



September 2017
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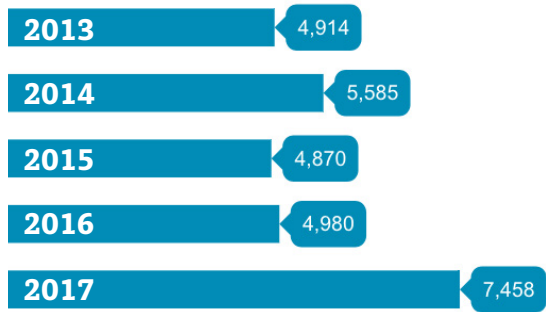
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"For new construction to meet the current demand for single-family housing, we need to address the growing workforce challenge."

David Siegel, Housing First Minnesota Executive Director

Twin Cities Building Activity



Permits Authorized Year-to-Date July 2013-2017

SOURCE: KEYSTONE REPORT

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[Housing First Minnesota]

Despite Dip in July, Twin Cities Construction On Track For Best Year In A Decade

After several months of increased growth, single-family construction slowed slightly in July. The number of single-family permits pulled for the month dipped by five percent compared to July 2016. Multi-family construction saw little change from this time last year with 664 permitted units, up 3 percent from July last year.

According to data compiled by the Keystone Report for Housing First Minnesota, there were 454 permits issued for a total of 1,106 units during four comparable weeks in

the month of July.

"Even with the slowdown in single-family activity this month, we expect to see continued growth in single-family construction in 2017," said Bob Michels, president of Housing First Minnesota. "We remain concerned that the labor shortage facing our industry will impact the housing market."

"For new construction to meet the current demand for single-family housing, we need to address the growing workforce challenge," said David Siegel executive

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Bob Michels, Housing First Minnesota President

director of Housing First Minnesota.

For July, Lakeville took the top spot with 36 permits issued. Blaine came in next with 35 permits, followed by Plymouth with 21 permits, Otsego with 23 permits, and Woodbury with 20 permits issued.

[MAAR]

Pricing Strong, But Shortage Continues to Hold Back Market Activity

By Erin Milburn, Minneapolis Area Association of REALTORS

While June 2017 marked an all-time home sales record for the Twin Cities, closed sales retreated slightly in July compared to 2016. A slow-down in sellers listing their homes was a contributing factor, as was low inventory. New listings decreased 3.9 percent from last year to 7,227, and the number of homes for sale decreased 18.3 percent to 12,407. That was the largest inventory decline in five months. Pending sales declined 1.2 percent to 5,661, and closed sales were down 2.6 percent to 6,020.

Factoring out foreclosures and short sales, traditional pending sales increased 0.7 percent to 5,484.

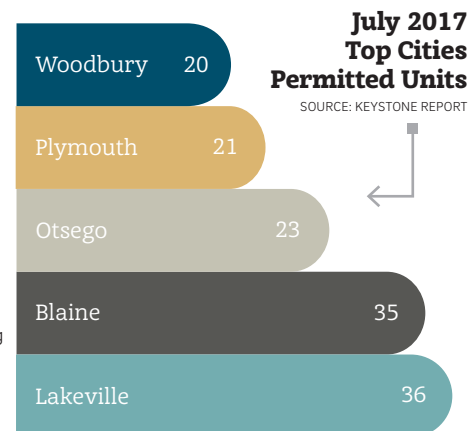
Weak supply and robust demand tend to encourage rising prices. The median sales price rose 5.9 percent from last year to \$254,000—a new monthly record for July. Home prices have now risen for the last 65 consecutive months. At 44 days on average, homes went under contract 18.5 percent faster than last July. Despite there being fewer of them, sellers who have listed their homes recently are receiving strong offers in less time. The average percent of original list price received at sale was 99.2 percent, 0.8 percent higher than July 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.

