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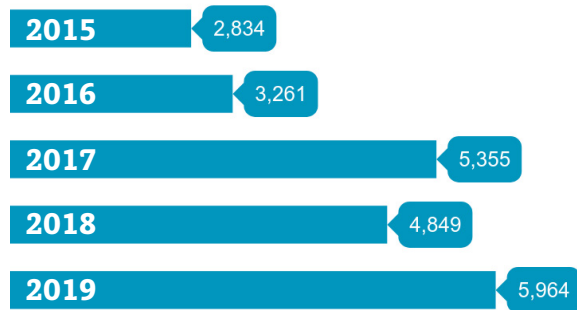
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"The housing market is extremely under supplied at the lower price points and we cannot build at a price to relieve that pressure, which is keeping many homebuyers on the sidelines."

John Rask, president of Housing First Minnesota

## Twin Cities Building Activity



### Units Authorized Year-to-Date May 2015-2019

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

## Twin Cities Homebuilding Picks Up in May

Multifamily construction continues to boost residential homebuilding activity, while single-family construction activity continues to fall flat. Several permits pulled for large projects in Minneapolis and Minnetonka pushed the number of multifamily units up to 1,306 for the month of May, a significant increase over this month last year. With 637 permitted units in May, single-family construction is down 3% compared to May of last year. That's four consecutive months of downward trending permit numbers in single-family construction.

"The recent weather has certainly not helped our spring selling season, but we also believe our region's affordability problem is

having an impact," said John Rask, president of Housing First Minnesota. "The housing market is extremely under supplied at the lower price points and we cannot build at a price to relieve that pressure, which is keeping many homebuyers on the sidelines."

According to data compiled by the Keystone Report for Housing First Minnesota, there were 670 permits issued for a total of 1,943 units during four comparable weeks in the month of May.

"We are hopeful that with the recent passing of the Legislative Commission on Housing Affordability we will be able tackle some of the issues that are driving up the cost of housing in Minnesota," said David



"The recent weather has certainly not helped our spring selling season..."

John Rask, president of Housing First Minnesota

Siegel, executive director of Housing First Minnesota. "With approval from Gov. Walz the multiyear commission will analyze issues relating to housing affordability and ultimately recommend housing policies that balance safety, durability and affordability."

For the month, Lakeville took the top spot with 63 permits issued. Woodbury came in next with 57 permits, followed by Blaine and Cottage Grove with 38 permits issued. Rounding out the top five was Plymouth with 34 permits issued.

[MAAR]

## Early 2019 Weakness Proving Temporary; Market Back On Track

There have been two disruptions to the housing market over the last nine months, but their effects are proving short-lived. First, a sudden increase in interest rates in late 2018 weighed on December and January sales activity.

Second, record snow and the subsequent melt in February and March of this year weighed on

sales activity in March and April. But May numbers are showing growth in seller activity, pending and closed buyer activity as well as quicker market times and rising prices.

Prices reached a new all-time high of \$285,000. New listings rose 2.4 percent while closed sales were up 3.0 percent. After two months of increases, market times sped up by 4.3 percent compared to May 2018. The ratio of sold to list price fell for a fourth consecutive month, but by the smallest amount since February.

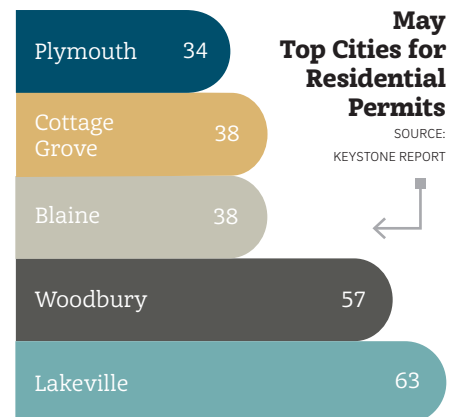
In conjunction with other indicators, the market is

improving for buyers, even though sellers still enjoy strong pricing power, favorable negotiating leverage and quick market times. For the last nine months, buyers have seen more active listings for sale than the year prior. Mortgage rates remain very attractive at around 3.85 percent on a 30-year fixed loan—far lower than anyone predicted by this time.

We still have a tale of two markets: strong demand, weak supply and price growth in the affordable brackets but oversupply and slow market times in the upper brackets.

"We're still seeing some rebalancing, rates under 4.0 percent is a significant motivator for buyers."

