

# HOT SHEET



June 2017  
Volume V, Issue: 6

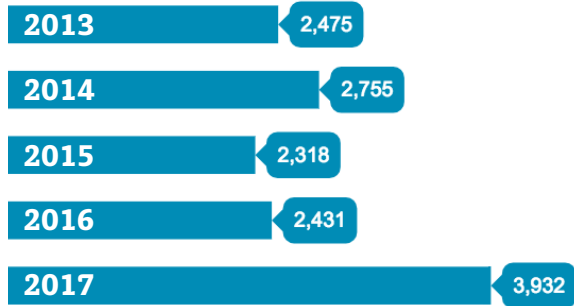
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"When homebuilders are active and homes are sold, our communities grow, jobs are created and our regional economy generates opportunity. However, builders are still concerned about housing affordability due to increased costs from the labor shortage and the expensive regulatory environment we have in Minnesota."

Bob Michels, Housing First Minnesota President

## Twin Cities Building Activity



### Permits Authorized Year-to-Date April 2013-2017

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

## Hot Spring for Twin Cities Home Builders

After five years of relatively flat permit numbers, Twin Cities residential construction is pacing for a year of serious growth. Year to date permits are up 25 percent over 2016, and permitted units are up 62 percent over this time last year. April permit numbers revealed another month of increased activity in both single-family construction and multifamily construction. With 455 permitted units, single family activity increased by 22 percent over April 2016 and with 753 permitted units, multifamily activity increased by 81 percent.

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 477 permits issued for a total of 1,208 units during four

comparable weeks in the month of April.

"With another great month in permit activity we are on pace to have by far our best year since 2007," said Bob Michels, the Housing First Minnesota 2017 President. "When homebuilders are active and homes are sold, our communities grow, jobs are created and our regional economy generates opportunity. However, builders are still concerned about housing affordability due to increased costs from the labor shortage and the expensive regulatory environment we have in Minnesota."

"With tight existing home inventory in the Twin Cities, there is a serious need for new home construction especially at the entry-

*"With tight existing home inventory in the Twin Cities, there is a serious need for new home construction especially at the entry-level price point."*

David Siegel, Housing First Minnesota Executive Director

level price point," said Housing First Minnesota Executive Director, David Siegel. "We are working with the MN REALTORS at the Capitol right now to help address the expensive regulatory environment we have in Minnesota, that makes building affordable entry-level housing like townhomes and condos so difficult."

For April, Blaine took the top spot with 34 permits pulled. Lakeville and Plymouth came in next with 32 permits, followed by Woodbury with 23 permits, and Apple Valley with 18 permits pulled.

[MAAR]

## Impressive Buyer Activity, Considering the Dramatic Listing Shortage

Compared to April 2016, new listings in the Twin Cities declined 8.3 percent while pending sales decreased 8.5 percent. Given that there were about 20.0 percent fewer homes for sale, a modest decrease in signed purchase agreements compared to last year reflects a shortage of listings and not necessarily declining demand. Days on market is still down and the number of showings per listing rose compared to last April. Buyers are still eager to purchase a home, but

supply side constraints are weighing on sales activity. Those shopping for homes have 10,916 properties from which to choose in the metro area, the lowest April reading since 2003.

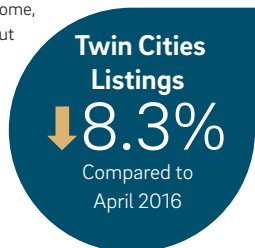
Low supply and high demand environments tend to drive prices higher. The median sales price rose 6.3 percent from last April to \$245,500. Multiple offers on updated, turn-key properties are common in low inventory environments. Properties also tend to sell quickly and for close to or above list price. Average days on market until sale fell 20.5 percent to 58 days compared to 73 in April 2016. It's worth noting that the median days on market for April was a brisk 21 days—a 10-year record pace. The average percent of original list price received at sale was 99.2 percent, 1.2 percent higher than last year. Similarly,

the median percent of original list price received at sale was 100.0 percent, meaning half the sales closed for less than full list price while the other half closed for over list price. The Twin Cities has only 2.2 months of housing supply—the lowest April reading since 2003. Generally, five to six months of supply is considered a balanced market where neither buyers nor sellers have a clear advantage.

A healthy and diverse local economy has been conducive to housing recovery. The most recent national unemployment rate is 4.4 percent, though it's 3.8 percent locally. The Minneapolis-St. Paul region has a resilient economy with a global reach, a talented workforce, top notch schools and a quality of life that's enabled one of the highest homeownership rates in the country.

