

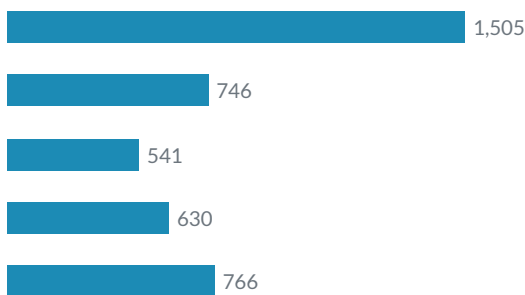


February 2026
Volume XIV, Issue: 2

“The increase in new construction activity in January reflects strength on the demand side of the market. Even amid broader economic headwinds, buyers are remaining active and engaged.”

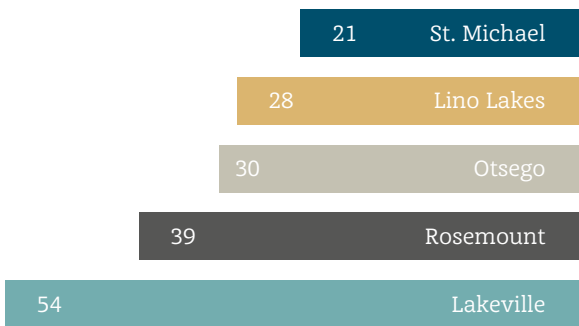
John Kraemer, Housing First Minnesota 2026 Board Chair

Twin Cities Building Activity



Single-Family and Multifamily Units Authorized Year-to-Date | January 2022-26

SOURCE: KEYSTONE REPORT



January Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Twin Cities Residential Construction Up in January

Twin Cities homebuilding saw a jump in activity in the first month of the year, with upticks in construction in all areas of the market. Homebuilders pulled permits for 453 single-family homes in January—a 9% rise in activity from last year.

Additionally, builders reported 313 multifamily units under construction, a 47% jump from January 2025. Multifamily activity accounted for 41% of all construction activity in January.

“The increase in new construction activity in January reflects strength on the demand side of the market,” said John Kraemer, 2026 board chair of Housing First Minnesota. “Even amid broader economic headwinds, buyers are remaining active and engaged.”

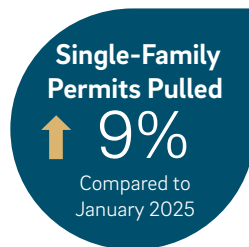
There were 459 permits issued for a total of 766 housing units during the four comparable weeks in January, according to the Keystone Report.

“January marked the strongest start for new construction since 2022,” said James Vagle, CEO of Housing First Minnesota. “An increase in activity is encouraging, but Minnesota remains significantly

undersupplied—particularly at lower price points. Maintaining this momentum will be critical as we move into the spring housing market.”

For the month in permits, Lakeville took the top spot with 54 permits. Rosemount came in second with 39 permits. Otsego was next highest with 30. Lino Lakes was next with 28 permits. St. Michael rounded out the top five with 21 permits.

For the month in units, Edina came in on top with 292 permitted units. Lakeville came next with 75 units, followed by Rosemount with 39 units. Otsego came fourth highest with 30 units. Lino Lakes rounded out the top five with 29 units.



LOVE INDUSTRY DATA & NEWS?

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[Minnesota State and Twin Cities Metro Realtor® Associations]

Sluggish Sales Start the Year

Seller and buyer activity slowed across the state and metro in January, according to new data from the Minnesota State and Twin Cities Metro REALTOR® Associations.

A blast of arctic air chilled Minnesotans and the housing market in January. Beyond the typical winter housing market slowdown, other factors including extreme cold, economic anxiety, and federal enforcement activities may have left buyers and sellers

hesitant to move forward, resulting in them postponing major purchases like houses, cars, or appliances.

New listings declined 9% statewide and 10.8% in the metro. The declines were fairly consistent across all price points, but the most notable declines were in the condos and new construction segments. Pending sales fell 11.4% statewide and 12.9% in the metro. The declines in demand showed more variance,

with the strongest declines appearing in the most affordable properties. The \$700-900K range was one of the only sectors with more signed purchase agreements than last year.

