

# HOT SHEET



**December 2017**  
Volume V, Issue: 12

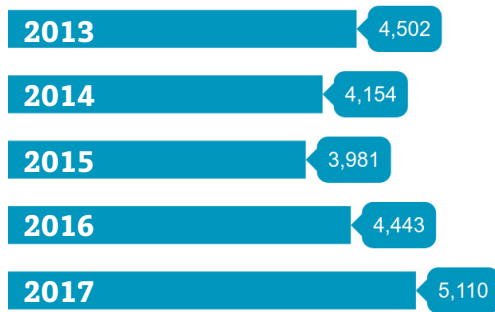
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"We're encouraged to see a continued increase in townhome construction, an important piece of the entry-level housing market. Legislation passed earlier this year that removed constraints on townhome development is already helping this area of the market continue to recover."

Bob Michels, Housing First Minnesota President

## Twin Cities Building Activity



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

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

## Twin Cities Homebuilders Increase Townhome Production

Multi-family construction spiked upwards from this time last year, with 670 permitted units, up 69 percent from October of last year. So far, this year townhome units have increased by 65 percent, but still only make up 6 percent of new residential construction. The number of single-family permits pulled in October dipped slightly .66 percent to 447 units compared to 450 in 2016.

According to data compiled by the Keystone Report for Housing First Minnesota, there were 474 permits issued for a total of 1,117 units during four comparable weeks in the month of October.

"We're encouraged to see a continued increase in townhome construction, an important piece of the entry-level housing market," said Bob Michels, president of Housing First Minnesota. "Legislation passed earlier this year that removed constraints on townhome development is already helping this area of the market continue to recover."

"The labor shortage continues to impact construction, with many of our homebuilders reporting it as the most pressing issue facing the industry," said David Siegel, executive

*"Following our strong Fall Parade of Homes we expect to see homebuilding close out 2017 as its strongest year in more than a decade."*

David Siegel, executive director of Housing First Minnesota

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For October, Lakeville took the top spot with 40 permits issued. Blaine came in next with 37 permits, followed by Woodbury with 21 permits, rounding out the top five are Otsego and Plymouth both with 20 permits issued.

[MAAR]

## MARKET FLAT IN PREPARATION FOR WINTER

By Erin Milburn, Minneapolis Area Association of REALTORS

The Twin Cities housing market is holding steady after both sales and prices reached record highs this year. In October, new listings were up 3.1 percent compared to last October but are on-track for a 2.0 percent decline for the year. Pending sales rose 3.9 percent for the month but will likely be flat compared to all of 2016. Closed sales eked out a 0.3 percent October gain but are also likely to be flat for the year. The number of homes for sale decreased 18.0 percent to 11,221. Absorption rates contracted as well.

Given strong demand and low supply, prices held their ground and marched higher. The median sales price rose 6.1 percent from last October to \$244,000. This price metric will likely show a 6.5 percent annual increase. Home prices have now risen for the last 68 consecutive months or over 5.5 years. At 52 days on average compared to 61 last October, homes went under contract 14.8 percent faster. Sellers who list their properties are averaging 97.7 percent of their original list price, 0.8 percent higher than October 2016. The metro area has just 2.2 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.

"We're still very much on-track with last year's sales levels," said Cotty Lowry, Minneapolis Area Association of REALTORS® (MAAR) President.

"At this point in the year, we begin to look toward annual numbers that are less susceptible to weather and other variables. With only two months to go, we are running just about 70 sales shy of last year's levels. That's quite impressive given our dramatic supply shortage."

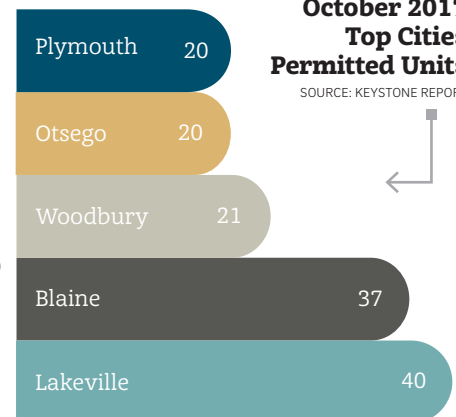
Headline figures can often mask important details and specifics of which buyers and seller should be aware. For example, year-to-date, closed sales only fell for homes under \$250,000. Sales activity increased for homes priced between \$250,000 and \$500,000, \$500,000 and \$1,000,000 and for properties 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. Traditional market activity continues to eclipse distressed activity.