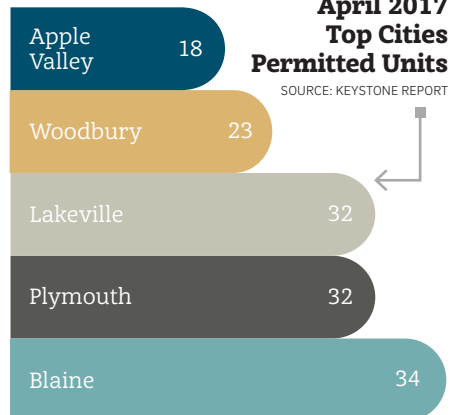
*"We are seeing signs that the shortage of listings is starting to hold back our demand indicators such as pending [sales] and closed sales. Despite fewer listings, we still saw more showings per listing."*

Cotty Lowry, Minneapolis Area Association of REALTORS® (MAAR) President



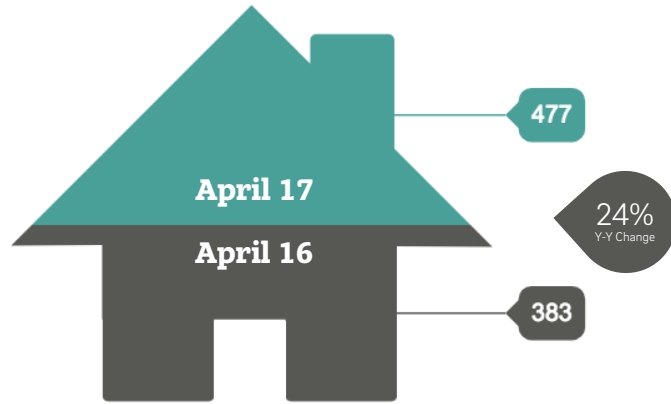
### April 2017 Top Cities Permitted Units

SOURCE: KEYSTONE REPORT



# 2017 April Metro Building Activity

After five years of relatively flat permit numbers, Twin Cities residential construction is pacing for a year of serious growth. Year to date permits are up 25 percent over 2016, and permitted units are up 62 percent over this time last year. April permit numbers revealed another month of increased activity in both single-family construction and multifamily construction. With 455 permitted units, single family activity increased by 22 percent over April 2016 and with 753 permitted units, multifamily activity increased by 81 percent.

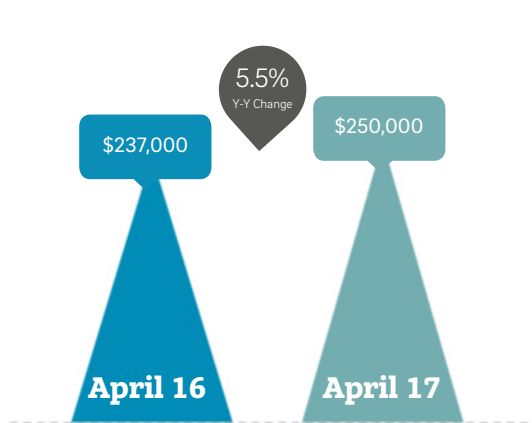


**Units YTD:**  
**3,932**

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

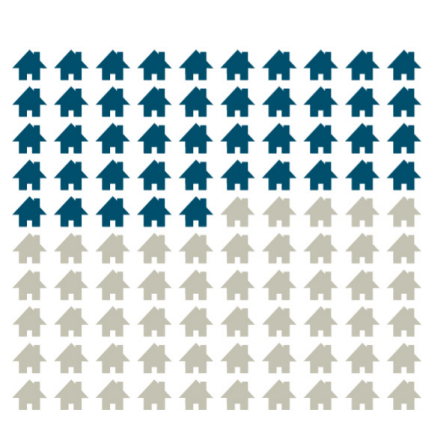
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



