



September 2018
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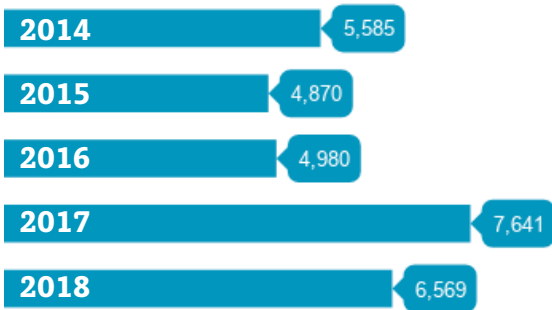


"The shortage of single-family homes is driving demand for new construction. Builders are also trying to meet the demands of first-time homebuyers and boomers alike by creating more options through townhomes and villas."

Tom Wiener, President of BATC-Housing First Minnesota



Twin Cities Building Activity



Units Authorized Year-to-Date July 2014-2018

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

Townhome and Single-Family Construction Continues to Ramp Up

Single-family and townhome construction had another strong month in July while the number of large multifamily projects plummeted. For the month, the number of single-family units increased to 459, a 4 percent increase over July of last year. Townhome construction saw the biggest increase with a 49 percent increase in the number of units over this month last year. Altogether multifamily units fell 68 percent when compared to July 2017.

According to data compiled by the Keystone Report for BATC-Housing First Minnesota, there were 477

permits issued for a total of 659 units during four comparable weeks in the month of July.

"The shortage of single-family homes is driving demand for new construction," said Tom Wiener, president of BATC-Housing First Minnesota. "Builders are also trying to meet the demands of first-time homebuyers and boomers alike by creating more options through townhomes and villas."

"We know the demand is there," said David Siegel, executive director of BATC-Housing First Minnesota. "We believe if builders

"We believe if builders were not constrained by the labor shortage and the high cost of land and regulations they could better meet this demand."

Tom Wiener, President of BATC-Housing First Minnesota

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For the month, Lakeville took the top spot with 38 permits issued. Otsego came in next with 36 permits, followed by Woodbury with 24 permits. Rounding out the top five are Plymouth and Blaine both with 22 permits issued.

[MAAR]

SALES FLATTEN WHILE SELLERS CAPITALIZE ON PRICE GAINS

New listings increased this July compared to last year, which could hint at a flurry of sellers looking to take advantage of this strong market. July marked the second increase in seller activity since November 2017. Meanwhile, buyer activity flattened out after seven months of year-over-year declines.

This trend of rising seller activity and moderating buyer activity could mean more inventory coming down the pipeline. Increasing seller activity combined with a cool-down in demand is consistent with a loosening marketplace. That said, buyers shopping this summer and fall will still face stiff competition.

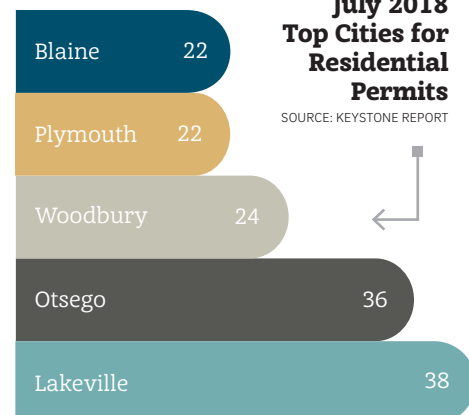
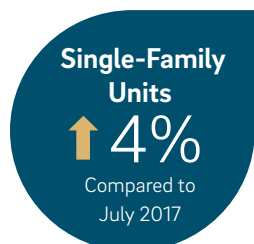
Cooling buyer activity is likely a reflection of the shortage of homes for sale. Sellers yielded an average of 99.8 percent of their original list price and 100.6 percent of their current list price, illustrating how undersupplied

markets tend to favor those with something to sell.

The shortage is especially noticeable at the entry-level prices, where multiple offers and homes selling for over list price have become increasingly common. The move-up and upper-bracket segments are less competitive and better supplied. The market remains relatively tight, but there are some early signs that things could be loosening up to provide relief to buyers.

"Our market reports confirm what most agents already sense, the market is starting to shift towards balance."

