

HOT SHEET



November 2017
Volume V, Issue: 11

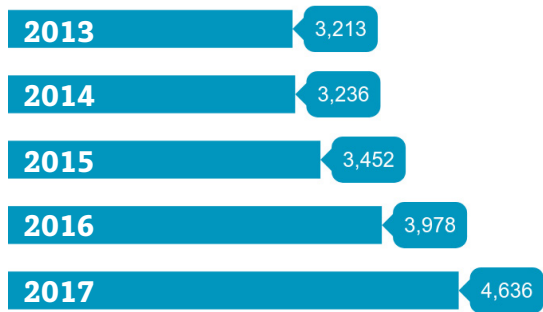
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"The sharp rise in multi-family construction underscores the power of regulatory reform. Legislation encouraging homeownership, including cost protections for new-home buyers, will continue to be the top priority for Minnesota's housing industry."

Bob Michels, Housing First Minnesota President

Twin Cities Building Activity



Permits Authorized Year-to-Date September 2013-2017

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

Twin Cities Residential Construction Permits Remains At 10-Year High

Coming off its best summer since 2006, the Twin Cities saw continued growth in new home permits in September. The number of residential building permits pulled in September soared 14.25 percent to 601 units compared to 526 in 2016. In September, the number of single-family permits rose 10 percent, with 568 permits issued, compared to 513 permits 2016. Multi-family construction grew 31.5 percent from this time last year with 334 permitted units.

According to data compiled by the Keystone Report for Housing First Minnesota, there were 567 permits issued for a total of 754 units during four

comparable weeks in the month of September.

The surge in multi-family projects, up nearly 55 percent overall this year, follows new laws encouraging multi-family development that went into effect earlier this year.

"The sharp rise in multi-family construction underscores the power of regulatory reform," said Bob Michels, president of Housing First Minnesota. "Legislation encouraging homeownership, including cost protections for new-home buyers, will continue to be the top priority for Minnesota's housing industry."

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right direction, it's clear Minnesota's regulatory climate and an industry-wide labor shortage are holding the industry back from additional growth," said David Siegel, executive director of Housing First Minnesota.

For September, Lake Elmo took the top spot with 36 permits issued. Blaine came in next with 34 permits, followed by Lakeville with 30 permits, Baldwin, Wisc., with 23 permits and Livonia Township (Sherburne Country) with 21 permits issued.

[MAAR]

SLIGHT COOL-DOWN POSSIBLE, PARTICULARLY UNDER \$250,000

By Erin Milburn, Minneapolis Area Association of REALTORS

The red-hot Twin Cities housing market is starting to cool off just a bit. While June 2017 marked an all-time record for Twin Cities home sales and prices, purchase demand declined from last year for a third consecutive month. New listings decreased 5.2 percent from September 2016 to 6,472, and pending sales dipped 1.7 percent. The number of homes for sale decreased 16.7 percent to 12,502. Excluding the limited number of foreclosures and short sales, traditional new listings fell 3.6 percent while

traditional pending sales increased 0.1 percent.

Since competition over limited supply remains intense, prices kept firm. The median sales price rose 7.3 percent from last year to \$246,900. Home prices have now risen for the last 67 consecutive months or over 5.5 years. At 50 days on average, homes went under contract 12.3 percent faster than last September. Sellers who choose to list their properties are averaging 98.1 percent of their original list price, 0.6 percent higher than September 2016. The metro area has just 2.5 months of housing supply. Generally, five to six months of supply is considered a balanced market where neither buyers nor sellers have a clear advantage.

"There's no other way to say it: sentiment out there may be starting to change," said Cotty Lowry, Minneapolis

Area Association of REALTORS® (MAAR) President. "Sometimes shifting markets can bring out a lot of pessimism, which can become a self-fulfilling prophecy. The likely scenario may be a brief pause in the trend we've seen. That's not a bad thing, since it allows incomes a chance to catch up and takes the intensity down a notch."

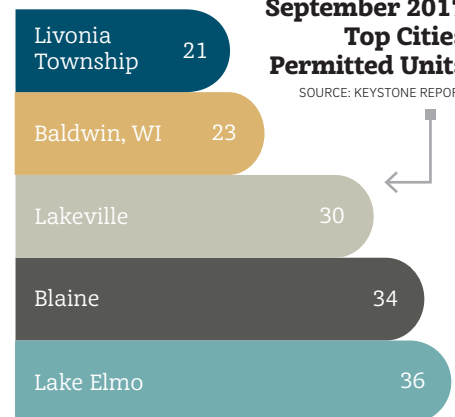
Sometimes market-wide figures mask important segment-specific realities and other indicators that buyers and sellers should be aware of. For example, closed sales only fell for homes under \$250,000. Sales increased for homes priced between \$250,000 and \$500,000, \$500,000 and \$1,000,000 and for properties over \$1,000,000. Market times and the ratio of sales price to list price both improved for each of the above four price ranges.