## Twin Cities Median Home Price

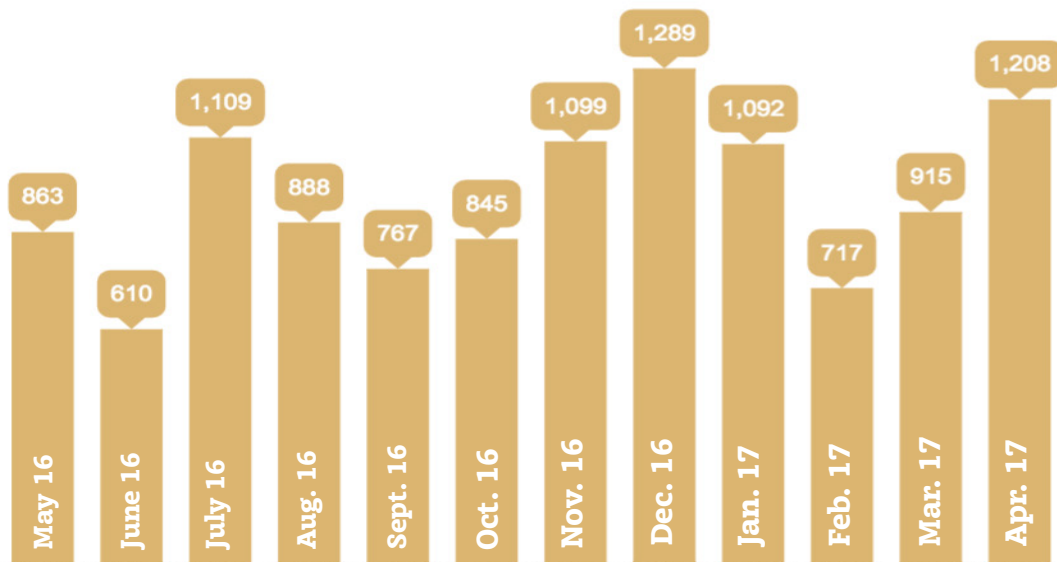
SOURCE: MPLS REALTORS



-17.3%  
Monthly  
change

## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

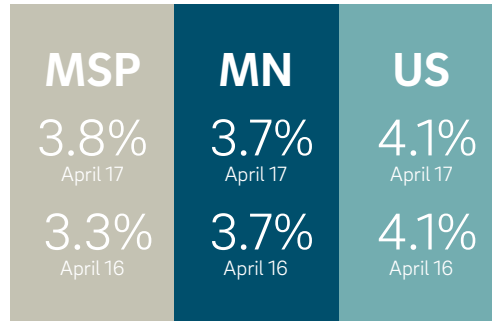


## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

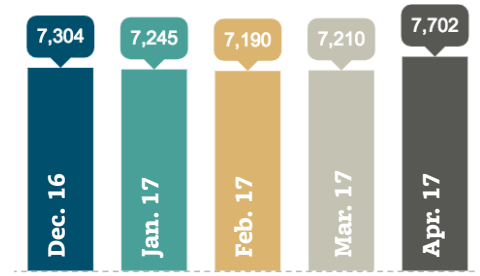
# Employment

April's big gain in jobs pushed Minnesota closer to the national average for job growth over the last year. The state added 34,715 jobs during the 12 months ending in April, up 1.2 percent. Nationally, job growth was 1.4 percent in that period. Job growth in the Twin Cities beat both the state and nation at 1.5 percent over the last 12 months.



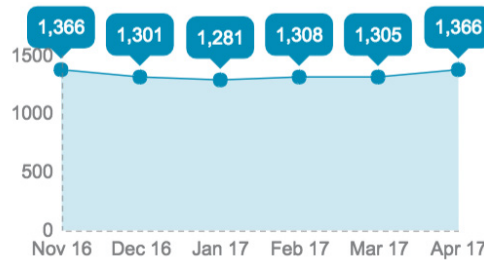
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



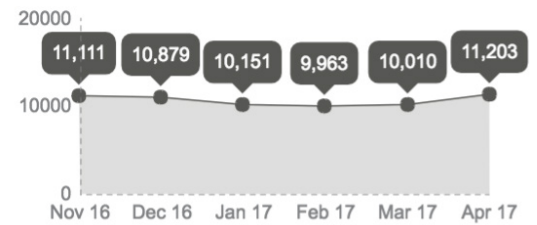
**Twin Cities Construction Employment**

SOURCE: DEED-MN



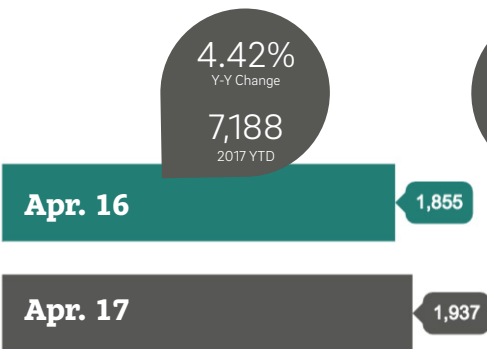
**Twin Cities Construction Weekly Wage**

