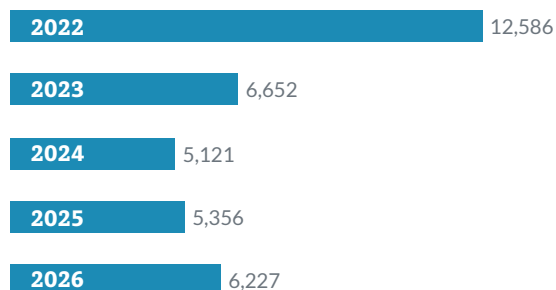


"Builders are still seeing buyers who want to make a move, even if they're taking more time to get there. There's no question that affordability and economic uncertainty are influencing decisions, but the underlying demand for new homes remains."

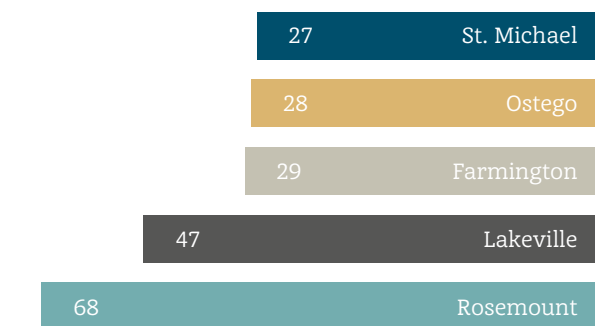
John Kraemer, Housing First Minnesota 2026 Board Chair

Twin Cities Building Activity



Single-Family and Multifamily Units Authorized Year-to-Date | August 2022-26

SOURCE: KEYSTONE REPORT



August Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

[Housing First Minnesota]

Metro Homebuilding Ends Summer with Mixed Bag of Activity

Homebuilding in the Twin Cities metro showed varied signs in August, with an overall 1% decrease in activity over the same time last year. Homebuilders pulled permits for 536 single-family homes in July.

Multifamily activity, however, saw its strong-est month of activity since September 2023. Builders reported 743 multifamily units under construction—accounting for nearly 60% of all construction activity for the month.

"Builders are still seeing buyers who want to make a move, even if they're taking more time to get there," said John Kraemer, board chair of Housing First Minnesota. "There's no question that affordability and economic uncertainty are influencing decisions, but the underlying demand for new homes remains."

There were 548 permits issued for a total of 1,279 housing units during the four comparable weeks in August, according to the Keystone Report.

"Minnesota remains undersupplied, and affordability will continue to be a challenge until we create an environment where more homes of all types and price points can be built," said James Vagle, CEO of

Housing First Minnesota. "Increasing housing supply is essential to expanding opportunities for homeownership and supporting strong, growing communities across our state."

For the month in permits, Rosemount took the top spot with 68 permits. Lakeville came in second with 47 permits. Farmington was the next highest with 29 permits. Otsego ranked fourth with 28 permits, and St. Michael rounded out the top five with 27 permits.

For the month in units, Plymouth came in on top with 218 permitted units. Cambridge came next with 195 units, followed by Minneapolis with 146 units. Hudson, WI came next with 133 units. Delano rounded out the top five with 75 units.

Single-Family Permits Pulled

↓ 1%
Compared to August 2025

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[Minnesota State and Twin Cities Metro Realtor® Associations]

Seller Activity Climbs Faster Than Sales as Minnesota Market Rebalances

Minnesota's housing market showed mixed signals in August. Sellers kept showing up and listing their properties both statewide and in the metro, but pending sales were up slightly in the metro but down slightly statewide.

August marked the first statewide decline in sales and the slowest growth in the metro in five months, as higher inflation, energy prices, and mortgage rates weigh on activity. So far in 2026, new listings are up 6.5% and pending sales are up 3% statewide. More sellers are testing the market, but not all of them are finding a match right away.

The combination of more homes on market but fewer closing has pushed inventory to levels not seen in years.

In fact, statewide inventory remained at a seven-year high and was up over 10% in August with over 20,000 homes for sale. Statewide, new listings rose 7.1% to 9,570, while the Twin Cities saw a stronger 8.2% jump to 6,481.

Despite more supply and an easing in demand, prices haven't retreated. The statewide median sales price rose 2.8% to \$370,000, while the Twin Cities median climbed 1.3% to \$405,000. Subdued demand is limiting how fast prices grow, but the overall supply shortage—despite recent gains—keeps price growth in positive territory.

Other factors, like continued strength at the upper end of the market, are also contributing. Elevated mortgage rates and ongoing price gains, on top of rising taxes

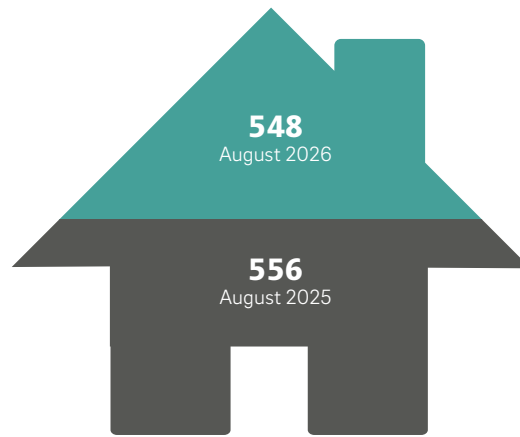
and insurance, are straining affordability at a time when inflation is eroding most wage gains.

