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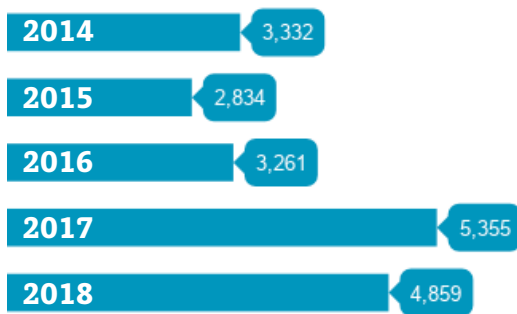


"After several months of slow growth, we're pleased to see single-family construction take off. With the lack of inventory in the housing market we believe this is a trend that will continue."

Tom Wiener, President of Housing First Minnesota



Twin Cities Building Activity



Units Authorized Year-to-Date May 2014-2018

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

May Surge in Single-Family Construction

Twin Cities single-family homebuilders had their hottest May since 2006 and we're not talking about the weather. For the month, the number of single-family permits pulled increased to 665, a 30 percent increase over May of last year. That's the most single-family permits pulled in May since 2006. Multifamily activity slowed in May, with a 74 percent decrease in the number of permitted units over May 2017.

According to data compiled by the Keystone Report for Housing First Minnesota, there were 689 permits

issued for a total of 899 units during four comparable weeks in the month of May.

"After several months of slow growth, we're pleased to see single-family construction take off," said Tom Wiener, president of Housing First Minnesota. "With the lack of inventory in the housing market we believe this is a trend that will continue."

"It's clear that the long winter had an impact on new single-family construction," said David Siegel, executive director of Housing First Minnesota. "There is a lot



"There is a lot of pent-up demand for single-family housing..."

David Siegel, executive director of Housing First Minnesota

of pent-up demand for single-family housing, we need to see more of this level of homebuilding activity in order to balance out the market."

For the month, Lakeville took the top spot with 85 permits issued. Plymouth came in next with 45 permits, followed by Blaine with 43 permits. Rounding out the top five are Rosemount with 29 permits issued and Lake Elmo and Minneapolis both with 26 permits issued.

[NAHB]

Housing Starts Reach Post-Recession High in May as Permits Soften

Total housing starts rose 5 percent in May to a seasonally adjusted annual rate of 1.35 million units, according to data from the U.S. Department of Housing and Urban Development and the Commerce Department. This is the highest housing starts report since July 2007.

While housing production numbers rose, overall

permits — which are a sign of future housing production activity — dropped 4.6 percent to 1.3 million units in May. Single-family permits fell 2.2 percent to 844,000 while multifamily permits fell 8.7 percent to 457,000.

"Ongoing job creation, positive demographics and tight existing home inventory should spur more single-family production in the months ahead," said NAHB Chief Economist Robert Dietz. "However, the softening of single-family permits is consistent with our reports showing that builders are concerned over mounting construction costs, including the highly elevated prices of softwood lumber."

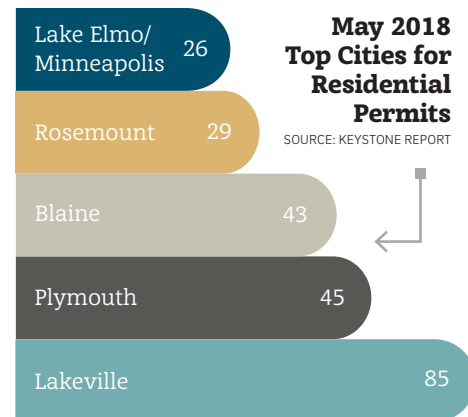
Year-to-date, single-family and multifamily production are respectively 9.8 percent and 13.6 percent higher than their levels over the same period last year.

"We should see builders continue to increase production to meet growing consumer demand even as they grapple with stubborn supply-side constraints, particularly rising lumber costs," said NAHB Chairman Randy Noel, a custom home builder from LaPlace, La.

Regionally, the Midwest led the nation with a 62.2 percent increase in combined single- and multifamily housing starts. Starts fell 0.9 percent in the South, 4.1 percent in the West and 15 percent in the Northeast.

