

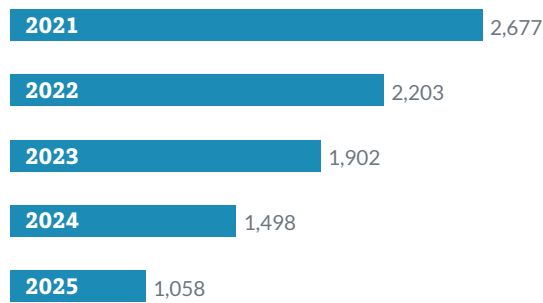


March 2025
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“Although the industry is seeing a slight slowdown in the market due to stubborn mortgage rates, demand for new homes is not waning.”

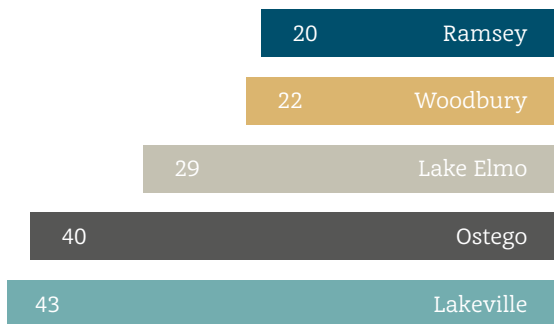
Tim Fohr, 2025 board chair of Housing First Minnesota

Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT



February Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Metro Homebuilding Falters as Mortgage Rates Hinder Market Activity

The impacts of mortgage rates are beginning to show in the new construction sector. Metro homebuilders pulled 374 permits for single-family homes throughout the month of February – a 9% decline from last year.

Multifamily construction saw a sharp decline in activity in February with permits being pulled for just 10 units.

“Although the industry is seeing a

slight slowdown in the market due to stubborn mortgage rates, demand for new homes is not waning,” said Tim Fohr, board chair of Housing First Minnesota. “With the spring season approaching, homebuilders are prepared to meet the market where it is and deliver much-needed inventory.”

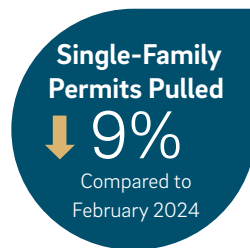
There were 378 permits issued for a total of 384 housing units during the four comparable weeks in February, according to the Keystone Report.

“Discussions surrounding housing are ramping up at the Capitol as inventory in the housing market continues to tighten,” said James Vagle, CEO of Housing First Minnesota. “We urge

lawmakers to act now to reform zoning and other barriers to keep homeownership attainable for future generations. The time to act is now.”

For the month in permits, Lakeville took the top spot with 43 permits issued. Otsego came in second with 40 permits. Lake Elmo was third highest with 29. Woodbury was fourth with 22 permits. Ramsey rounded out the top five with 20 permits.

For the month in units, Lakeville came in on top with 43 permitted units. Otsego came next with 40 units, followed by Lake Elmo with 29 units. Woodbury came in fourth with 22 units. Ramsey rounded out the top five with 20 permitted units.



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[Minnesota State and Twin Cities Metro Realtor® Associations]

Buyers and Sellers Pull Back In Face Of Higher Rates And Uncertainty

According to new data from the Minnesota state and Twin Cities metro REALTOR® Associations, both seller and buyer activity cooled in February while prices rose.

After five straight months of year-over-year gains, sellers both statewide and in the metro listed fewer homes on the market. New listings were down 7.2% and

5.3% respectively. Higher rates, combined with our long-running inventory shortage, continued to squeeze affordability. First-time buyers face additional hurdles because they can't leverage the equity from a previous home. Other recent factors, including economic uncertainty, declining consumer confidence, tariffs and changes to the federal workforce, may have already played a role or

could soon become influences. And many sellers are choosing to stay put with their low interest rates.

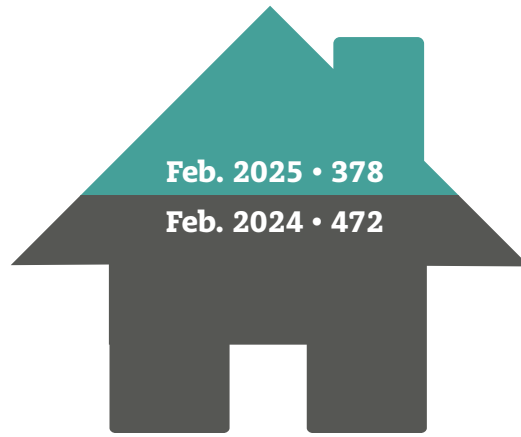
“Prices, incomes and rates all matter. That hasn't changed,” said Jennifer Livingston, president of the Saint Paul Area Association of REALTORS®. “But additional housing supply could be the biggest lever we have to

move the needle.”