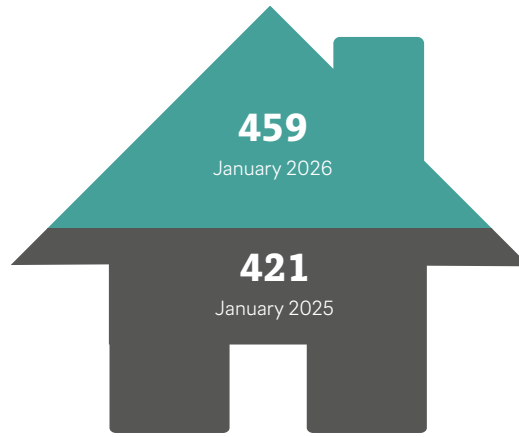
“While conditions were difficult to start the year, there is plenty of pent-up demand to sell and buy property,” said Wendy Uzelac, president of Minnesota Realtors®. “We’re in a market where sellers should be realistic and price their homes

competitively, but they should also know that any improvement in interest rates or the economy could open the door for more buyers and activity.”

First-time buyers face the biggest hurdle while move-up buyers and downsizers aren’t as squeezed. Home prices continued to trend higher both statewide and in the metro, with the state median price rising 1.5% to \$335,000 and the metro median rising 1.4% to \$375,000.

January 2026 Metro Building Activity

Metro homebuilders had a decrease in permitting activity this month, with 453 permits pulled for single-family homes in January—a 9% increase from the same time last year.



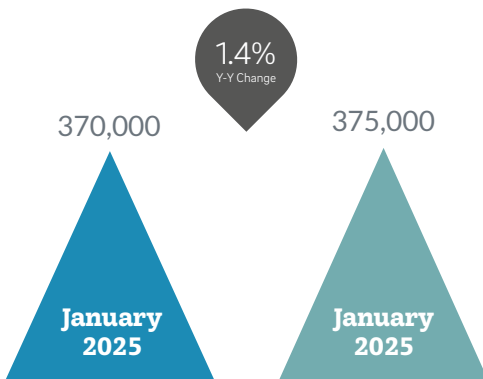
9%
Y-Y Change

Units YTD:
766

Multifamily
41%
of Twin Cities Housing
Units Authorized

Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

SOURCE: MPLS REALTORS



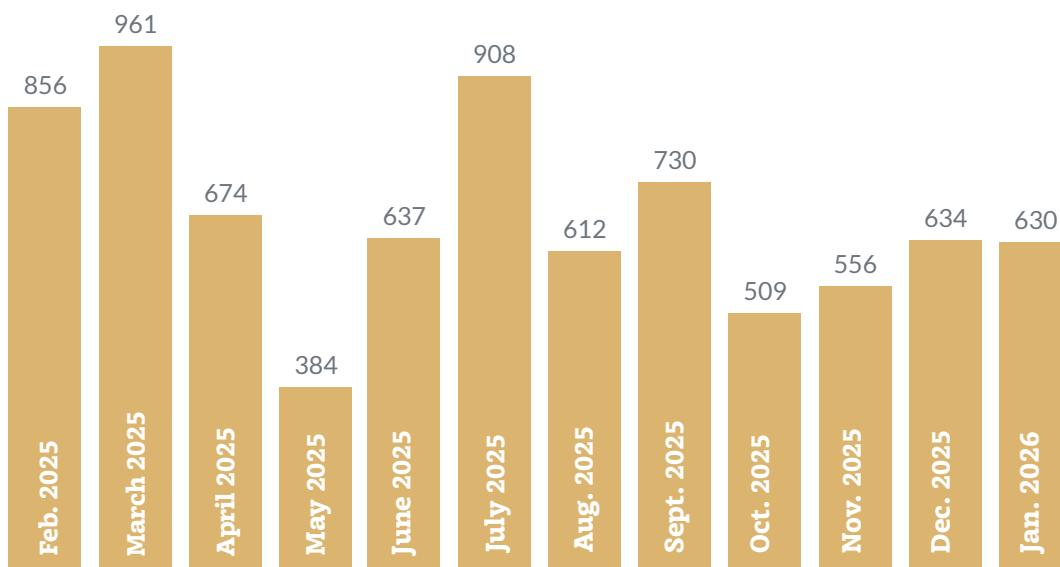
-3%
Monthly
Change

■ **January 2026**
(49.74%)

