

HOT SHEET



May 2019
Volume VII, Issue: 5

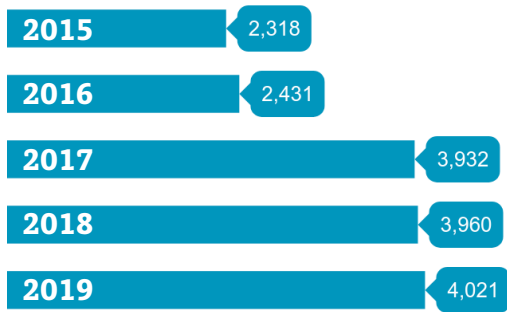
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John Rask, president of Housing First Minnesota

Twin Cities Building Activity



Units Authorized Year-to-Date April 2015-2019

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

Twin Cities Single-Family Construction Falls Flat in April

Several large multifamily construction permits pulled in April helped boost the residential construction numbers for the year, but single-family construction activity continues to fall. With permits pulled for 1,152 units in April, multifamily permitted units are up 8% over this time last year. With 407 permitted units in April, single-family construction is now down 8% year to date in 2019.

"The continued drop in single-family permits is concerning, as the housing market is already chronically under supplied in our region," said John Rask, president

of Housing First Minnesota. "We believe weather is still having an impact on residential construction activity, along with rising housing affordability pressures."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 423 permits issued for a total of 1,559 units during four comparable weeks in the month of April.

"The market is demanding a surge in affordably priced homes to ease the supply bottleneck," said David Siegel, executive director of Housing First Minnesota. "This is a complex problem

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that we've urged the legislature to address this session by creating a commission on housing affordability."

For the month, Lakeville took the top spot with 36 permits issued. Plymouth came in next with 34 permits, followed by Woodbury with 25 permits and Maple Grove with 23 permits issued. Rounding out the top five was Otsego with 17 permits issued.

[MAAR]

Prices rising, pending sales stable amidst market rebalancing

Gardeners aren't the only ones struggling with spring weather this year. The season's late start and temperature swings suppressed housing market activity early this year, but those effects are moderating. The latest numbers for Twin Cities residential real estate show some strength amidst ongoing signs of change. Prices reached a new record of \$281,000. New listings reversed course and rose 4.5 percent.

Closed sales were down about 7.0 percent though pending sales—a measure of future closings—fell just 1.1 percent. Market times rose 5.7 percent year-over-year, the second increase since March 2015. Another sign of a changing market is the ratio of sold to list price has fallen for five of the last six months. In conjunction with other indicators, this suggests the market is improving for buyers, even though sellers still have strong pricing power, favorable negotiating leverage and quick market times.

"Things still seem to be rebalancing a bit," said Todd Urbanski, President of Minneapolis Area REALTORS®. "Low and stable rates have definitely helped, and so has the

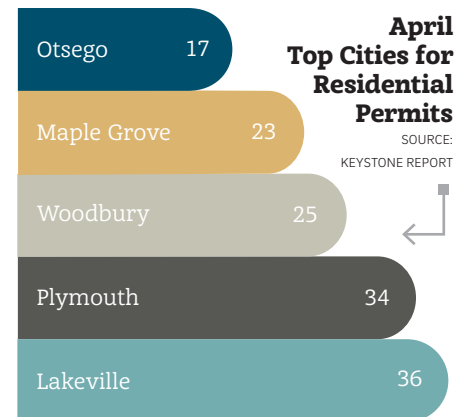
ongoing economic expansion."

The number of active listings for sale decreased slightly compared to the prior year. Even so, buyers have seen inventory gains for seven of the last eight months. After seven months of gains, months supply was flat at 2.0 months, suggesting the market is still undersupplied.

Well-priced, turnkey properties continue to be highly sought-after. Mortgage rates remain cooperative at around 4.1 percent, which is good news for buyers. The market is tightest at the entry-level prices, where multiple offers and homes selling for over list price are commonplace. The move-up and upper-bracket segments are less competitive and better supplied.