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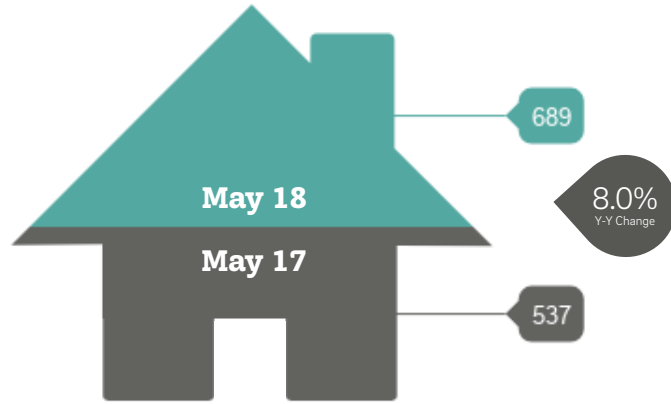
May 2018 Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT



2018 May Metro Building Activity

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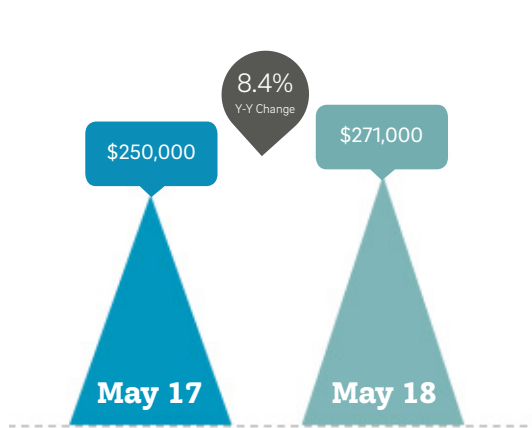


**Permits
YTD: 2,417**

**Multi-Family
52%**
of Twin Cities
Housing Units
Authorized

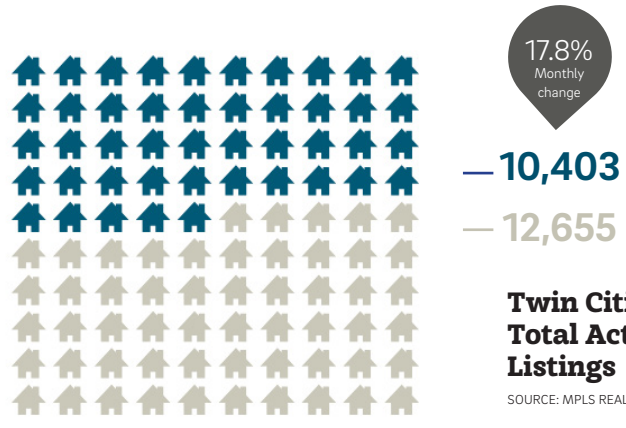
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



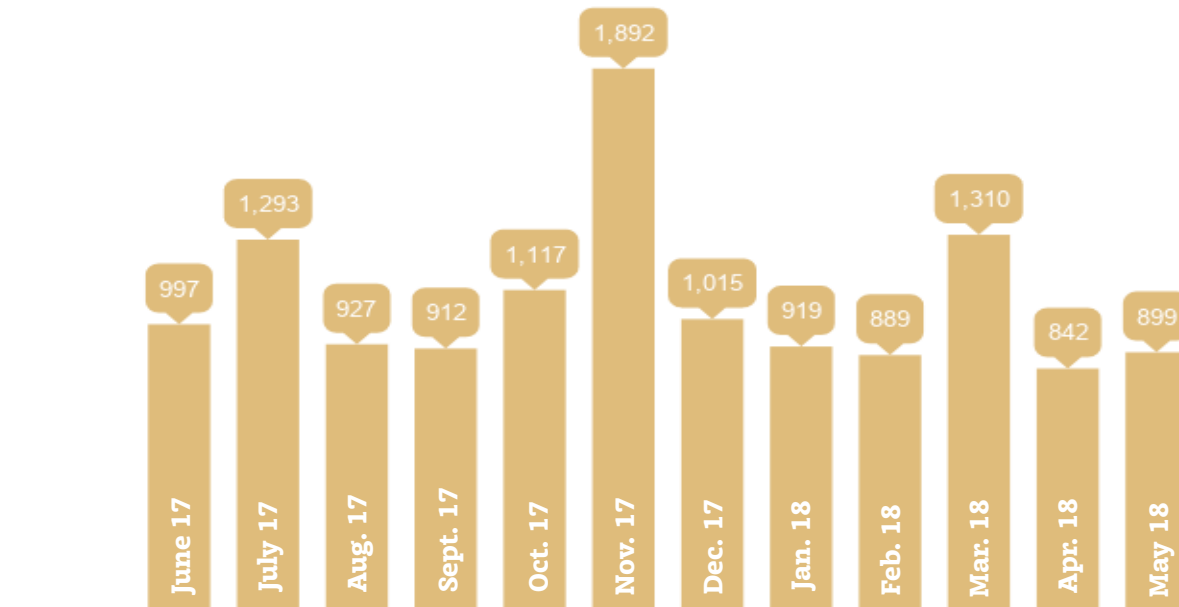
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

