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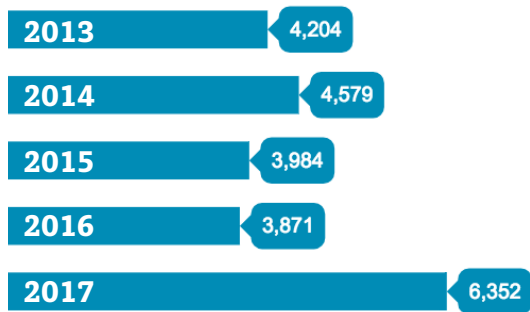
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"Builders would like nothing more than to construct more affordable homes, but there are several factors pushing against market-based affordable housing including regulations and the increasing labor shortage."

David Siegel, Housing First Minnesota Executive Director

Twin Cities Building Activity



Permits Authorized Year-to-Date June 2013-2017

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

Twin Cities Residential Construction Permits Hit 10-Year High

Single-family construction surged ahead in June with a total of 612 permitted units. The last time Twin Cities home builders pulled more than 600 permits in a single month was in January of 2006. Multifamily construction slowed slightly in June with 385 permitted units. Town home construction continues to rise in the Twin Cities. Year-to-date the number of permits pulled for multifamily projects 16 units or less are up nearly 60 percent and the total number of units are up 70 percent.

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there

were 634 permits issued for a total of 997 units during four comparable weeks in the month of June.

"The first step to homeownership, the entry-level home, is in short supply. Homebuilders are finding ways to fill that gap," said Bob Michels, president of Housing First Minnesota. "With new legislation that solves some of the barriers that have put a damper on town home and condo development, we should see an increase in construction of these common entry-level homes."

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For June, Lakeville took the top spot with 46 permits issued. Plymouth and Blaine came in next with 37 permits, followed by newcomer to the top five, Victoria with 31 permits, and Woodbury with 30 permits issued.

[MAAR]

Sales and Prices Hit New Highs, Despite Inventory Constraints

By Erin Milburn, Minneapolis Area Association of REALTORS

Despite the decelerating gains in buyer activity, June 2017 was a new record high for home sales in the Twin Cities. Compared to last June, closed sales in the metro rose 2.2 percent to reach a new high of 7,430 units. Meanwhile, pending sales only showed a 0.2 percent gain and new listings fell 0.5 percent. Persistently low inventory levels are keeping some would-be buyers out of the market. The number of

homes for sale fell 16.5 percent to 12,464 active listings in the metro. Declining foreclosure and short sale activity can contribute to market-wide declines. For example, within the traditional segment, new listings rose 1.6 percent and pending sales rose 2.4 percent.

Prices are still marching higher. In fact, the median sales price rose 7.0 percent from last year to \$259,000—a new record high. Home prices have now risen for the last 64 consecutive months. At 47 days on average, homes went under contract 16.1 percent faster than last June. However, half the homes that went under contract in June took less than 20 days to do so. The average percent of original list price received at sale was 99.5 percent,

0.8 percent higher than June 2016. Similarly, the median percent of original list price received at sale was 100.0 percent, meaning half the sales closed for over list price. The metro area has a sparse 2.5 months of housing supply—the lowest June reading since 2003. Generally, five to six months of supply is considered a balanced market where neither side has a clear advantage.

"The numbers confirm what agents already know about this market," said Cotty Lowry, Minneapolis Area Association of REALTORS® (MAAR) President, "We are still very thirsty for listings. That means sellers who list well-presented, well-priced homes are being rewarded, and they're finding the move-up market to be less competitive."