Not only is the move-up market less competitive than the entry-level price points, but move-up sellers are getting strong offers on their homes in record time. Because of the fast pace of the market and lack of inventory, it's extremely rare for sellers to carry two mortgages for more than a month.

A thriving and diverse local economy has been conducive to housing recovery, as job growth is key to new household formations. The most recent national unemployment rate is 4.3 percent, though it's 3.5 percent locally. The Minneapolis–St. Paul region has a resilient economy with a global reach, a talented workforce, top notch schools, exposure to the growing technology and healthcare fields, and a quality of life that's enabled one of the highest homeownership rates in the country.

"The market is always adjusting to changing conditions. Although we saw a nice gain in new construction listings in July, that segment is typically a few years behind and is a drop in the bucket compared to the existing resale market where sellers have felt stuck with nowhere to go."

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



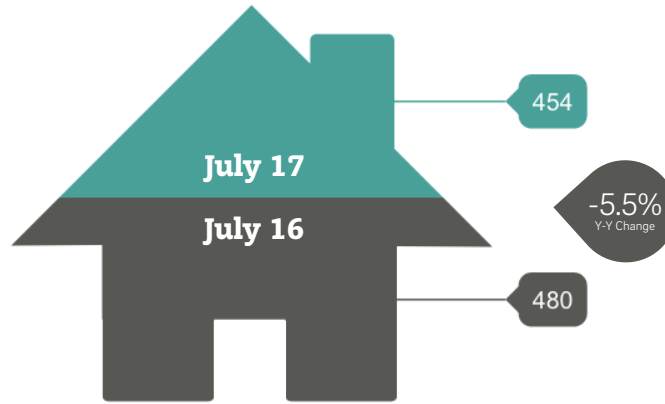
July 2017 Top Cities Permitted Units

SOURCE: KEYSTONE REPORT



2017 July Metro Building Activity

Single-family construction slowed a bit in July with 454 permitted units, falling 5.5 percent over last year. Multi-family construction saw little change from this time last year with 664 permitted units, up 3 percent from July last year. The number of multi-family units year-to-date is 4,179.

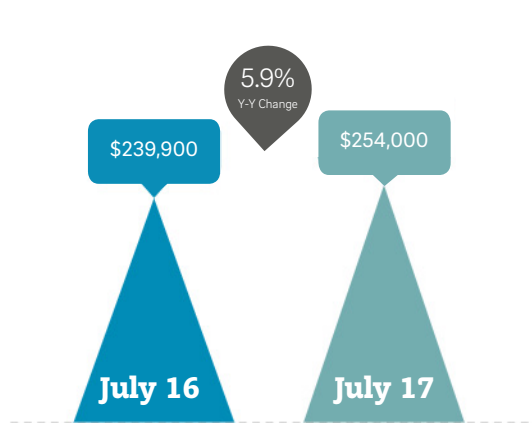


Units YTD:
6,806

Multi-Family
56%
of Twin Cities
Housing Units
Authorized

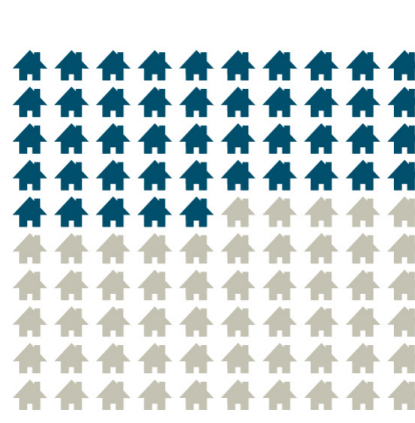
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