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

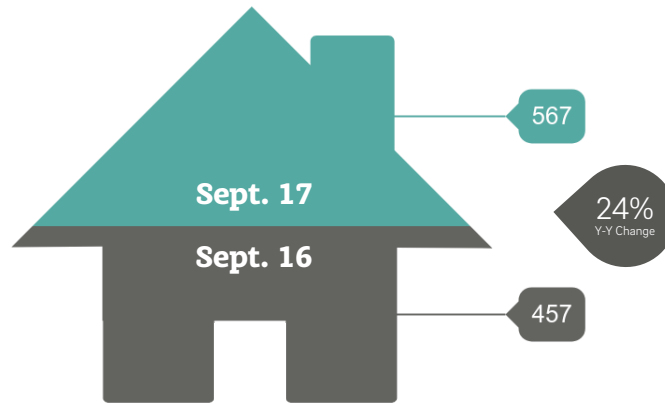
September 2017 Top Cities Permitted Units

SOURCE: KEYSTONE REPORT



2017 September Metro Building Activity

Coming off its best summer since 2006, the Twin Cities saw continued growth in new home permits in September. The number of residential building permits pulled in September soared 14.25 percent to 601 units compared to 526 in 2016. In September, the number of single-family permits rose 10 percent, with 568 permits issued, compared to 513 permits 2016. Multi-family construction grew 31.5 percent from this time last year with 334 permitted units.

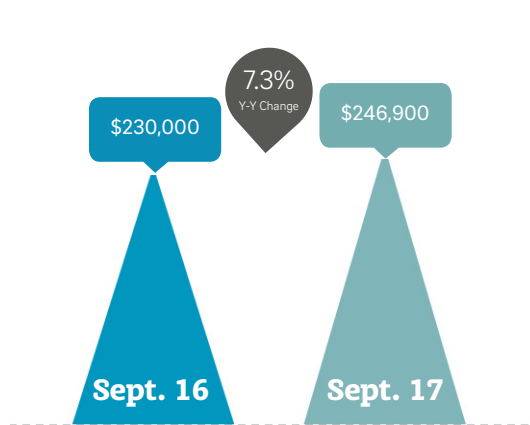


Units YTD: 4,636

Multi-Family 51%
of Twin Cities Housing Units Authorized

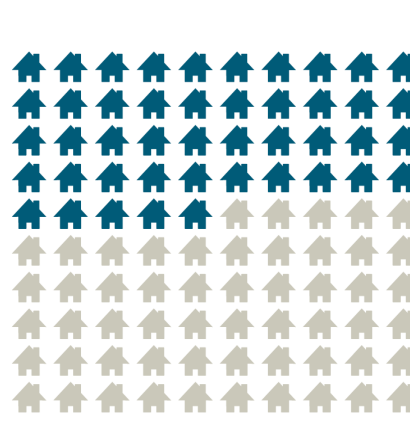
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