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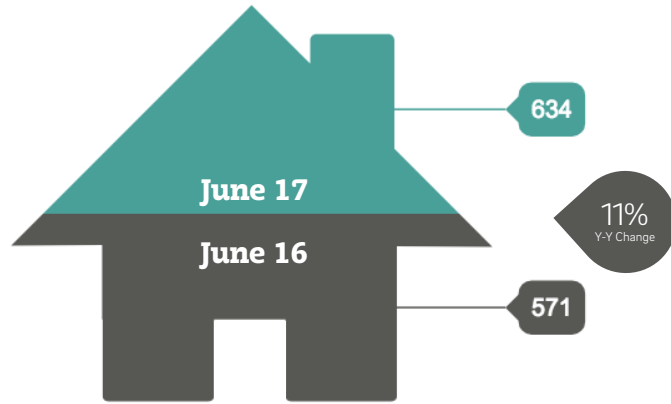
June 2017 Top Cities Permitted Units

SOURCE: KEYSTONE REPORT



2017 June Metro Building Activity

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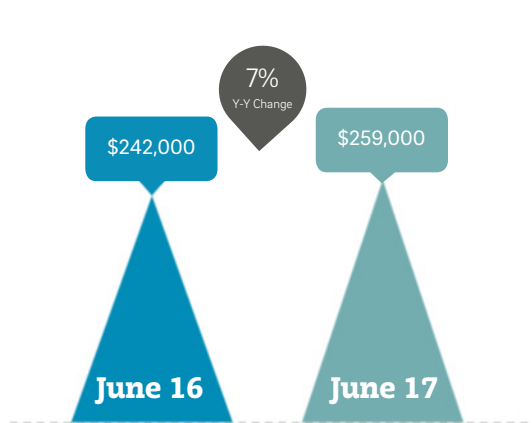


Units YTD: 6,352

Multi-Family 55%
of Twin Cities Housing Units Authorized

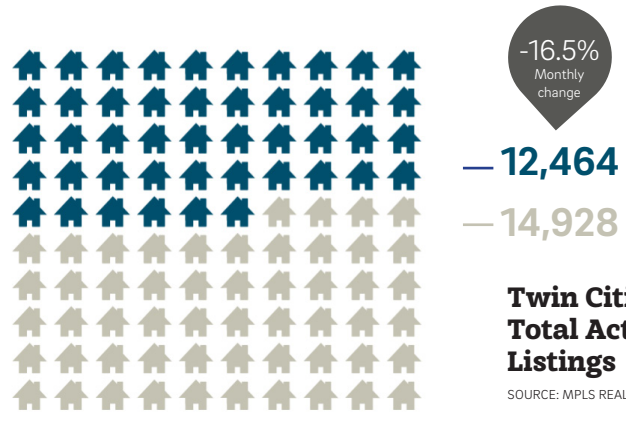
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



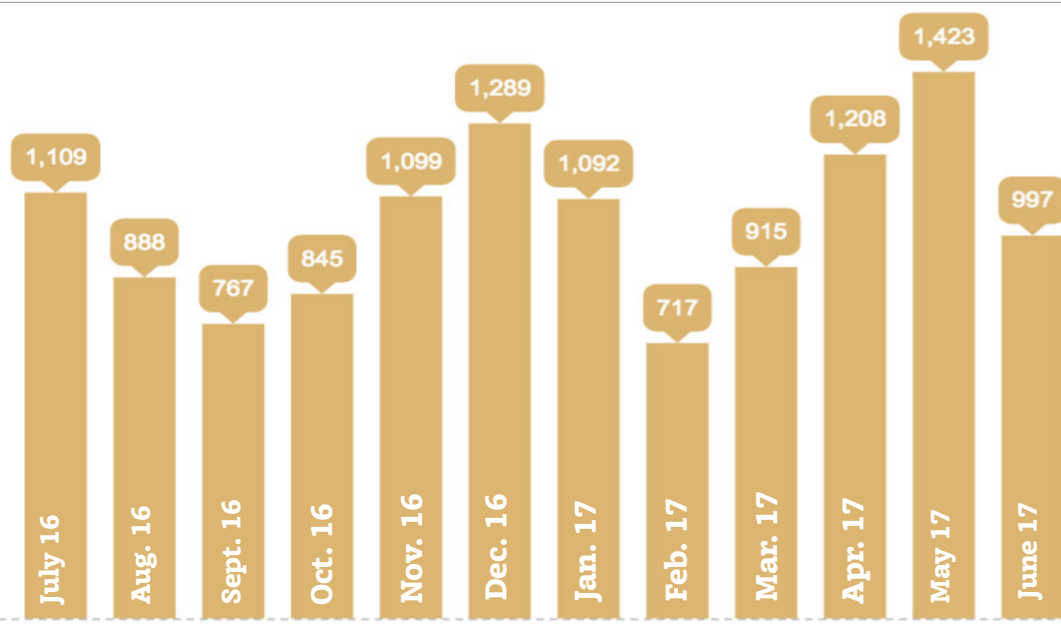
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