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

### October 2017 Top Cities Permitted Units

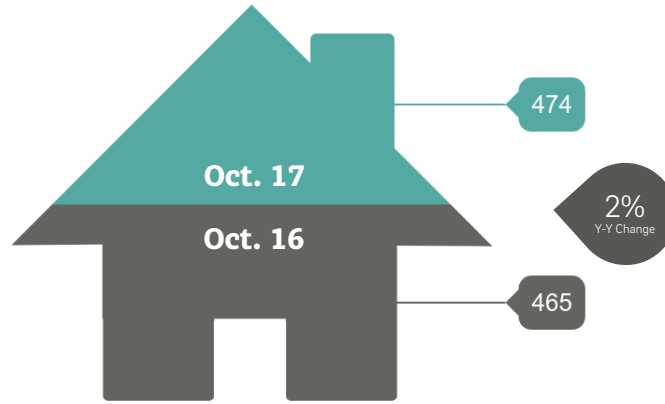
SOURCE: KEYSTONE REPORT



**Twin Cities New Listings**  
↑ **3.1%**  
Compared to Oct. 2016

# 2017 October Metro Building Activity

Multi-family construction spiked upwards from this time last year, with 670 permitted units, up 69 percent from October of last year. So far, this year townhome units have increased by 65 percent, but still only make up 6 percent of new residential construction. The number of single-family permits pulled in October dipped slightly to 447 units compared to 450 in 2016.

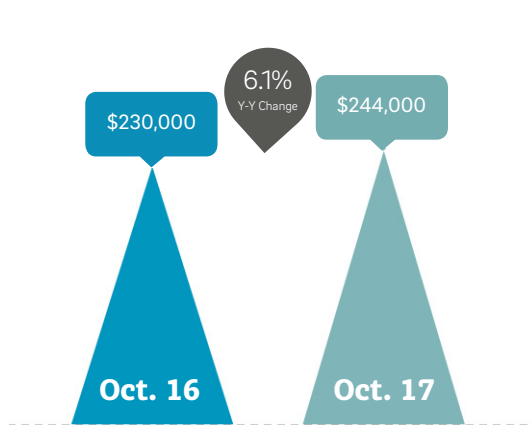


**Units YTD: 10,529**

**Multi-Family 60%**  
of Twin Cities Housing Units Authorized

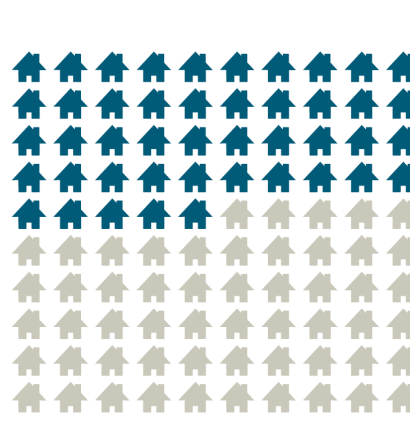
**Twin Cities Housing Permits Authorized**