Todd Urbanski, President of MAAR



### May Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

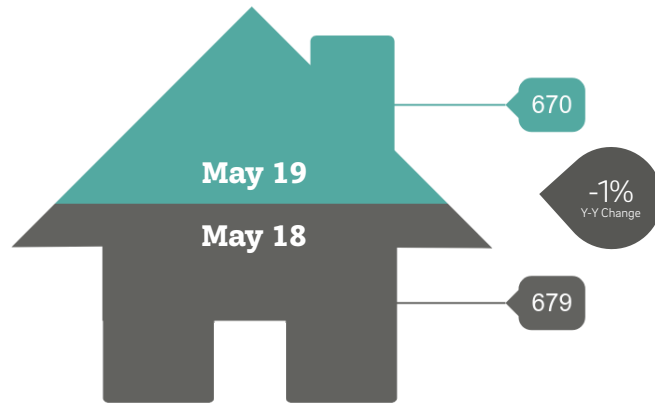
### Single-family Permits Pulled

↓ 3%

Compared to May 2018

# 2019 May Metro Building Activity

Multifamily construction continues to boost residential homebuilding activity, while single-family construction activity continues to fall flat. Several permits pulled for large projects in Minneapolis and Minnetonka pushed the number of multifamily units up to 1,306 for the month of May, a significant increase over this month last year. With 637 permitted units in May, single-family construction is down 3% compared to May of last year. That's four consecutive months of downward trending permit numbers in single-family construction.

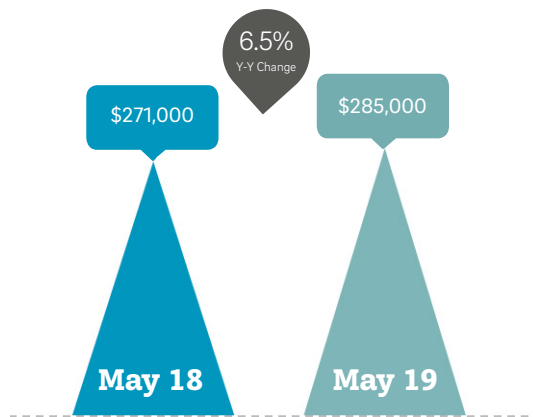


**Units YTD:**  
**5,964**

**Multi-Family**  
**64%**  
of Twin Cities Housing  
Units Authorized

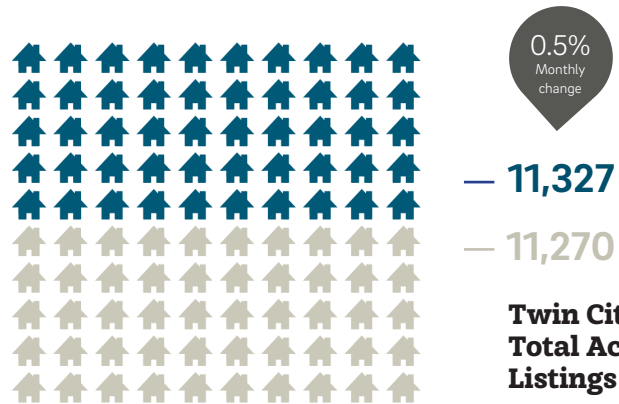
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