On average, sellers accepted offers at 96.7% of their list price statewide and 97.7% in the metro. That marks a fourth consecutive month of metro gains. Those offers were accepted after an average of 59 days on market statewide and 69 days in the metro, both up from a year ago.

February 2025 Metro Building Activity

Metro homebuilders had an decline in permitting activity this month with 374 permits pulled for single-family homes in February, a 9.0% decrease from the same time last year.



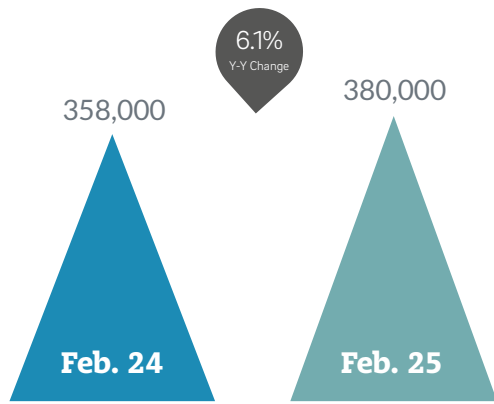
-20.0%
Y-Y Change

Units YTD:
1,058

Multifamily
3.0%
of Twin Cities Housing Units Authorized

Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

SOURCE: MPLS REALTORS

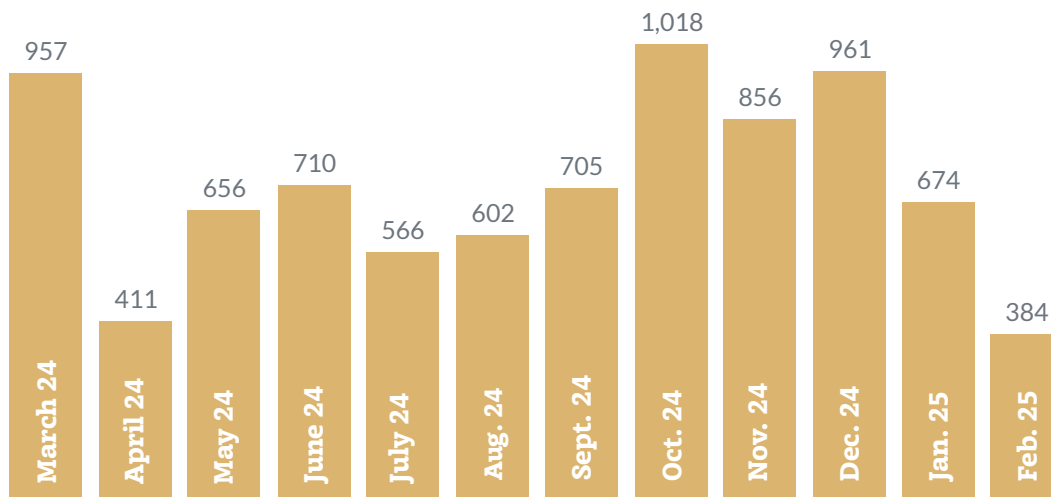


-1.5%
Monthly change

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Feb. 2025 (49.62%) ■ Feb. 2024 (50.38%)



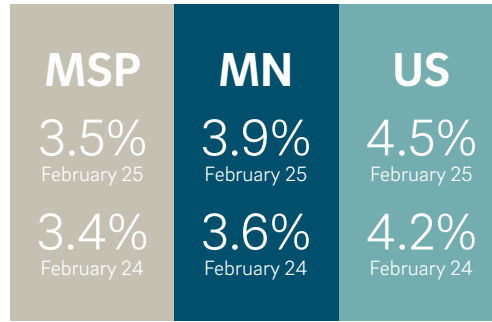
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

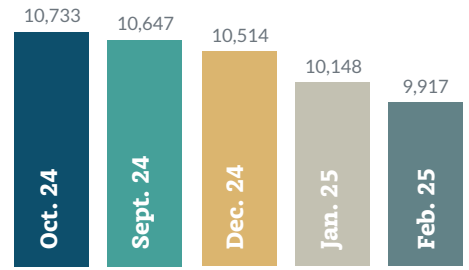
Minnesota's non-seasonally adjusted unemployment rate remained unchanged in February at 3.6%, according to the Minnesota Department of Employment and Economic Development.

The national unemployment rate saw a slight increase from 4.4% in January to 4.5% in February. Construction employment in Minnesota saw a slight decrease in February with a loss of 1,100 jobs across all sectors of the industry.