SOURCE: KEYSTONE REPORT



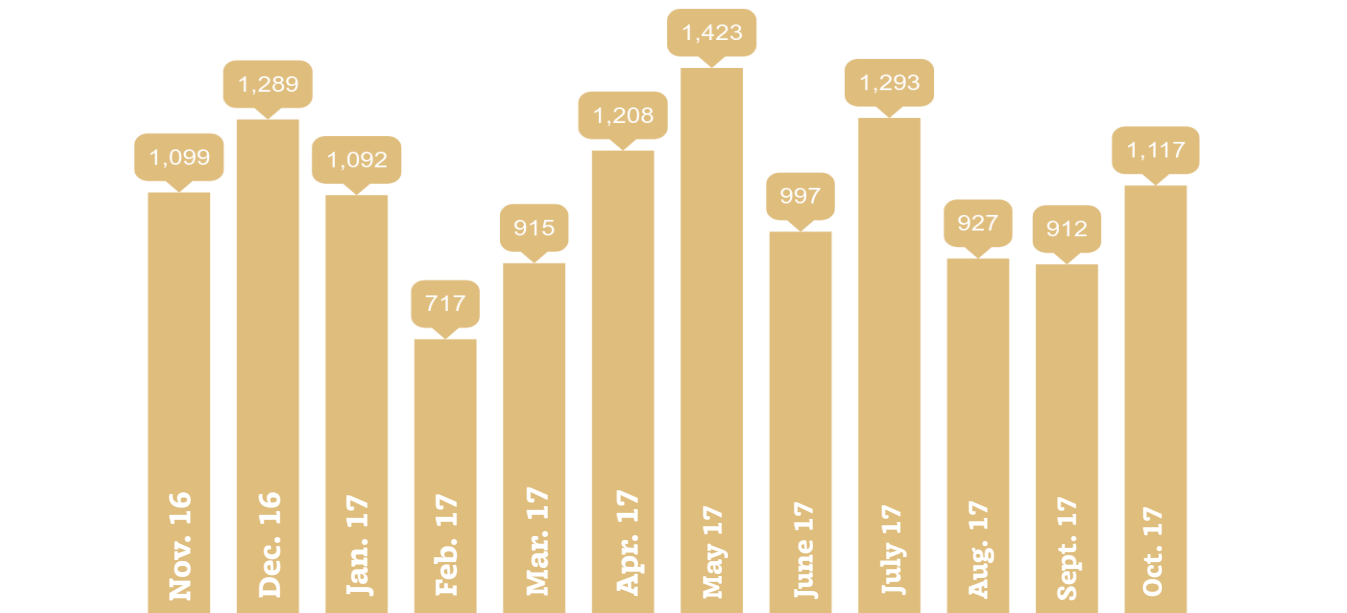
**Twin Cities Median Home Price**

SOURCE: MPLS REALTORS



**Twin Cities Total Active Listings**

SOURCE: MPLS REALTORS

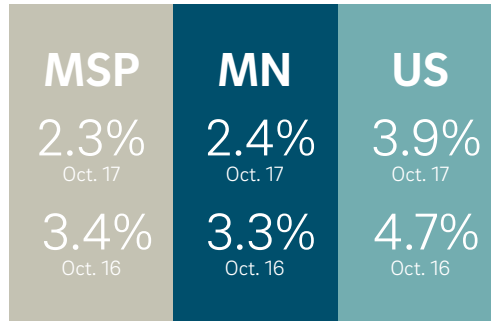


**Metro Building Units - Past 12 Months**

SOURCE: KEYSTONE REPORT

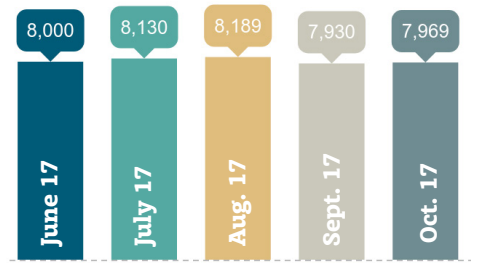
# Employment

Minnesota's unemployment rate fell to a seasonally adjusted 3.3 percent in October, the best monthly performance for the state in 17 years. Education and health services gained the most jobs over the past year, up 13,380, followed by leisure and hospitality (6,776) and construction (4,893).



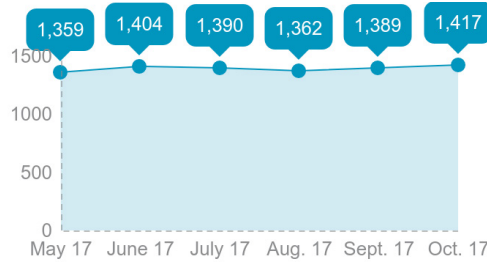
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



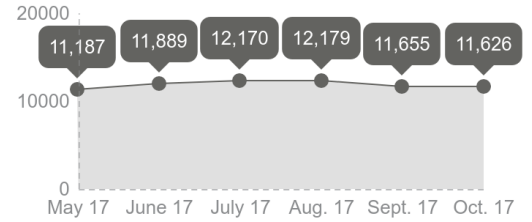
**Twin Cities Construction Employment**

SOURCE: DEED-MN



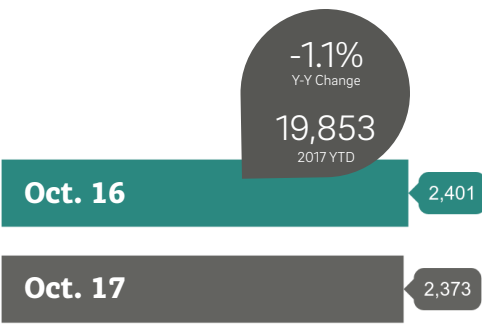
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



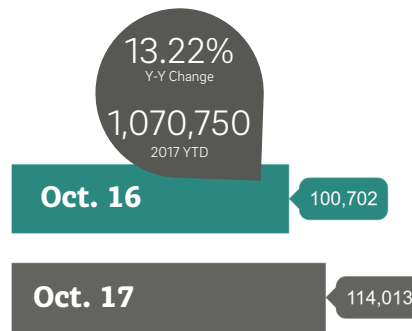
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS

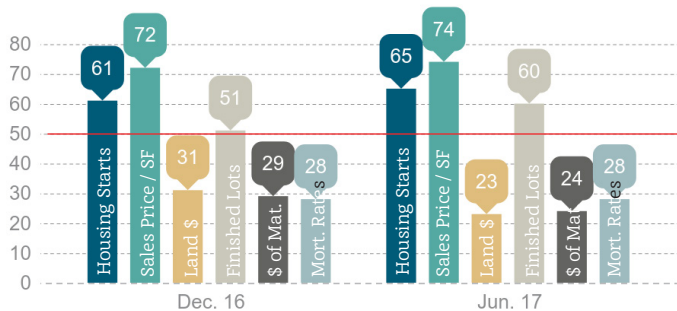


**US Housing Units Authorized**

SOURCE: US CENSUS

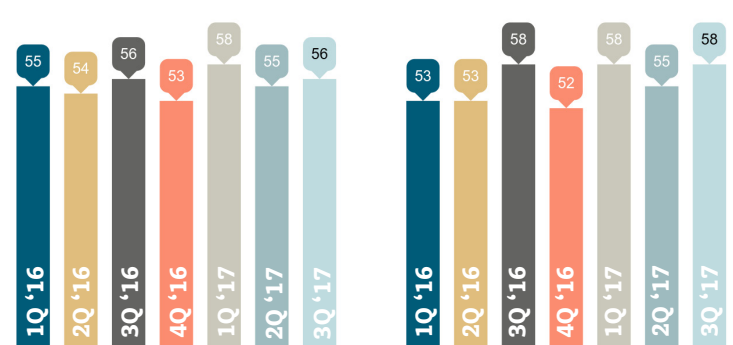
# Regional/National Statistics

New home sales increased for the second month in a row from September to October, rising 6.2 percent to 685,000 units according to the U.S. Census Bureau, the most sales in a single month since October 2007.



**Twin Cities Home Builders Survey**

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

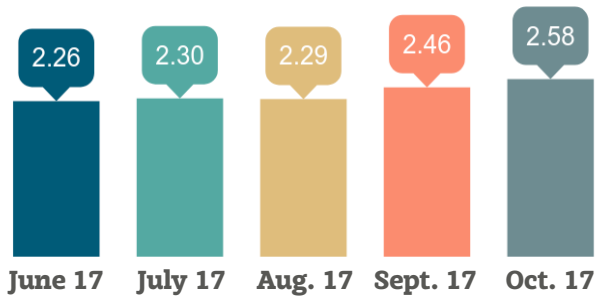


**Remodeling Market Indices**

SOURCE: NAHB

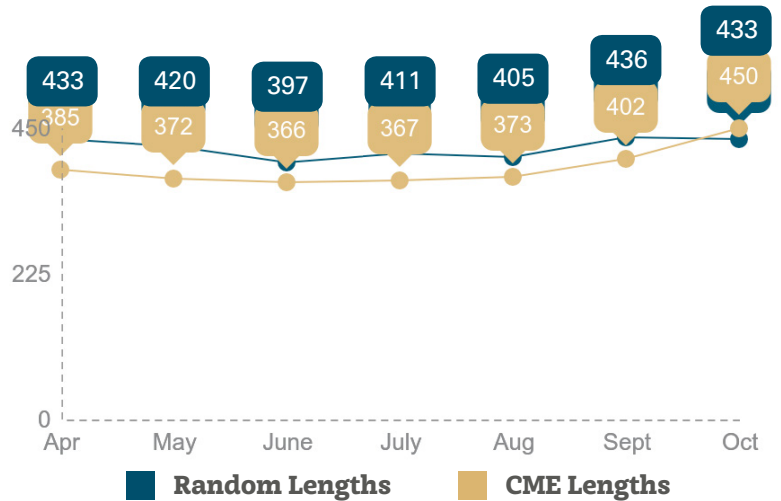
# Key Indicators

Framing lumber prices could be approaching the highs of the housing bubble by next spring, according to data from the National Association of Home Builders. Random Lengths prices are up 22 percent from a year ago. Mortgage rates have started to inch higher. The Federal Reserve is projected to raise rates three times in 2018.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

## Mortgage Rates

FROM DECEMBER 22, 2017  
SOURCE: ASSOCIATED BANK



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