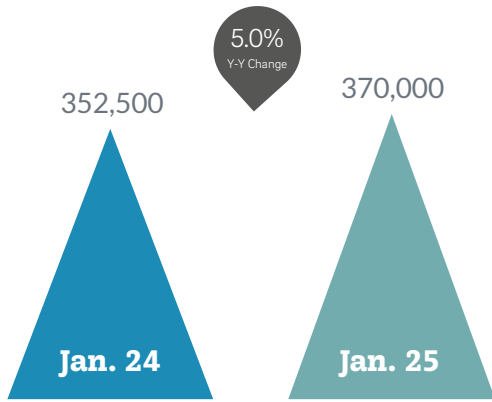
25.0%  
Y-Y Change

**Units YTD:**  
**674**

**Multifamily**  
**32%**  
of Twin Cities Housing  
Units Authorized

## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



## Twin Cities Median Home Price

SOURCE: MPLS REALTORS

5.0%  
Y-Y Change

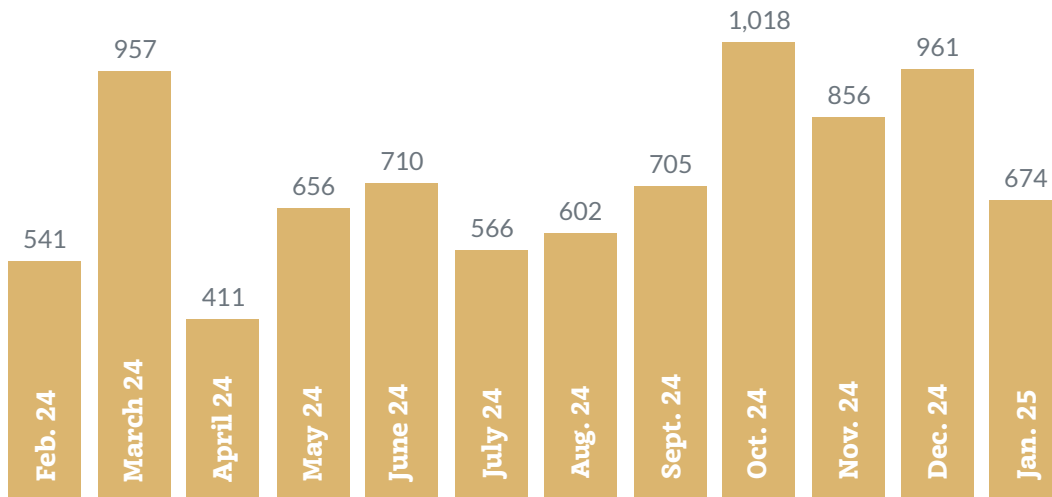


-1.9%  
Monthly change

## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Jan. 2025 (49.53%) ■ Jan. 2024 (50.47%)



## Metro Building Units - Past 12 Months

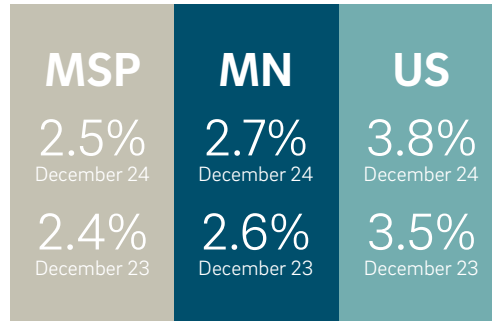
SOURCE: KEYSTONE REPORT

# 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%

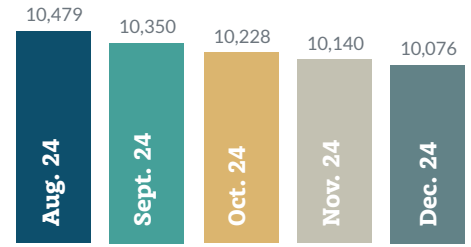
The national unemployment rate also saw a reduction from 4% in November to 3.8% in December. Construction employment in Minnesota, however, saw a slight decrease in December with a loss of 1,700 jobs across all sectors of the industry.

MARKET REPORT INCLUDES THE MOST RECENT DATA AVAILABLE AT THE TIME OF PUBLICATION.