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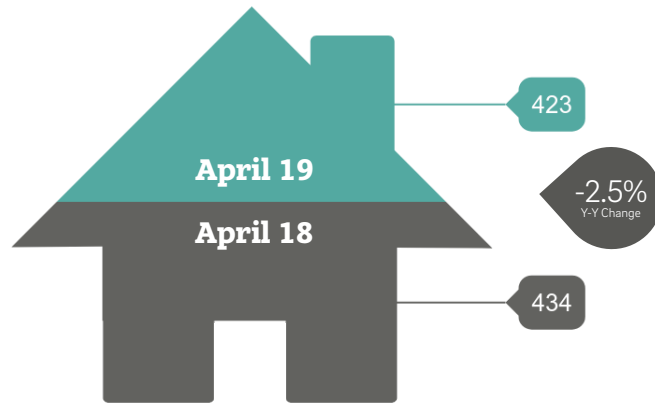
Todd Urbanski, President of MAAR



Single-family Permits Pulled
↓ 8%
Compared to April 2018

2019 April Metro Building Activity

The Twin Cities saw the fewest number of residential construction permits pulled for the month of March since 2015. Both single-family and multifamily permitted units fell by double digits. Single-family units fell to 339, a 12 percent drop from the 389 units in March of 2018. With permits pulled for 623 units in March 2019, multifamily fell by 24 percent compared to the 821 units permitted in March of last year.

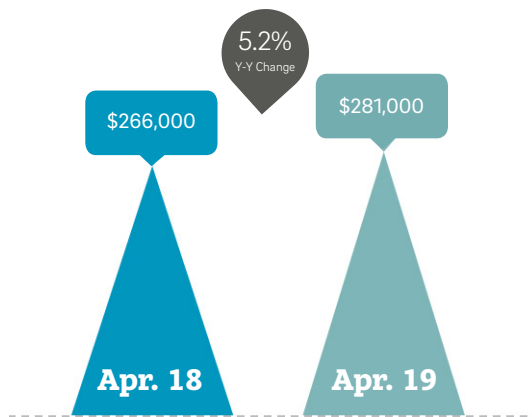


Units YTD:
4,021

Multi-Family
62%
of Twin Cities Housing
Units Authorized

Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



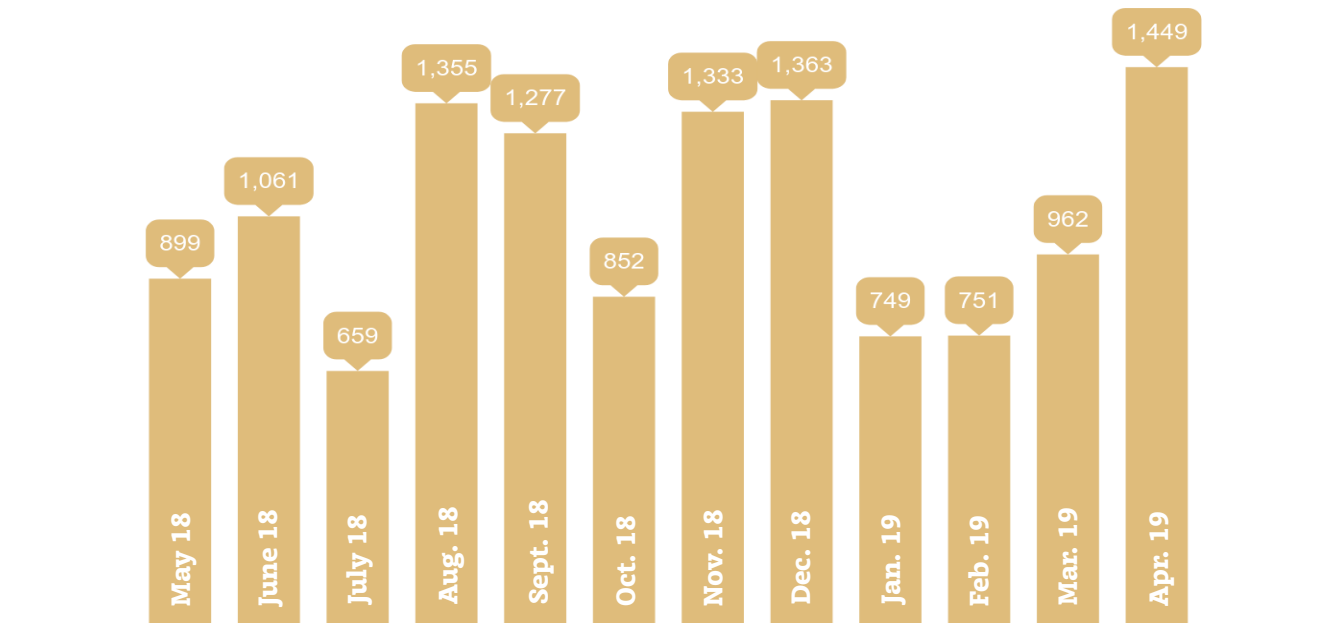
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