Kath Hammerseng, President of Minneapolis Area REALTORS®

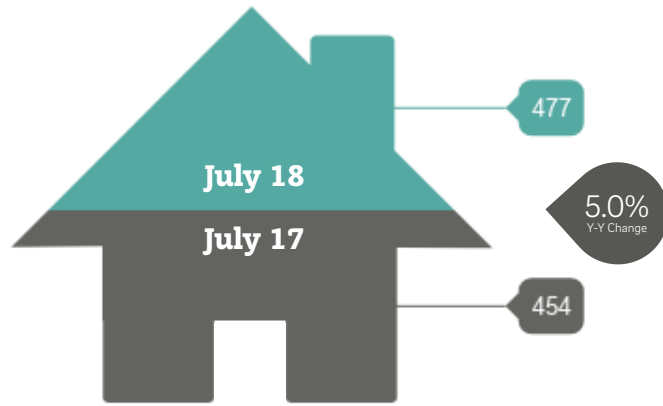


July 2018 Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

2018 July Metro Building Activity

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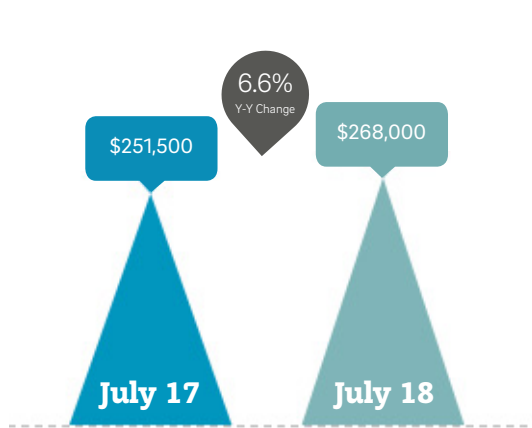


**Permits
YTD: 3,479**

**Multi-Family
56%**
of Twin Cities Housing
Units Authorized

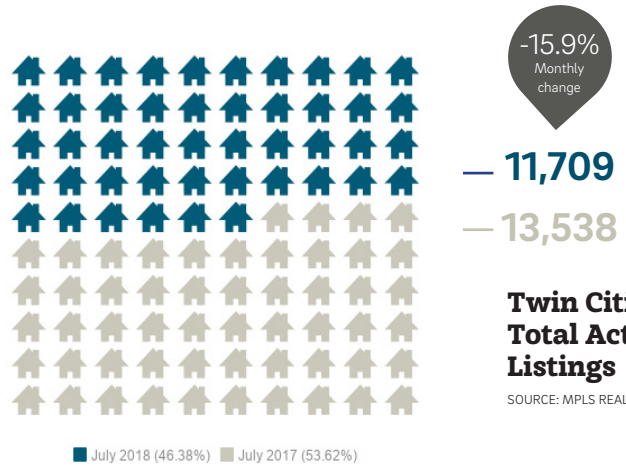
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



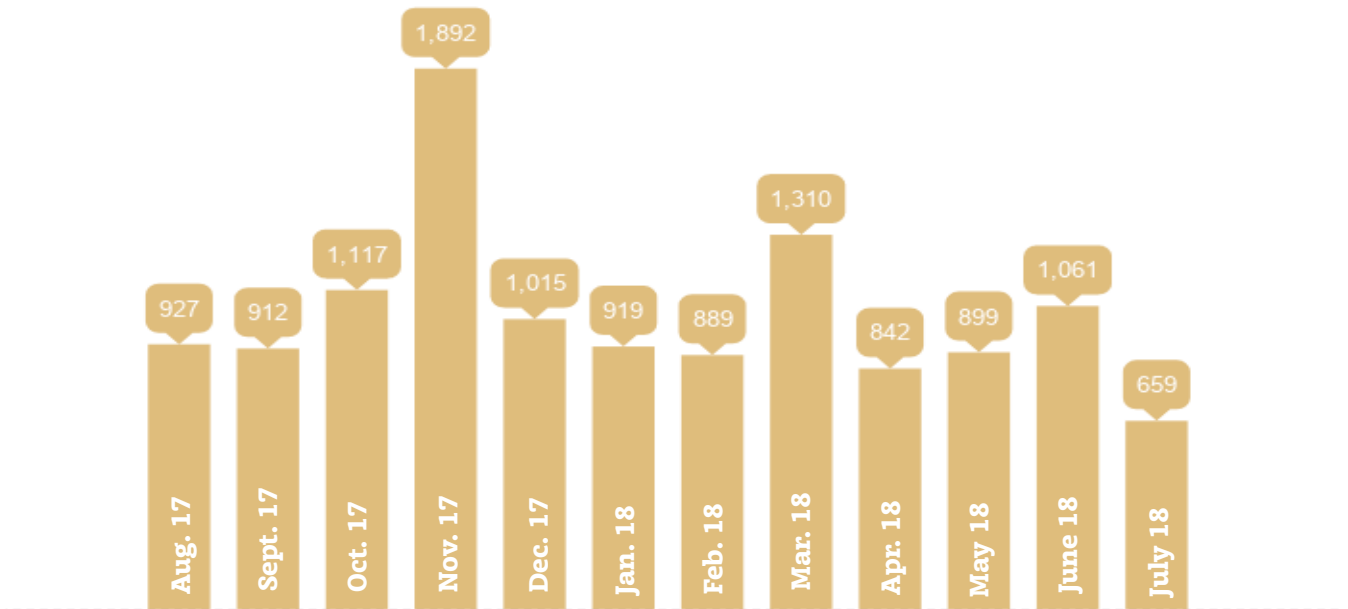
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