■ **January 2025**
(50.26%)

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



Metro Building Units - Past 12 Months

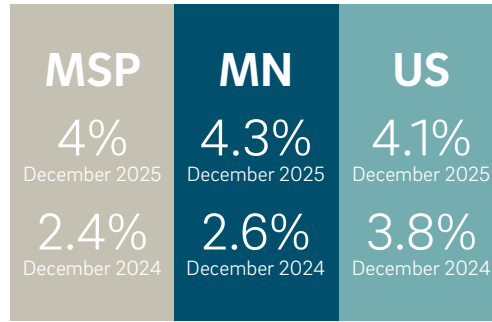
SOURCE: KEYSTONE REPORT

Employment

Minnesota's non-seasonally adjusted unemployment rate jumped to 4.3% in December, according to the Minnesota Department of Employment and Economic Development. This is compared to the November rate of 3.9%.

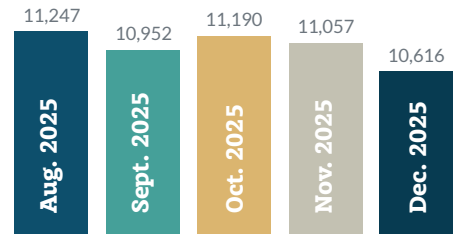
The national unemployment rate decreased slightly from 4.3% in November to 4.1% in December. Construction employment in Minnesota contracted by 6.6% in December across all sectors of the industry.

THIS REFLECTS THE MOST RECENT DATA AVAILABLE AT THE TIME OF PUBLICATION. UPDATES ARE DELAYED DUE TO THE ONGOING FEDERAL GOVERNMENT SHUTDOWN.



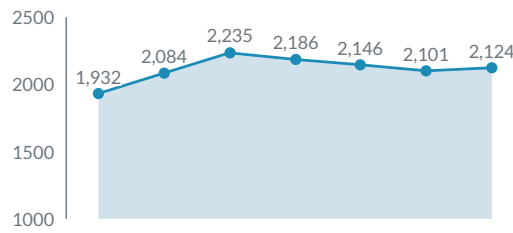
Unemployment Rate Snapshot

SOURCE: DEED-MN



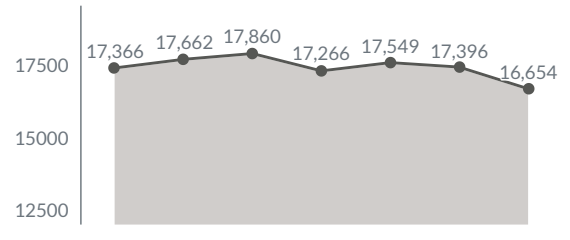
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Weekly Wages

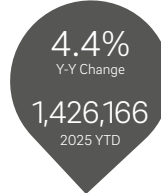
SOURCE: DEED-MN



MN Construction Employment

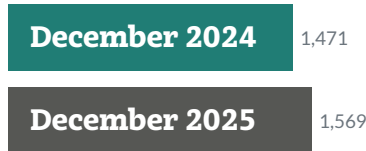
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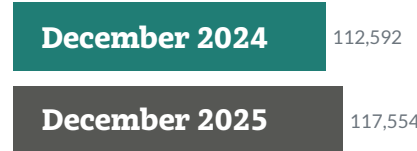
Regional/National Statistics

Existing-home sales rose 8.4% in January, according to the National Association of REALTORS®. Regionally, sales fell 5.9% in the Northeast and 7.1% in the Midwest from the previous month. Sales of existing homes in the South decreased 9% throughout January, and sales in the West climbed 6.6% year-over-year.



