HOT SHEET

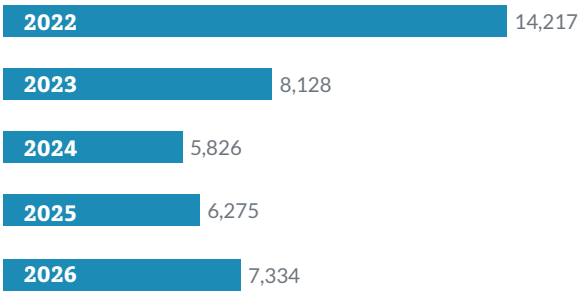
HOUSING FIRST MINNESOTA℠

October 2026
Volume XIV, Issue: 10

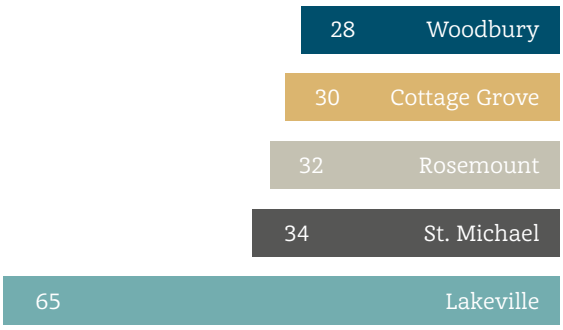
"Buyers are being more deliberate in today's market, and we're beginning to see that in the pace of new home construction. Affordability and borrowing costs remain real hurdles for many buyers, but the interest in homeownership hasn't gone away."

John Kraemer, Housing First Minnesota 2026 Board Chair

Twin Cities Building Activity



Single-Family and Multifamily Units Authorized Year-to-Date | September 2022-26
SOURCE: KEYSTONE REPORT



September Top Cities for Residential Permits
SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Twin Cities Homebuilding Shifts in September

Homebuilding activity in the Twin Cities metro slowed in September as persistent affordability challenges, elevated borrowing costs, and broader economic uncertainty put additional pressure on the housing market. Single-family homebuilding activity fell 8% from the same period last year. Homebuilders pulled permits for 580 single-family homes in September.

There were 595 permits issued for a total of 1,107 housing units during the four comparable weeks in September, according to the Keystone Report. Although activity declined compared to last year, this month's data reflects a typical September pace over the past four years.

"Buyers are being more deliberate in today's market, and we're beginning to see that in the pace of new home construction," said John Kraemer, board chair of Housing First Minnesota. "Affordability and borrowing costs remain real hurdles for many buyers, but the interest in homeownership hasn't gone away."

Multifamily activity, however, had another solid month of building activity. Developers reported 527 multifamily units under construction—accounting for nearly 50% of all construction activity for the month.

"High borrowing costs and economic uncertainty are adding pressure in the near term, while our persistent housing shortage continues to drive affordability challenges over the long term," said James Vagle, CEO of Housing First Minnesota. "Minnesota needs meaningful solutions that allow us to add more homes at a wider range of price points and create more opportunities for people to own a home in the communities they love."

Single-Family Permits Pulled
↓8%
Compared to Sept. 2025

For the month in permits, Lakeville took the top spot with 65 permits. St. Michael came in second with 34 permits. Rosemount was the next highest with 32 permits. Cottage Grove ranked fourth with 30 permits, and Woodbury rounded out the top five with 28 permits.

For the month in units, Minneapolis led with 292 permitted units. Eden Prairie came next with 196 units, followed by Lakeville with 65 units. Rogers came next with 44 units. St. Michael rounded out the top five with 34 units.

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[Minnesota State and Twin Cities Metro Realtor® Associations]

Higher Rates Cool Minnesota Sales as Buyers Gain Leverage

Minnesota's housing market lost momentum in September as mortgage rates pushed past 7% for the first time since January 2025. In fact, September rates reached their highest level since late 2023. Pending sales, a leading indicator for closings, fell 11.5% statewide and 11.7% in the Twin Cities metro. Statewide, it was the steepest monthly drop of 2026.

Statewide inventory climbed 12.9% to 21,090 homes, about 2,400 more than a year ago and a seven-year high, and months of supply rose from 3.3 to 3.7. The metro had 12,411 homes for sale (up 11.2%) and 3.2 months of supply, up from 2.9. Supply is still below the five to six months typically seen in a balanced market, but the direction is clear: inventory is growing.