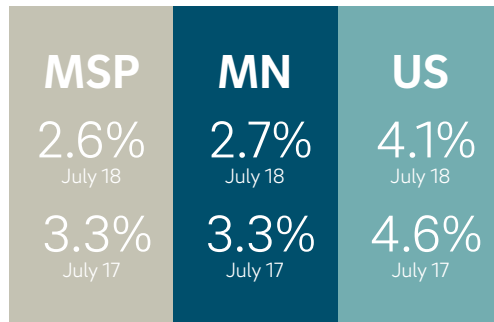


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

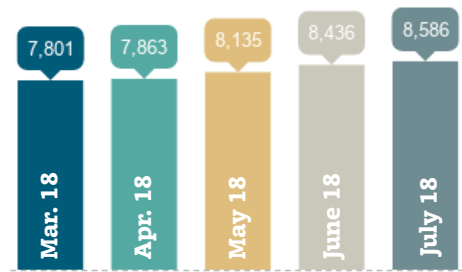
Employment

Unemployment continues to drop. As of July, the Minnesota's unemployment rate fell to 2.6 percent. That's over a full percentage point lower than the national average unemployment rate at 4.1 percent in July. In the past three months the state has added 31,800 jobs, which is the state's third highest amount of new jobs created in a three-month span since 1990.



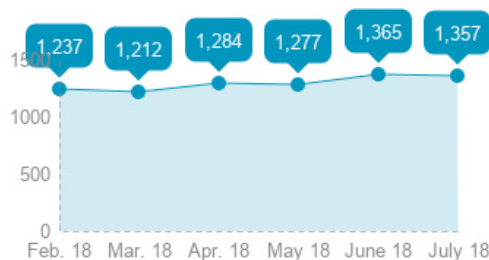
Unemployment Rate Snapshot

SOURCE: DEED-MN



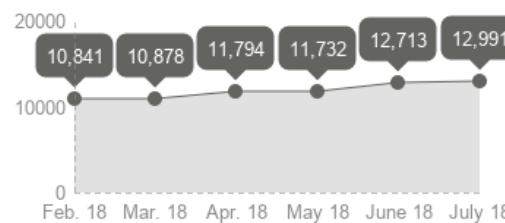
Twin Cities Construction Employment

SOURCE: DEED-MN



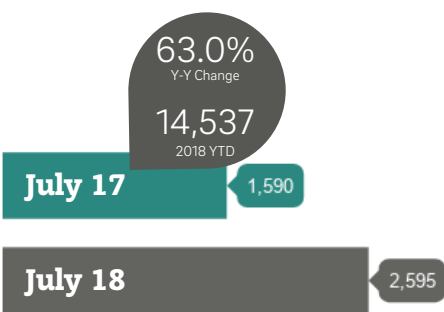
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



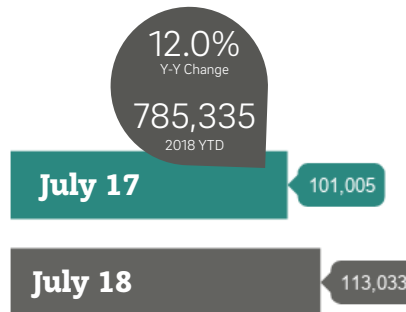
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