"More homes are hitting the market, so buyers have been more active overall, and prices continue to rise but at a more sustainable pace," said Wendy Uzelac, president of Minnesota Realtors®. "Minnesota's housing market is showing encouraging signs of balance and stability."

Despite increased supply, home prices have proven resilient. The statewide median home price rose 2.7% to \$375,000, while the Twin Cities median price rose 3.3% to \$408,000. Appreciation has slowed, but price growth remains positive and reflects that ongoing imbalance between supply and demand—as well as a shift toward higher-end sales.

August 2026 Metro Building Activity

Metro homebuilders had an increase in permitting activity this month, with 536 permits pulled for single-family homes in August—a 1% decrease from the same time last year.



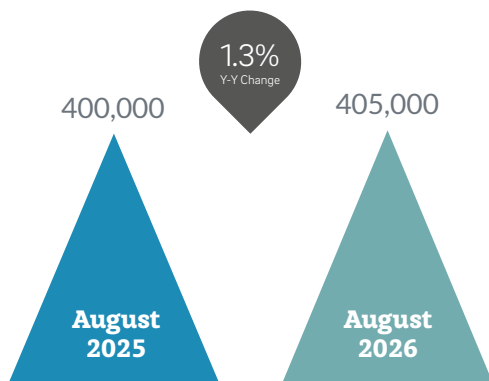
-1.4%
Y-Y Change

Units YTD:
6,227

Multifamily
58%
of Twin Cities Housing
Units Authorized

Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



1.3%
Y-Y Change

Twin Cities Median Home Price

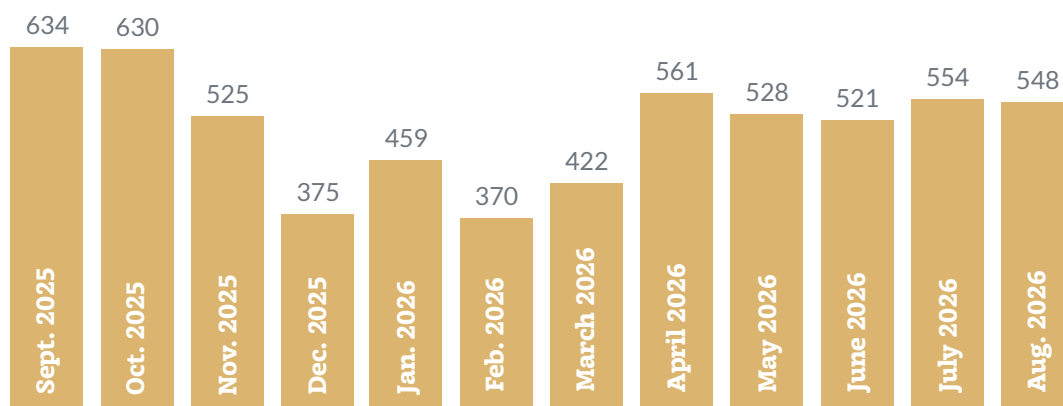
SOURCE: MPLS REALTORS



7.9%
Monthly Change

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS



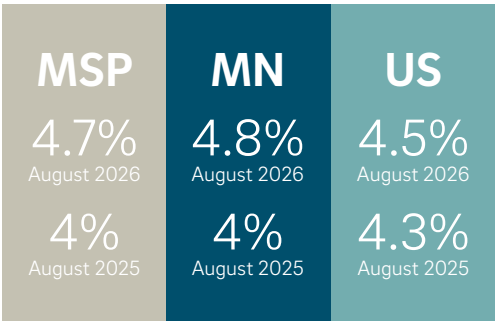
Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

Employment

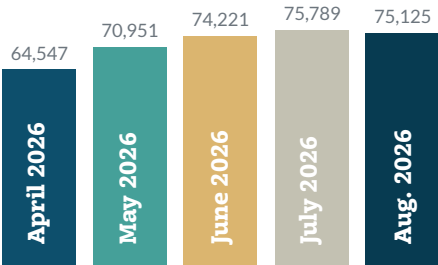
According to the Minnesota Department of Employment and Economic Development, Minnesota's non-seasonally adjusted unemployment in August rose slightly from 4.6% in July to 4.8% in August.

The national unemployment rate, however, dropped marginally in the same period from 4.4% to 4.3%. Construction employment in Minnesota grew by 100 jobs in August across all sectors of the industry.