"Higher rates have made some buyers hit pause, and we shouldn't sugarcoat that. But buyers who are ready to move have more choices than they've had in years. That means more options, including more room to negotiate and more room to request repairs or concessions," said Wendy Uzelac, president of Minnesota Realtors®.

The combination of more homes on market but fewer closing has pushed inventory to levels not seen in years. In fact, statewide inventory remained at a seven-year high and was up over 10.0% in August with over 20,000 homes for sale. Statewide, new listings rose 7.1% to 9,570, while the Twin Cities saw a stronger 8.2% jump to 6,481.

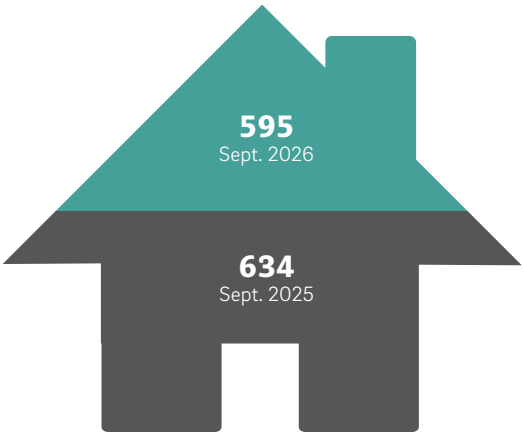
Less competition is showing up in negotiations. Statewide, homes spent 56 cumulative days on market to reach an accepted offer, up 14.3% from a year ago, and sellers received 96.8% of their original list price, down from 97.5% last September. In the metro, homes took 48 cumulative days and sellers received 97.7%, compared with 44 days and 98.4% last September.

The statewide median sales price edged down 0.7% to $354,900, about $2,550 below last September, while the Twin Cities median rose 1.3% to $395,000. Average prices—which are often skewed by higher priced sales—rose 2.5% statewide and 3.7% in the metro.

Year to date, the statewide median is up 1.1% to $362,000 and the Twin Cities median is up 1.5% to $399,000, so September's dip stands out against a backdrop of modest gains. Higher rates continue to squeeze affordability. At a 7.5% mortgage rate, the typical payment on the median priced home in Minnesota tops $2,800 per month.

September 2026 Metro Building Activity

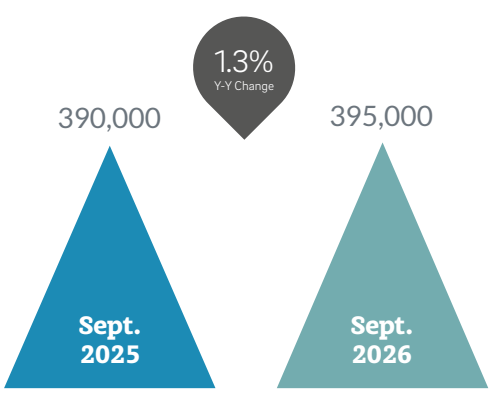
Metro homebuilders had an increase in permitting activity this month, with 580 permits pulled for single-family homes in September—an 8% decrease from the same time last year.