## Twin Cities Median Home Price

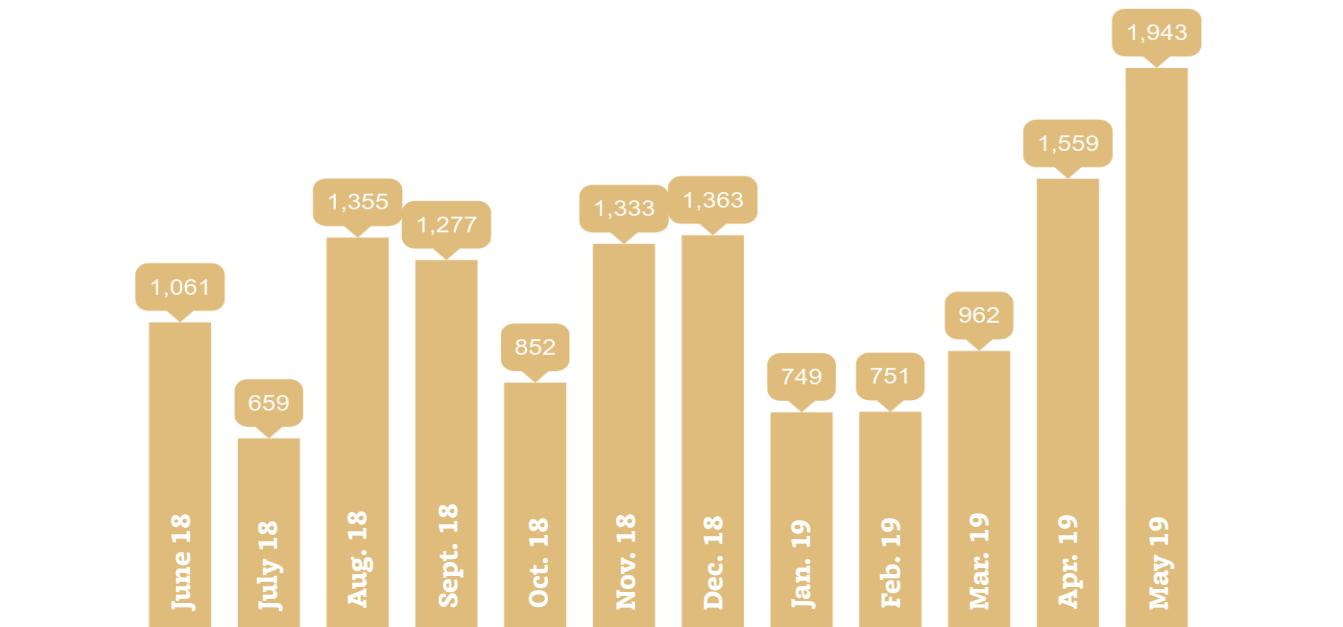
SOURCE: MPLS REALTORS



## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ May 2019 (50.13%) ■ May 2018 (49.87%)



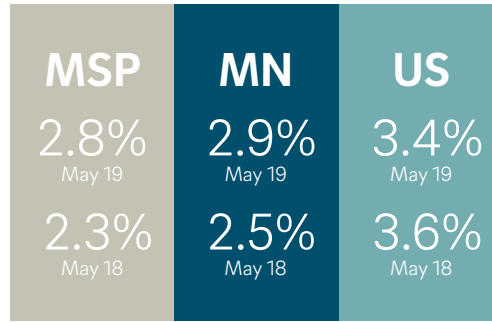
## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

# Employment

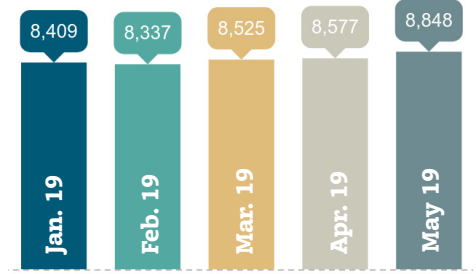
The state's seasonally adjusted unemployment rate remained steady at 3.3 percent in May and the U.S. unemployment rate was 3.6 percent. Over the year, construction lead all other sectors adding 7,443 jobs.

"Steady unemployment suggests that the Minnesota workforce is operating near its capacity," said DEED Commissioner Steve Grove. "The tight labor market continues to represent a major challenge to Minnesota's job growth."



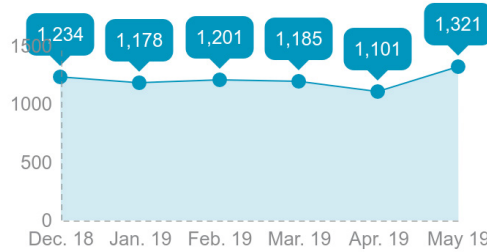
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