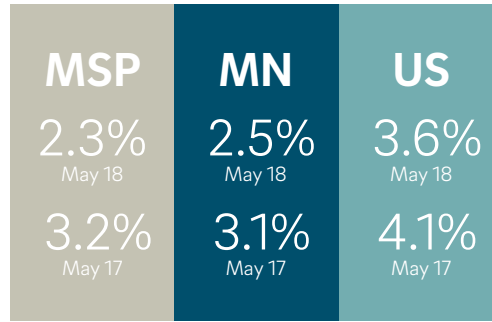


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

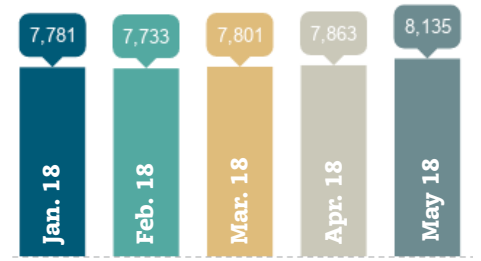
Employment

U.S. employers added 233,000 jobs in May, up from 159,000 in April. The nation's unemployment rate fell to an 18-year low of 3.8 percent. Minnesota added 10,200 jobs in May as concerns grow over the current labor shortage. The state's unemployment rate fell to 3.1 percent, the lowest since July 2000, down from 3.2 percent in April.



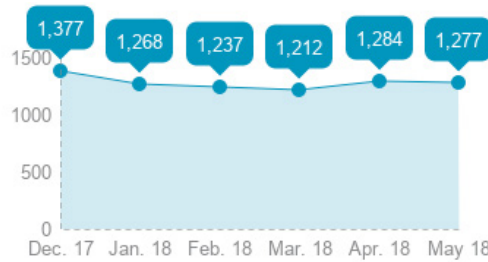
Unemployment Rate Snapshot

SOURCE: DEED-MN



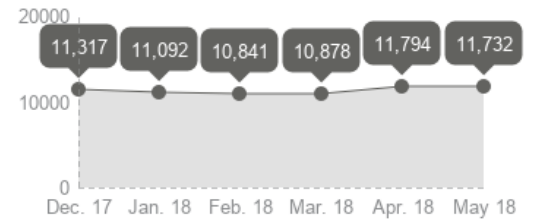
Twin Cities Construction Employment

SOURCE: DEED-MN



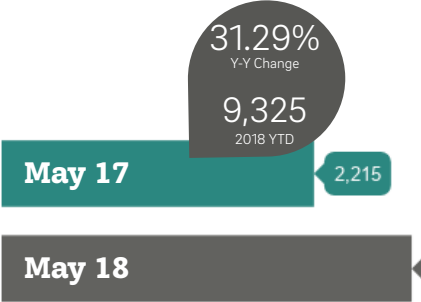
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



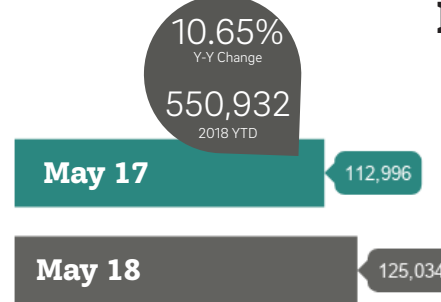
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS

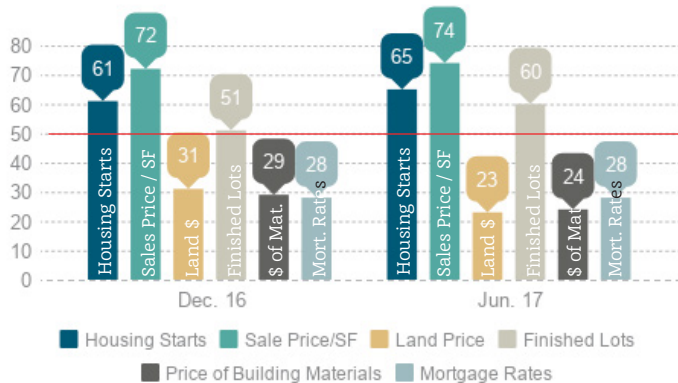


US Housing Units Authorized

SOURCE: US CENSUS

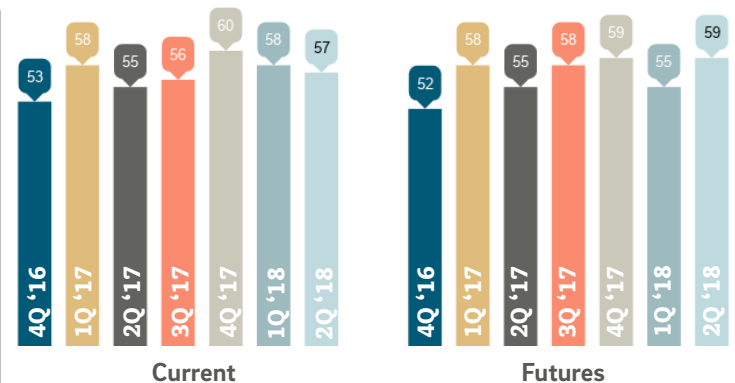
Regional/National Statistics

Home prices hit a new high in May. According to the Minneapolis Area Association of REALTORS® sellers received 100.2 percent of their original list price in May. That's the highest average that indicator has ever recorded. Nationally, U.S. home sales fell unexpectedly for the second straight month. The U.S. median home price increased 4.9 percent from a year ago to an all-time high of \$264,800 in May.



Twin Cities Home Builders Survey

SOURCE: UNIVERSITY OF ST. THOMAS & BUILDERS ASSOCIATION OF THE TWIN CITIES
(OVER 50 IS POSITIVE, BELOW 50 IS NEGATIVE)

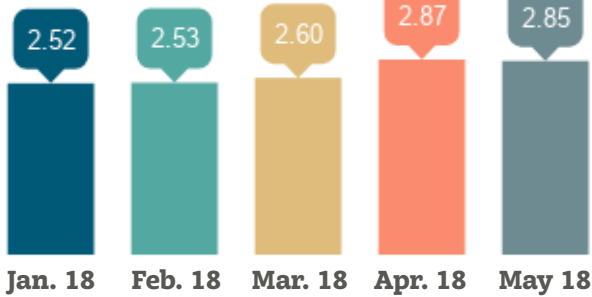


Remodeling Market Indicies

SOURCE: NAHB

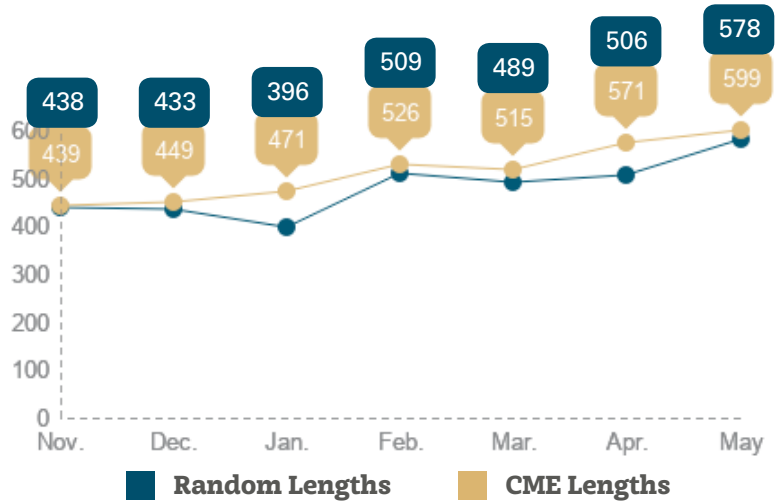
Key Indicators

Lumber futures hit at an all-time high of \$639 per 1,000 board feet on May 17, according to the Chicago Mercantile Exchange. They've pulled back to \$547 since then, but are still well above a market that has rarely climbed above \$400 the past few decades. NAHB estimates that the higher cost for lumber has added \$9,000 to the price of a new home.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM JULY 30, 2018
SOURCE: ASSOCIATED BANK



A DREAM HOME

DOESN'T HAVE TO BE A DREAM.

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Daniel Nugent
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