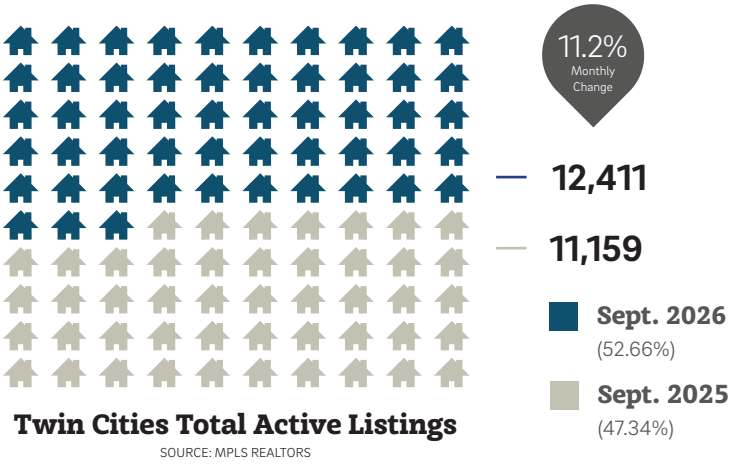
Units YTD: 7,334

Multifamily 48%
of Twin Cities Housing Units Authorized

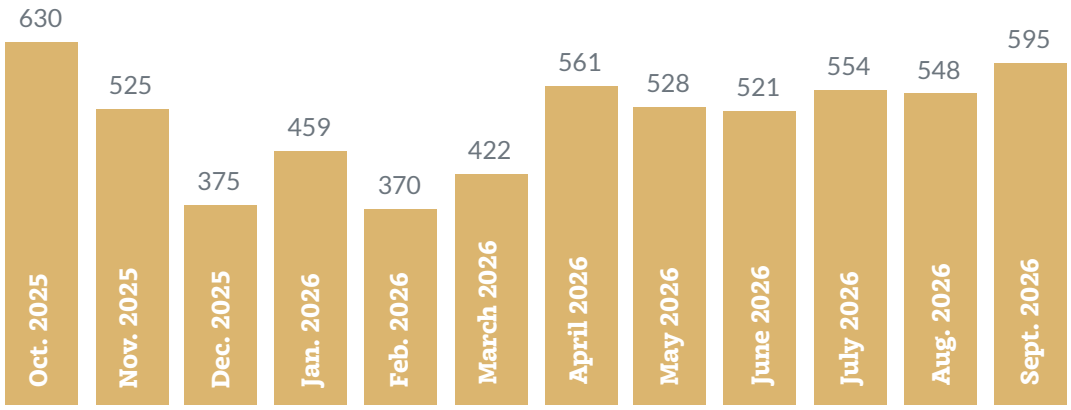
Twin Cities Housing Permits Authorized
SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price
SOURCE: MPLS REALTORS



Twin Cities Total Active Listings
SOURCE: MPLS REALTORS

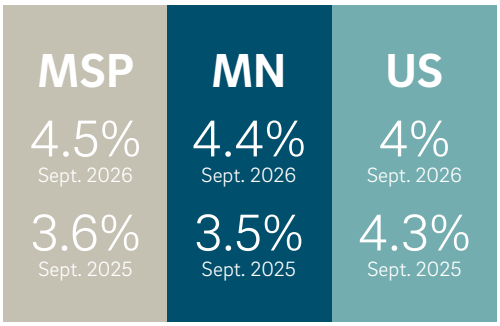


Metro Building Units - Past 12 Months
SOURCE: KEYSTONE REPORT

Employment

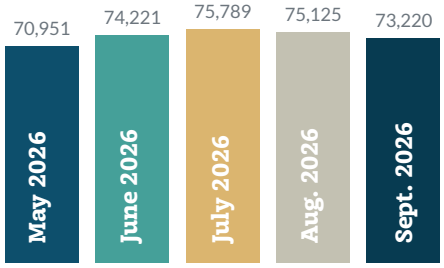
According to the Minnesota Department of Employment and Economic Development, Minnesota's non-seasonally adjusted unemployment rate fell from 4.8% in August to 4.4% in September.

The national unemployment rate also dropped marginally in the same period from 4.3% to 4%. Construction employment in Minnesota grew by 1,100 jobs in September across all sectors of the industry.



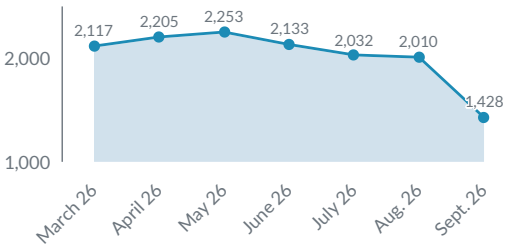
Unemployment Rate Snapshot

SOURCE: DEED-MN



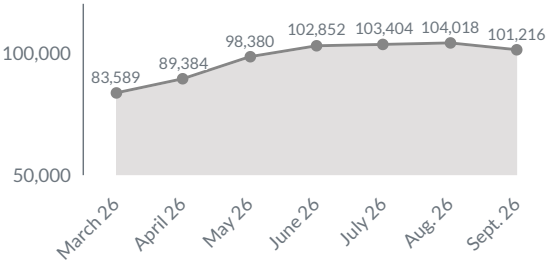
Twin Cities Construction Trades Employment

SOURCE: DEED-MN



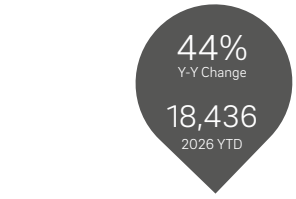
Twin Cities Construction Trades Weekly Wages