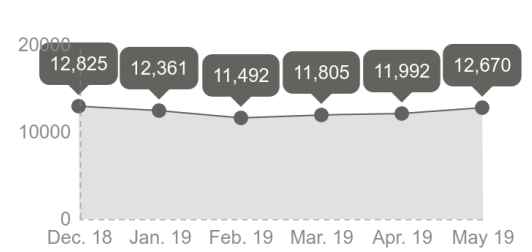
**Twin Cities Construction Employment**

SOURCE: DEED-MN



**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN

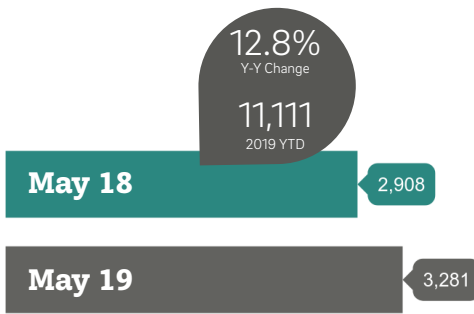


**MN Construction Employment**

SOURCE: DEED-MN

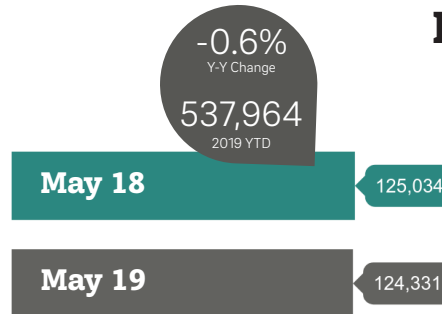
# Regional/National Statistics

New home sales in the South, which accounts for the bulk of transactions, jumped 4.9% in May to the highest level since July 2007. Sales in the Midwest rose 6.3%. But sales plunged 35.9% in the West and tumbled 17.6% in the Northeast.



**MN Housing Units Authorized**

SOURCE: US CENSUS

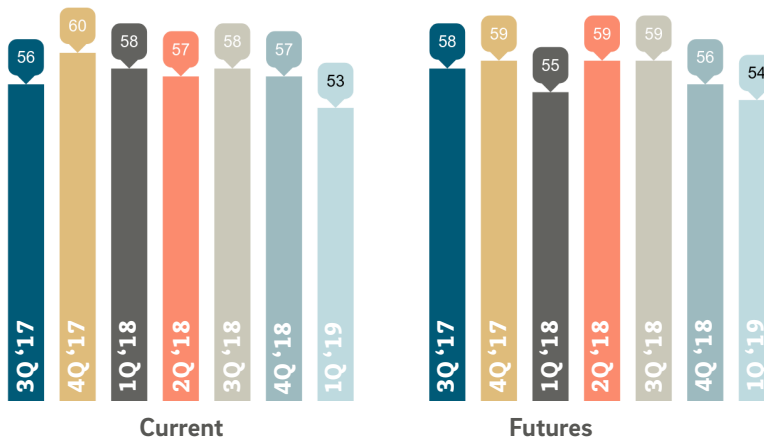


**US Housing Units Authorized**

SOURCE: US CENSUS

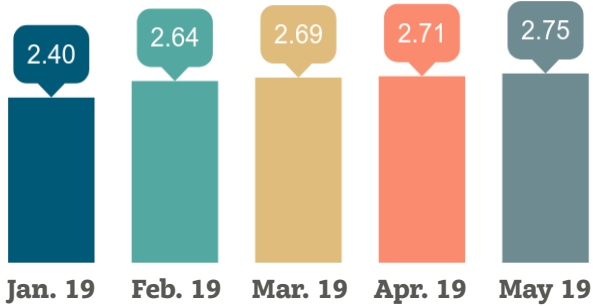
# Remodeling Market Indices

SOURCE: NAHB



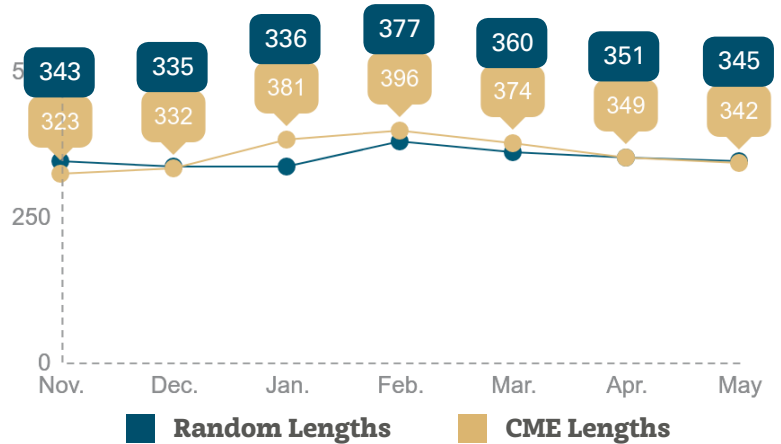
# Key Indicators

The 30-year fixed mortgage rate tumbled to around 3.84% from an eight-year high of 4.94% in November. Further declines are likely as the Federal Reserve has signaled a rate cut as early as July because of growing risks to the economy and low inflation.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

## Mortgage Rates

FROM JUNE 28, 2019  
SOURCE: ASSOCIATED BANK



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**Stuart Mansk**  
Savage  
651-306-1874  
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**Julie Wilzbacher**  
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651-523-6311  
NMLS: 296171



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