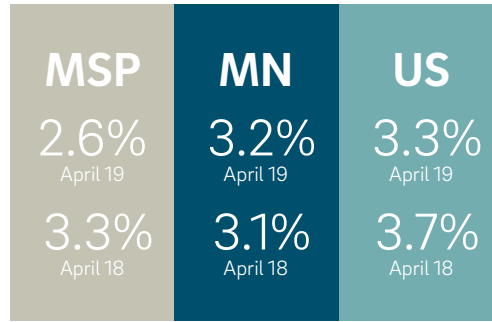


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

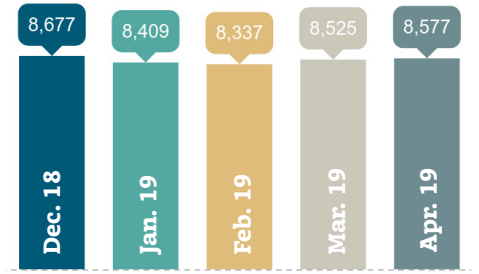
Employment

Minnesota gained 3,600 seasonally adjusted jobs in April, according to the Minnesota Department of Employment and Economic Development (DEED). Over the year, construction had the largest annual gains with an increase of 11,511 jobs since last April. This rate of growth has only been achieved twice before with the most recent being April 2015.



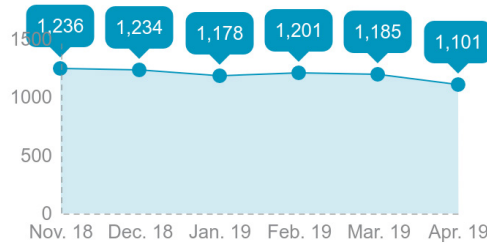
Unemployment Rate Snapshot

SOURCE: DEED-MN



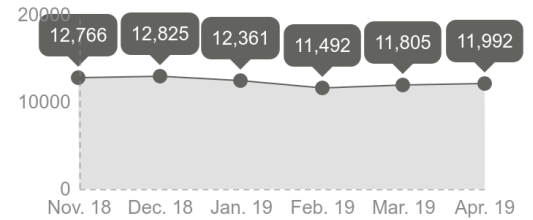
Twin Cities Construction Employment

SOURCE: DEED-MN



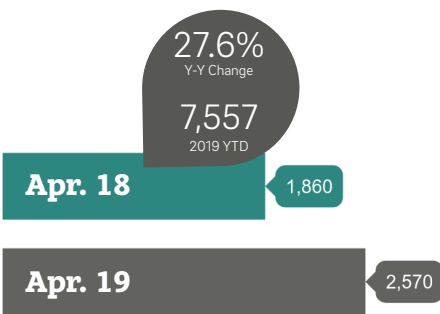
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



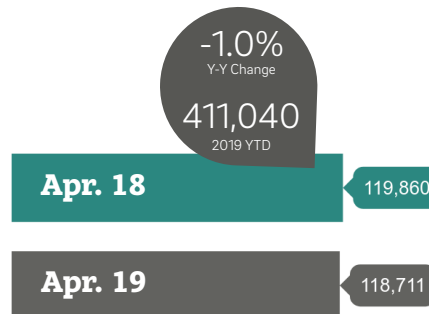
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS

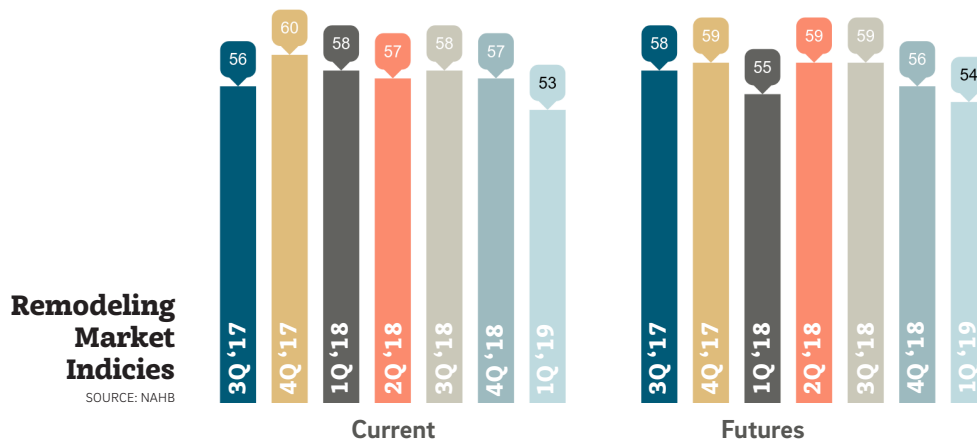


US Housing Units Authorized

SOURCE: US CENSUS

Regional/National Statistics

According to NAHB for the first four months of the year, new home sales are 6.7% ahead of 2018. However, those gains vary drastically by region with the growth concentration in the south and west. Year-to-date sales are up 10.3% in the South, 6.7% in the West (concentrated in the Mountain states). Sales are only up 1.3% in the Midwest, while recording a 17.6% decline in the Northeast.

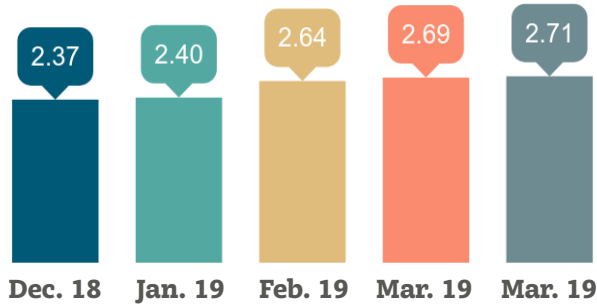


Remodeling Market Indices

SOURCE: NAHB

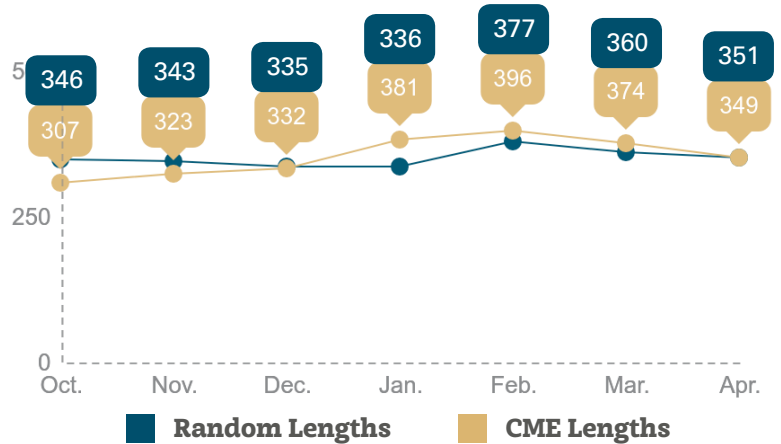
Key Indicators

Lower mortgage rates continue to help homebuyers facing increasing home prices. Building material prices edged upwards in April after falling to start the year. From tile to counter tops, laminates and lighting, all are on the list that just went from 10% tariffs to 25% according to NAHB.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM MAY 31, 2019
SOURCE: ASSOCIATED BANK



A DREAM HOME

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