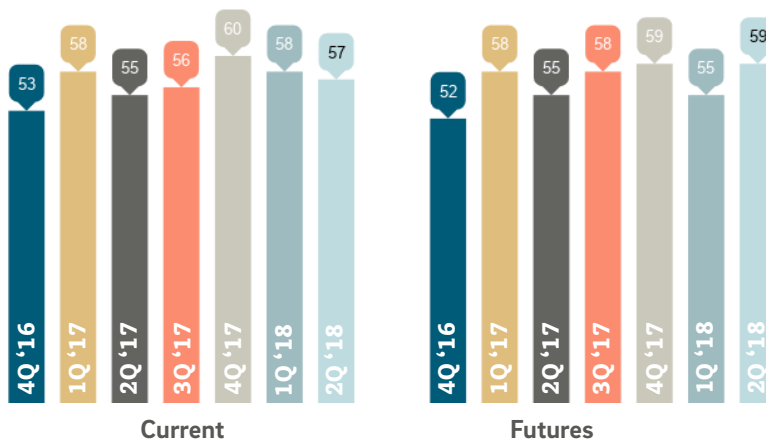
SOURCE: US CENSUS

Regional/National Statistics

Single-family permits, a useful indicator of future construction activity, were up slightly (1.9%) in July and have registered a 7.5% gain so far in 2018 compared to 2017. In the Midwest, single-family starts are down 1.7% for the year, while single-family construction is up 15.7% in the West, 7.4% in the Northeast and 6% in the South.

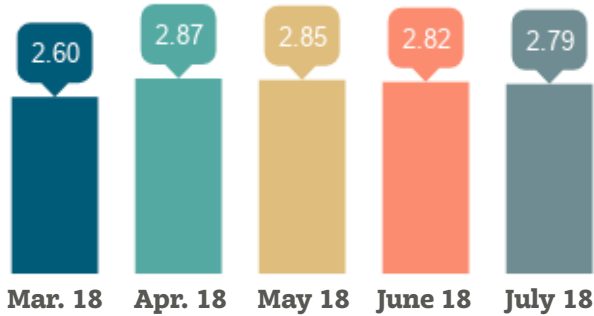
Remodeling Market Indices

SOURCE: NAHB



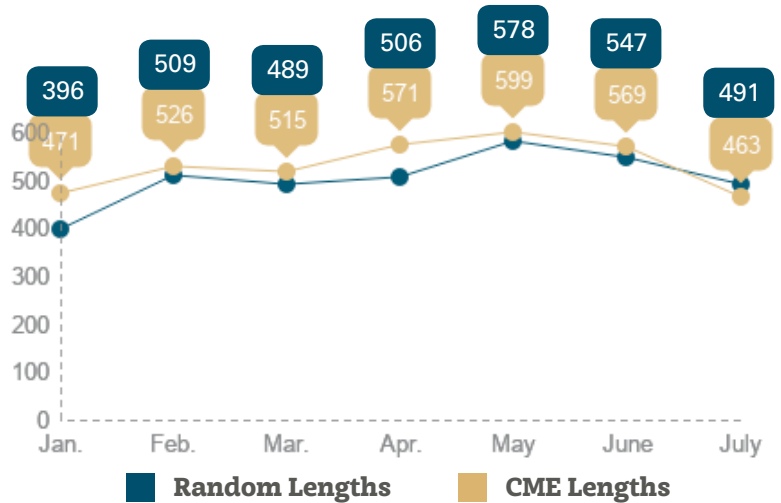
Key Indicators

According to NAHB, July marked the first time in seven months that the price index for residential construction materials did not increase. Still, the Producer Price index has risen 5.4% in 2018, more than quadrupling the year-to-date increase at this time in 2017. In addition, rising home prices and interest rates pushed housing affordability to a 10-year low in the second quarter of 2018, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI).



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM AUGUST 23, 2018
SOURCE: ASSOCIATED BANK



A DREAM HOME

DOESN'T HAVE TO BE A DREAM.

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NMLS: 524058

Stuart Mansk
Savage
651-306-1874
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Daniel Nugent
Plymouth
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