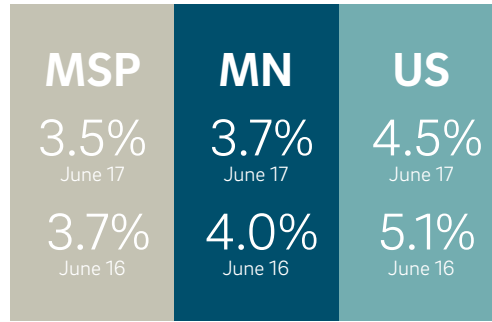


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

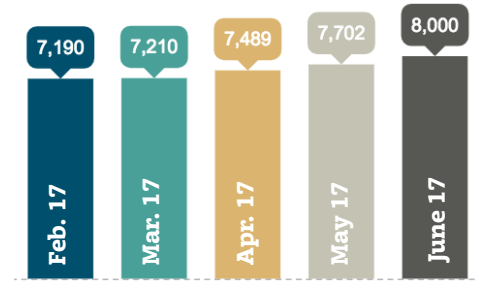
Employment

For the first time ever, there are more than 3 million Minnesotans in the workforce. The state added a total of 4,400 jobs in June. Minnesota's unemployment rate stayed steady at 3.7 percent, still below the national average of 4.4 percent. Construction added 900 jobs.



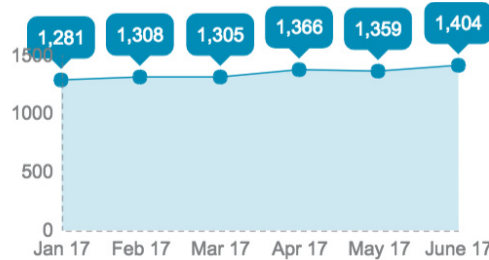
Unemployment Rate Snapshot

SOURCE: DEED-MN



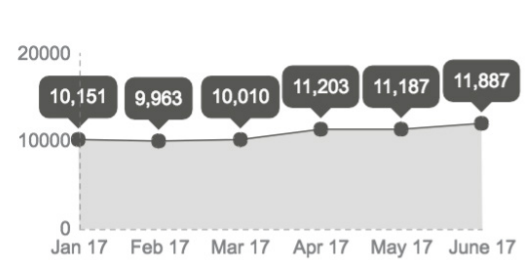
Twin Cities Construction Employment

SOURCE: DEED-MN



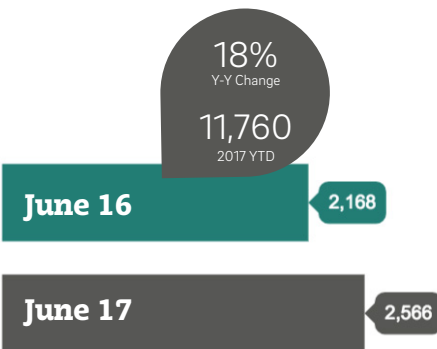
Twin Cities Construction Weekly Wage

SOURCE: DEED-MN



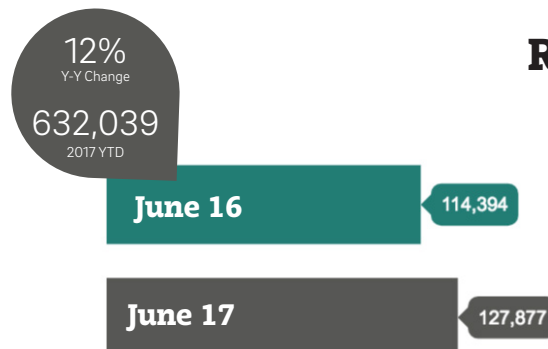
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS

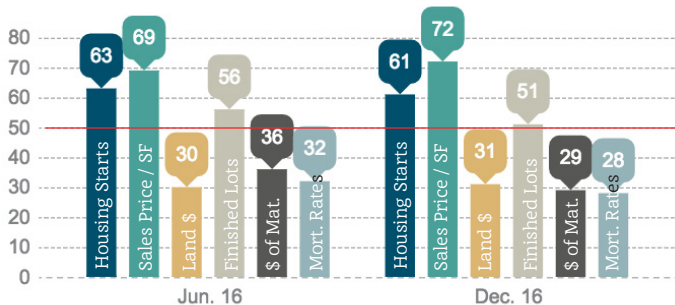


US Housing Units Authorized

SOURCE: US CENSUS

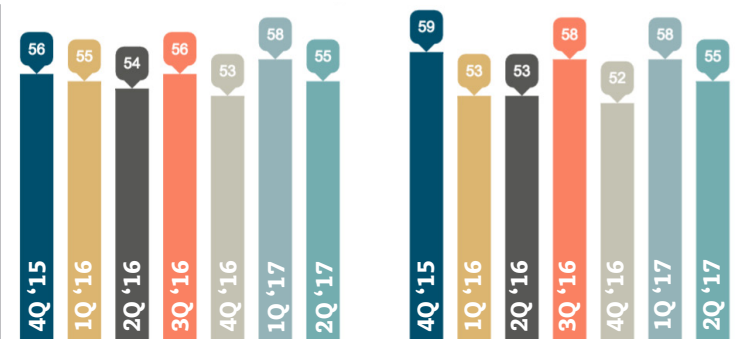
Regional/National Statistics

U.S. new home sales rose 9.1 percent on a year-on-year basis in June. New single-family homes sales in the West soared 12.5 percent to their highest level since July 2007. They jumped 10.0 percent in the Midwest, but fell 6.1 percent in the South. Sales were unchanged in the Northeast.



Twin Cities Home Builders Survey

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

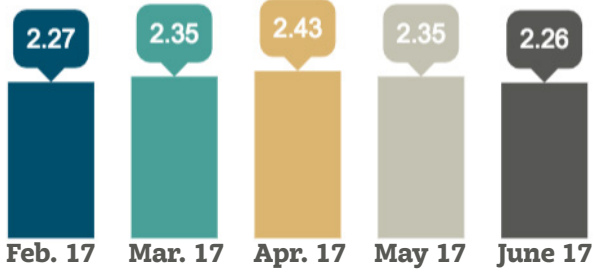


Remodeling Market Indicies

SOURCE: NAHB

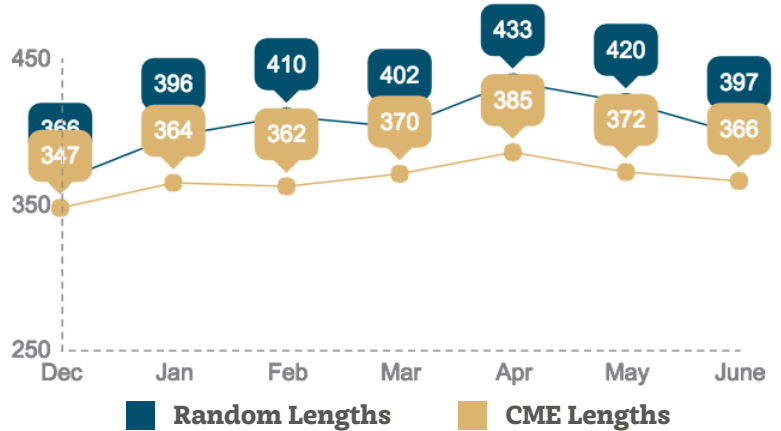
Key Indicators

Twenty-one percent of today's single-family builders report difficult accessing framing lumber, according to the NAHB, compared to the 7 percent who said the same in July 2015, before the last softwood lumber deal between the U.S. and Canada expired.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM AUGUST 4, 2017
SOURCE: ASSOCIATED BANK



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