MN Housing Units Authorized

SOURCE: US CENSUS

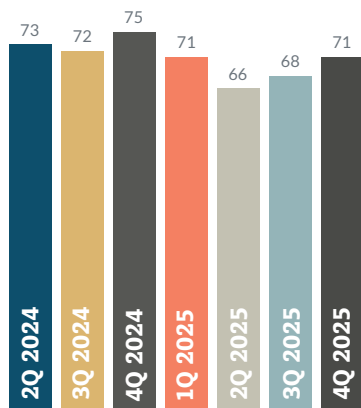


U.S. Housing Units Authorized

SOURCE: US CENSUS

Remodeling Market Indices

SOURCE: NAHB



Current

Futures

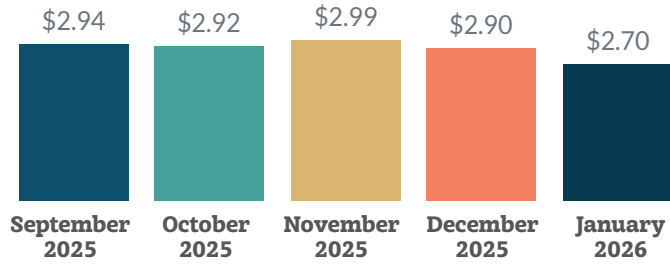
Key Indicators

As elevated mortgage rates and ongoing market uncertainty continue to temper home sales activity, the remodeling sector is emerging as a relative bright spot within residential construction.

Many homeowners remain "locked in" to historically low mortgage rates and are opting to renovate rather than move, fueling steady demand for improvement projects. According to the National Association of Home Builders, remodeler sentiment has remained consistently positive, with industry forecasts projecting moderate growth in real remodeling activity through 2026.

An aging housing stock—with the median U.S. home now more than 40 years old—is also underpinning long-term demand for upgrades and replacements. Strong home equity positions continue to give owners the financial flexibility to invest in their properties despite broader affordability challenges. While cost pressures and consumer caution remain factors, remodeling is benefiting from a different market dynamic than new construction, centered on improving livability rather than facilitating relocation. In a housing environment defined by hesitation, the decision to stay and renovate is helping anchor remodeling as a stable and durable segment of the industry.

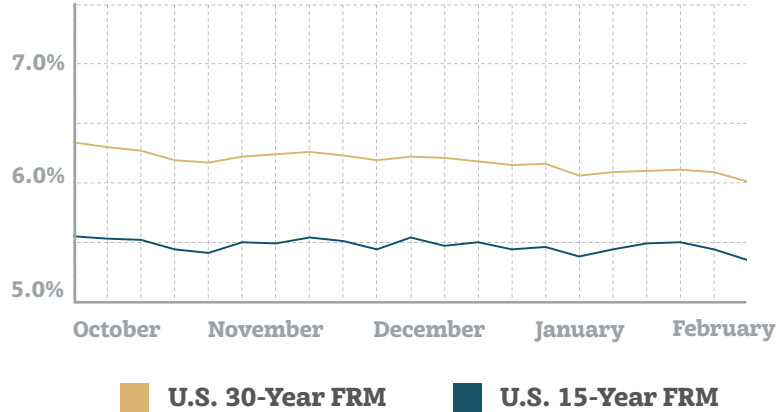
SOURCE: NAHB



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN

Freddie Mac Primary Mortgage Rates (Oct. 2025 - Feb. 2026)



Mortgage Rates

SOURCE: FREDDIE MAC



HOUSING DAY AT THE CAPITOL





Save the Date:
April 30, 2026

housingdaymn.org

LET'S RALLY AT THE CAPITOL.

YOU can make a difference for your industry.

It is more important than ever that we work with lawmakers to remove the roadblocks that stand in the way of homeownership and building new housing in Minnesota.