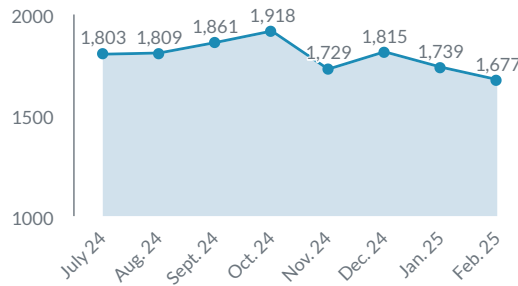
Unemployment Rate Snapshot

SOURCE: DEED-MN



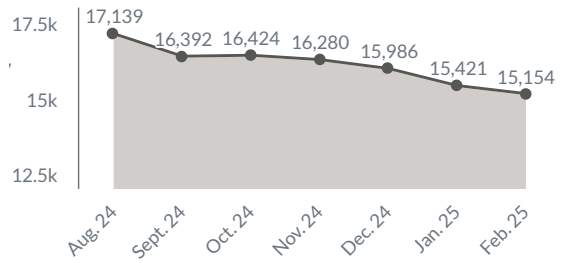
Twin Cities Construction Employment

SOURCE: DEED-MN



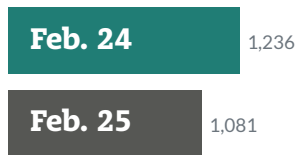
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



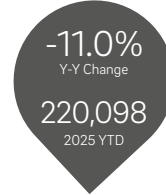
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

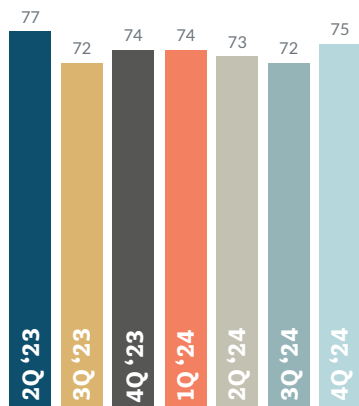
Regional/National Statistics

Existing-home sales increased 4.2% in February, according to the National Association of REALTORS®.

Regionally, sales in the Northeast decreased 2% in February and were unchanged from the previous month in the Midwest. Sales of existing homes in the South grew 4.4% throughout the month and sales in the West jumped 13.3% from the previous month.

Remodeling Market Indices

SOURCE: NAHB



Current

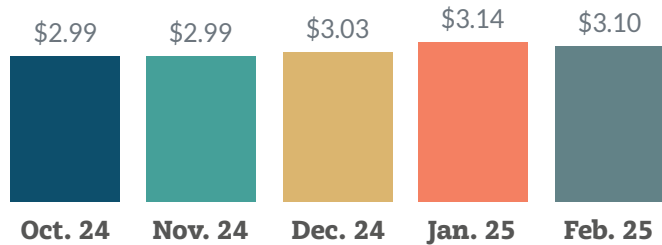
Futures

Key Indicators

Economic uncertainty, the threat of tariffs and elevated construction costs pushed builder sentiment down in March even as builders express hope that a better regulatory environment will lead to an improving business climate.

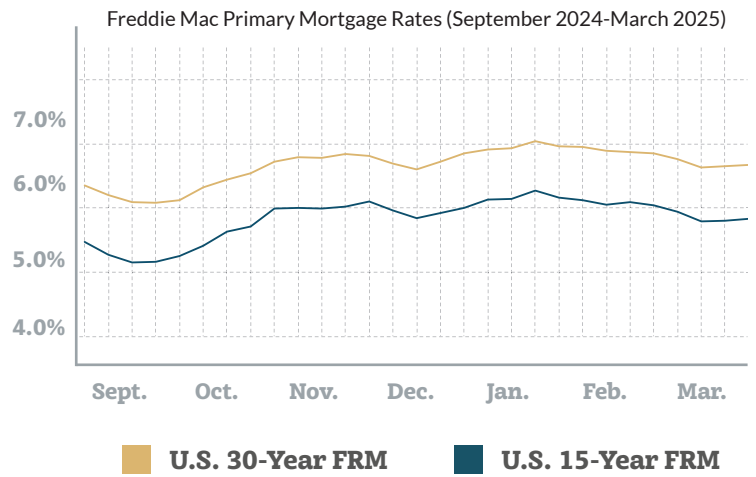
Builder confidence in the market for newly built single-family homes was 39 in March, down three points from February and the lowest level in seven months, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI).

"Construction firms are facing added cost pressures from tariffs," said NAHB Chief Economist Robert Dietz. "Data from the HMI March survey reveals that builders estimate a typical cost effect from recent tariff actions at \$9,200 per home. Uncertainty on policy is also having a negative impact on home buyers and development decisions."



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Mortgage Rates

SOURCE: FREDDIE MAC

PROTECT HOMEOWNERSHIP



HELP PRESERVE HOMEOWNERSHIP FOR FUTURE GENERATIONS

PREPARED AND PAID FOR BY HOUSING FIRST MINNESOTA