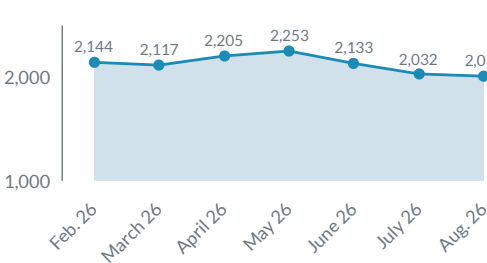
Unemployment Rate Snapshot

SOURCE: DEED-MN



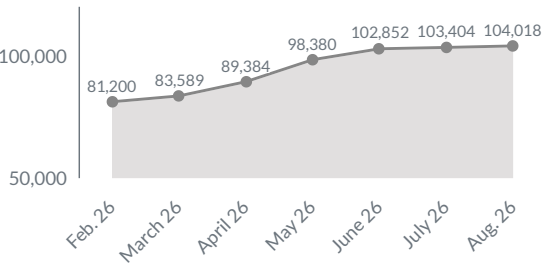
Twin Cities Construction Trades Employment

SOURCE: DEED-MN



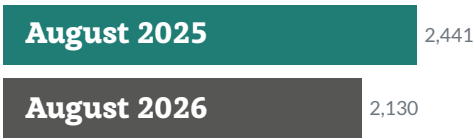
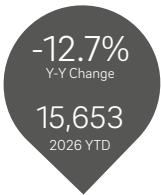
Twin Cities Construction Trades Weekly Wages

SOURCE: DEED-MN



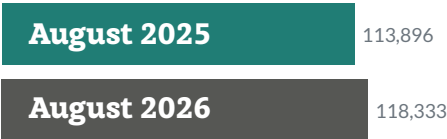
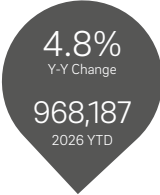
Minnesota Construction Trades Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



U.S. Housing Units Authorized

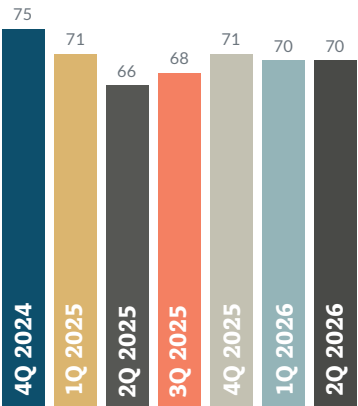
SOURCE: US CENSUS

Regional/National Statistics

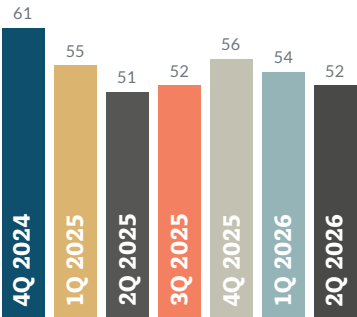
Existing-home sales in May fell 2% in August over the same time last year, according to the National Association of REALTORS®. Regionally, sales in the Northeast decreased 4% and fell 3% in the Midwest from the previous month. Sales of existing homes in the South contracted 1.6% throughout July, while sales in the West were unchanged.

Remodeling Market Indices

SOURCE: NAHB



Current



Futures

Key Indicators

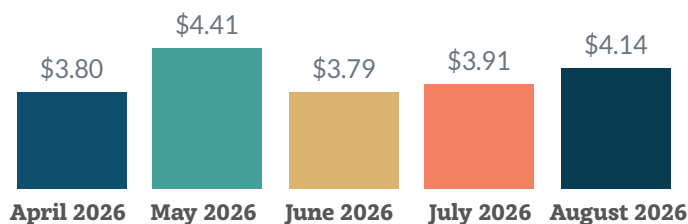
Higher mortgage rates, worsening labor shortages, and rising material costs are weighing on builder sentiment.

Builder confidence in the market for newly built single-family homes fell three points to 32 in September, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI).

"The HMI shows builder confidence at its lowest level since September 2025, as tight lending conditions and elevated land, labor, and construction costs persist," said NAHB Chief Economist Robert Dietz. "Notably, 42% of builders rated current lot availability as poor and 38% as fair."

The latest HMI survey found that 38% of builders cut prices in September, up from 35% in August. The average price cut remained at 6% for the sixth consecutive month.

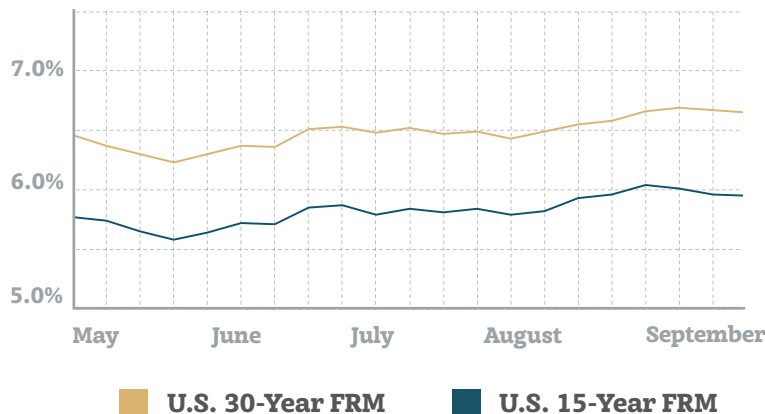
SOURCE: NAHB



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN

Freddie Mac Primary Mortgage Rates (May 2026 - September 2026)



Mortgage Rates

SOURCE: FREDDIE MAC

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