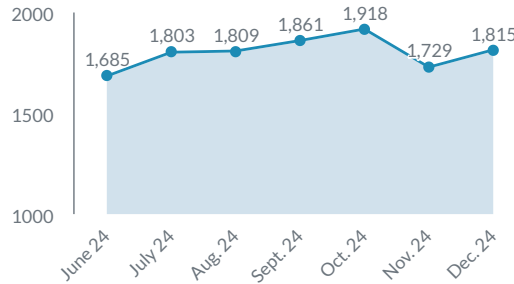
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



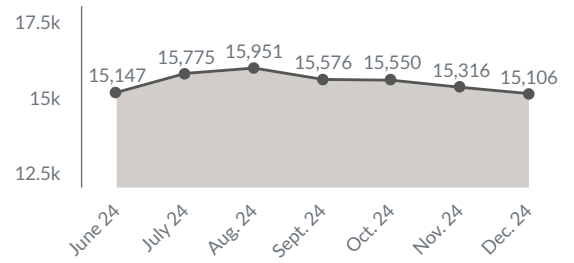
**Twin Cities Construction Employment**

SOURCE: DEED-MN



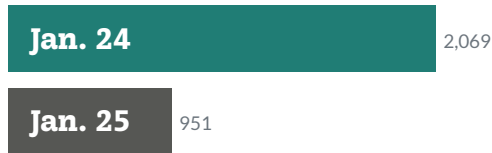
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



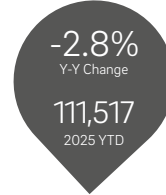
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS



**US Housing Units Authorized**

SOURCE: US CENSUS

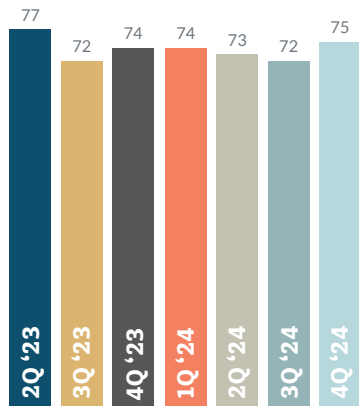
# Regional/National Statistics

Existing-home sales fell 4.9% in January, according to the National Association of REALTORS®.

Regionally, sales in the Northeast decreased 5.7% in January and were unchanged from the previous month in the Midwest. Sales of existing homes in the South fell 6.2% throughout the month and sales in the West waned 7.4% from the previous month.

## Remodeling Market Indices

SOURCE: NAHB



**Current**

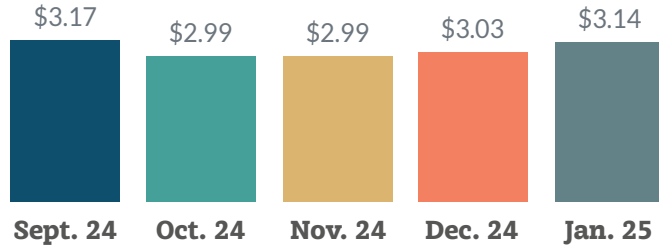
**Futures**

# Key Indicators

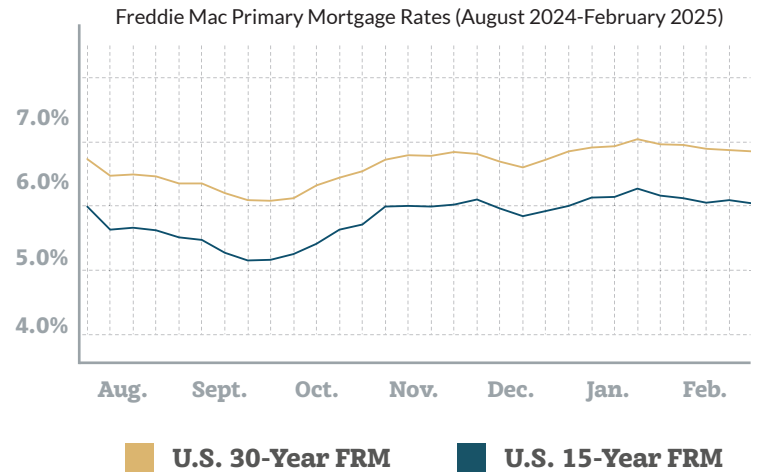
An aging housing stock, record levels of home equity and favorable demographics will create positive growth prospects for the remodeling sector in 2025, according to the National Association of Home Builders (NAHB).

The NAHB/Westlake Royal Remodeling Market Index (RMI), a quarterly survey of NAHB remodeler members that provides insight for the remodeling industry, continues to exhibit positive sentiment, especially when compared to other housing sectors.

“One of the key factors for growth in the remodeling market is the aging housing stock, which continues to drive renovation projects,” said NAHB Economist Eric Lynch. “Homeowners are increasingly choosing to tap into their home equity and invest in improvements rather than relocate, creating long-term growth prospects for the industry.”



**MN Monthly Retail Gasoline Prices**  
SOURCE: ENERGY INFORMATION ADMIN



**Mortgage Rates**  
SOURCE: FREDDIE MAC

## MINNESOTA HOUSING INDUSTRY NEWS

THE MINNESOTA HOUSING INDUSTRY NEWS SOURCE BY HOUSING FIRST MINNESOTA

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### LATEST NEWS

## Legislators introduce ‘Yes to Homes’ agenda

Slate of bipartisan bills are aimed to increase housing options and opportunities across Minnesota.

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