SOURCE: DEED-MN



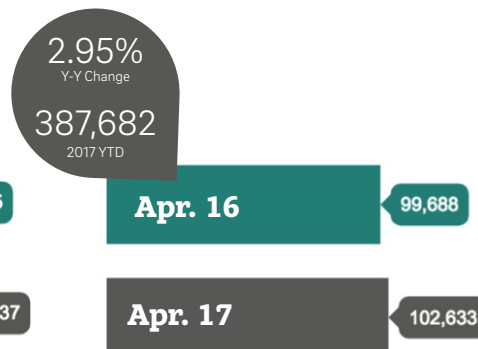
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS

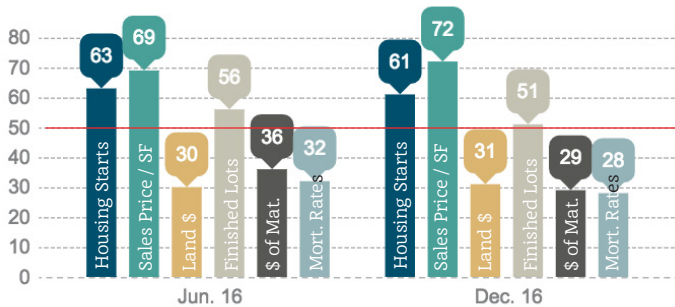


**US Housing Units Authorized**

SOURCE: US CENSUS

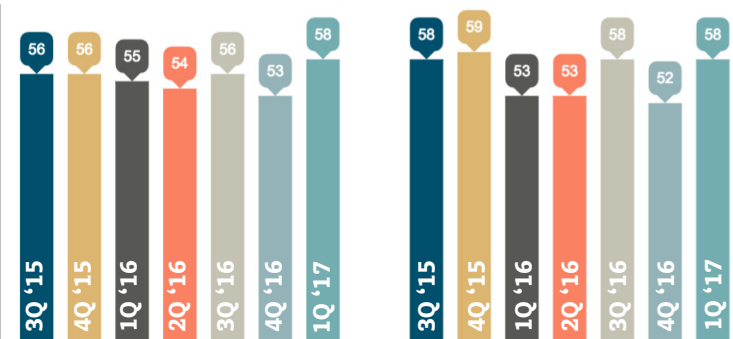
# Regional/National Statistics

Permits for the construction of single-family homes increased 1.5 percent in April, while multi-family building permits advanced 8.0 percent. Single-family starts surged 12.8 percent in the Midwest, in the South single-family activity jumped 9.0 percent, but fell in the Northeast and West.



**Twin Cities Home Builders Survey**

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

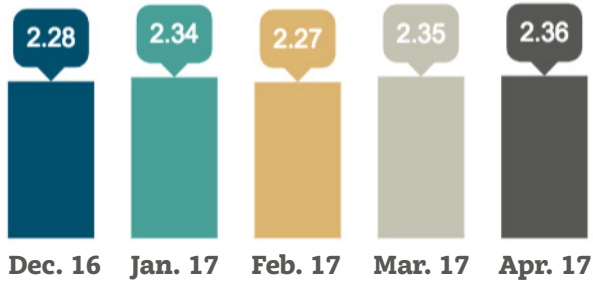


**Remodeling Market Indicies**

SOURCE: NAHB

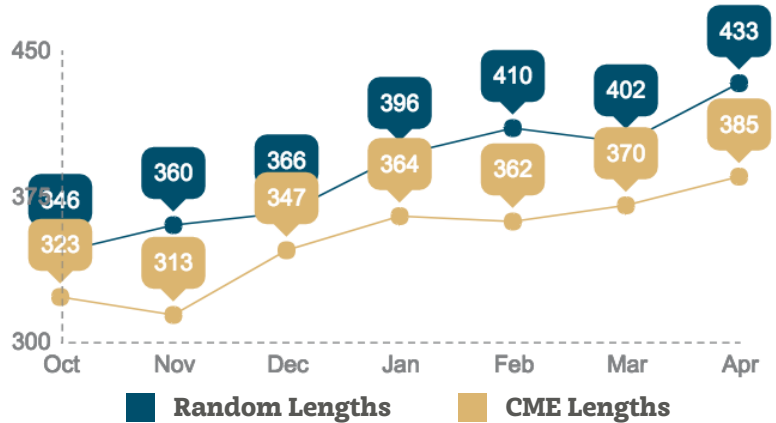
# Key Indicators

The prices of many softwood lumber products have increased by more than 25% since the beginning of this year, and the Random Lengths Framing Lumber Composite Index has risen 16% during the same period. The price at the pump is expected to increase as well, AAA Mid-Atlantic estimates that gas prices this summer could rise 40 cents or more per gallon.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

## Mortgage Rates

FROM JUNE 26, 2017  
SOURCE: ASSOCIATED BANK



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