SOURCE: MPLS REALTORS

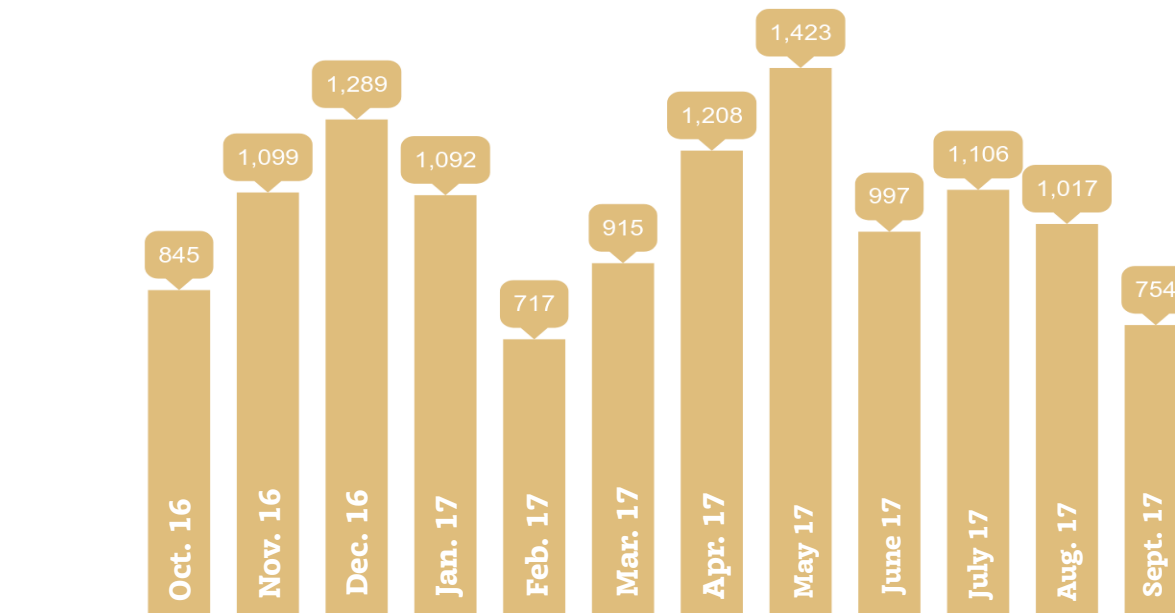


-16.7%
Monthly change

— 12,502
— 15,017

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

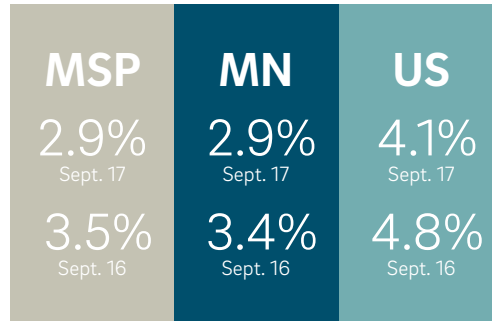


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

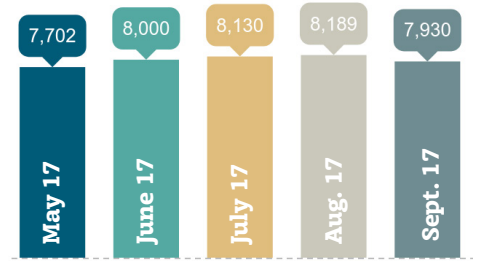
Employment

Minnesota employers added 6,400 jobs in September, lowering the state's unemployment rate to 3.7 percent. Minnesota's rate remains well below the national 4.2 percent unemployment rate for the month. Construction was one of only three industries that lost jobs in September.



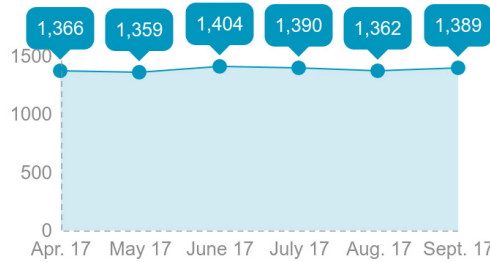
Unemployment Rate Snapshot

SOURCE: DEED-MN



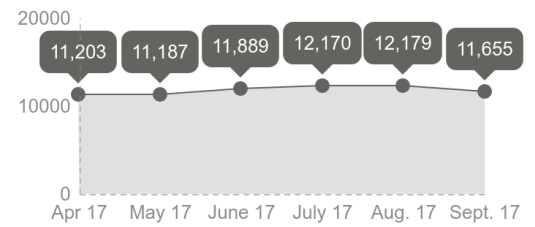
Twin Cities Construction Employment

SOURCE: DEED-MN



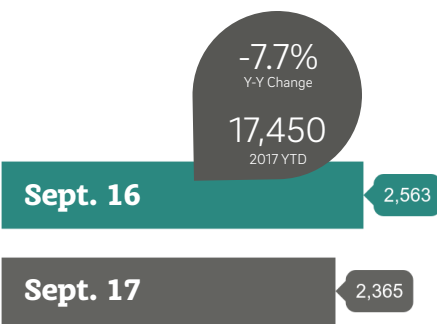
Twin Cities Construction Weekly Wages

SOURCE: DEED-MN



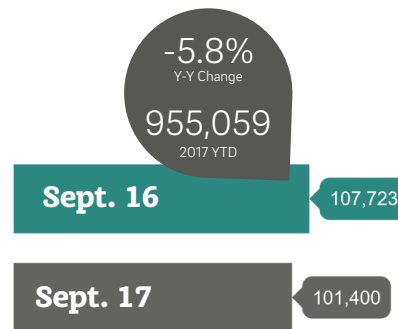
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS

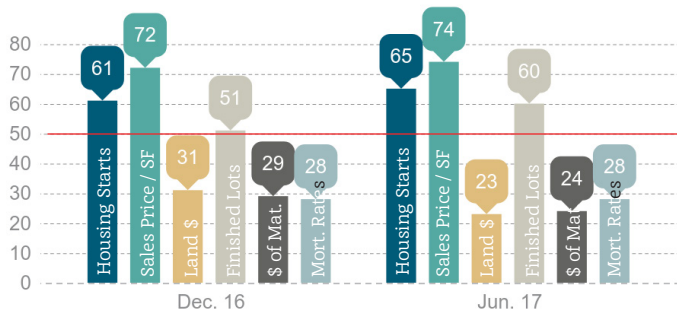


US Housing Units Authorized

SOURCE: US CENSUS

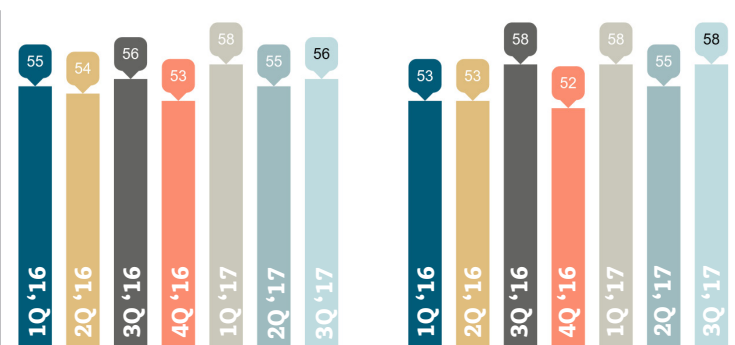
Regional/National Statistics

Sales of new U.S. single-family homes rose in September, hitting their highest level in nearly 10 years. With sales surging in September, the inventory of new homes on the market was unchanged at 279,000 units. With this robust sales pace it would take 5.0 months to clear the supply of houses on the market.



Twin Cities Home Builders Survey

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

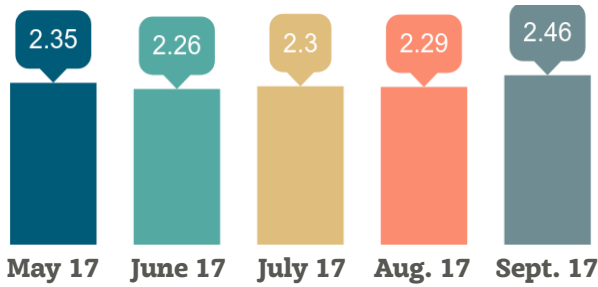


Remodeling Market Indices

SOURCE: NAHB

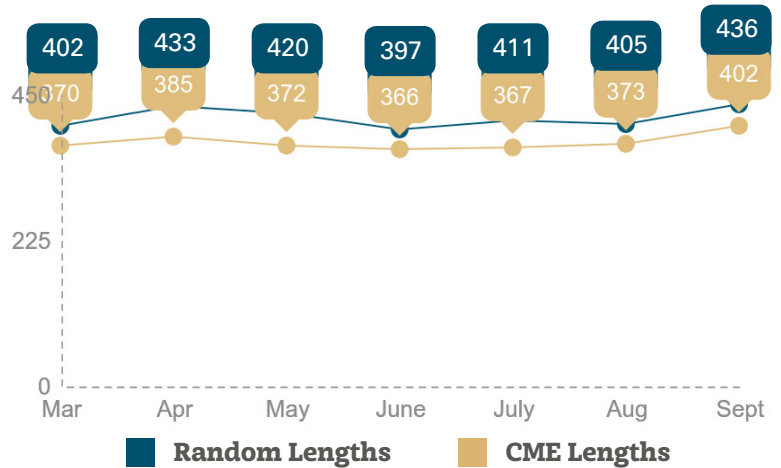
Key Indicators

Framing lumber prices per 1,000 board feet are edging closer to the highs they reached during the housing bubble in 2004. The U.S. central bank has raised interest rates twice this year and appears on course for another upward move in December despite persistently weak inflation.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM NOVEMBER 21, 2017
SOURCE: ASSOCIATED BANK



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