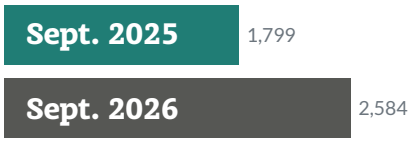
SOURCE: DEED-MN



Minnesota Construction Trades Employment

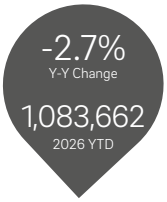
SOURCE: DEED-MN

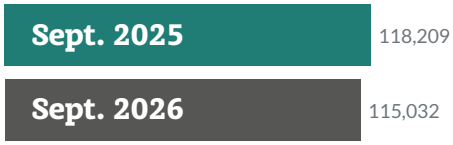




MN Housing Units Authorized

SOURCE: US CENSUS





U.S. Housing Units Authorized

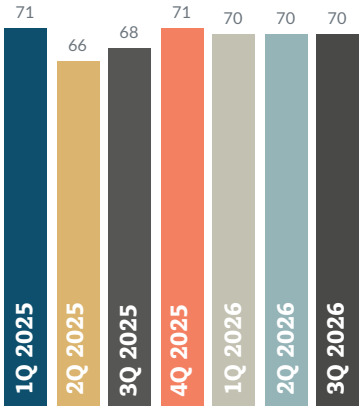
SOURCE: US CENSUS

Regional/National Statistics

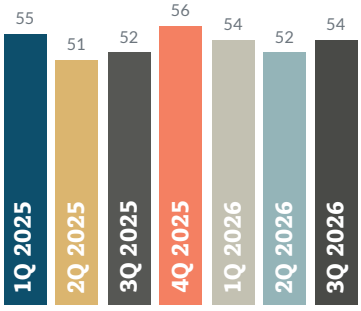
Existing-home sales climbed 1.5% in September over the same time last year, according to the National Association of REALTORS®. Regionally, sales in the Northeast decreased 2.1% and were unchanged in the Midwest from the previous month. Sales of existing homes in the South grew 2.8% throughout September while sales in the West increased 2.8% during the same time period.

Remodeling Market Indicies

SOURCE: NAHB



Current



Futures

Key Indicators

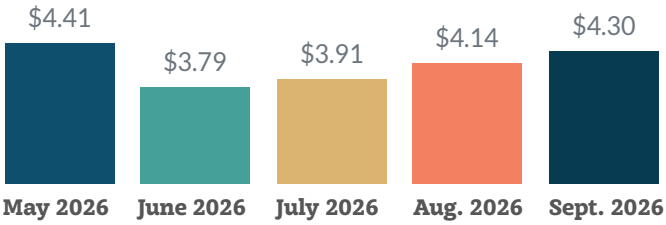
Rising mortgage rates, energy and material costs, and worsening labor and lot conditions have pushed builder sentiment to a 14-year low.

Builder confidence in the market for newly built single-family homes fell three points to 29 in October, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI).

"Housing remains squeezed by supply-side constraints and significant affordability challenges," said NAHB Chief Economist Robert Dietz.

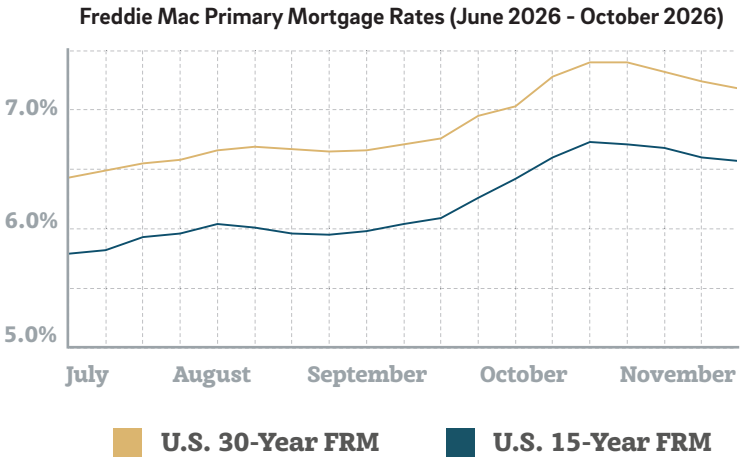
"Demand persists, but higher mortgage rates, elevated construction costs and weaker consumer confidence are keeping more buyers on the sidelines. As a result, buyer traffic has fallen to its lowest level since April 2012, excluding the pandemic's onset in April 2020."

SOURCE: NAHB



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Mortgage Rates

SOURCE: FREDDIE MAC

STATE OF THE INDUSTRY.

Register at HousingFirstMN.org