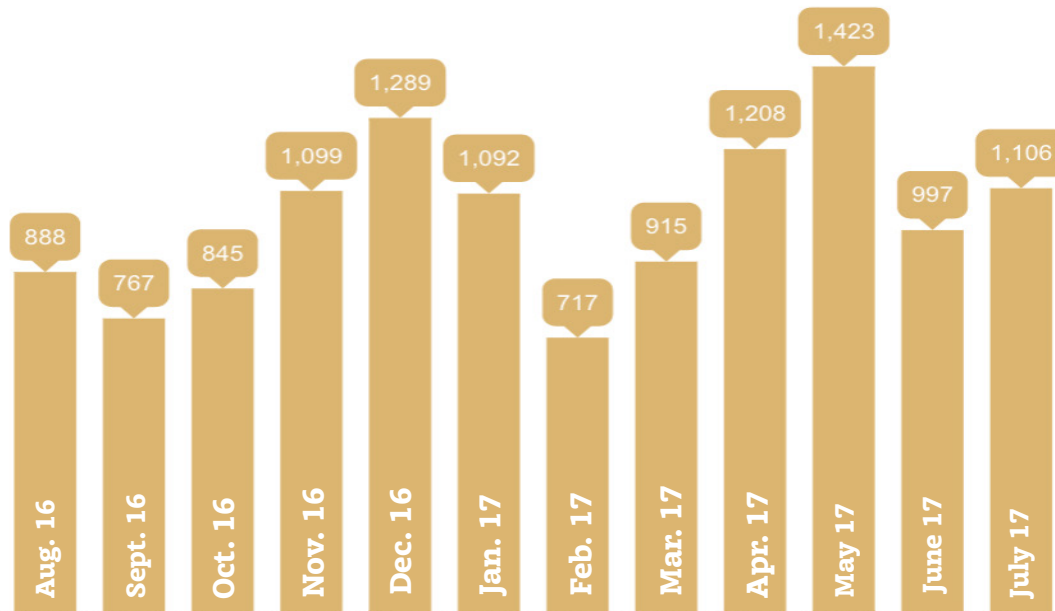
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

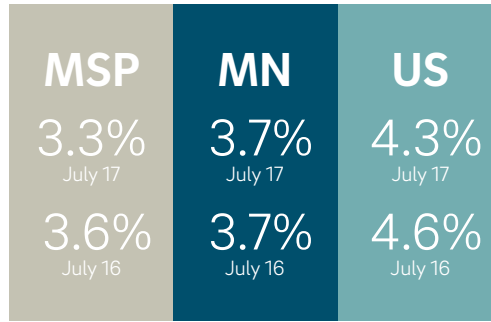


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

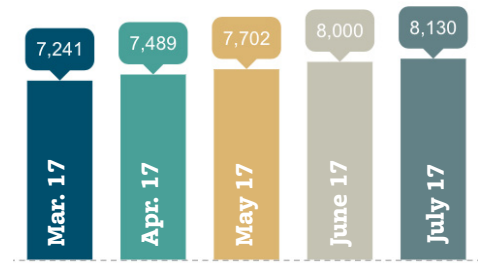
Employment

Minnesota continues to add jobs, with 7,700 jobs added in July 2017. Minnesota's unemployment rate stayed steady at 3.7 percent, still below the national average of 4.3 percent. Residential construction added nearly 300 jobs.



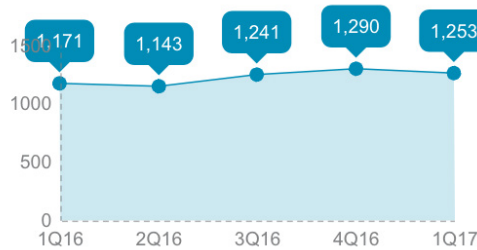
Unemployment Rate Snapshot

SOURCE: DEED-MN



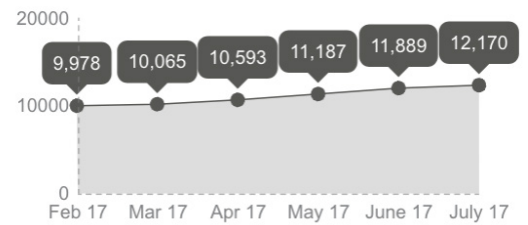
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Quarterly Wages

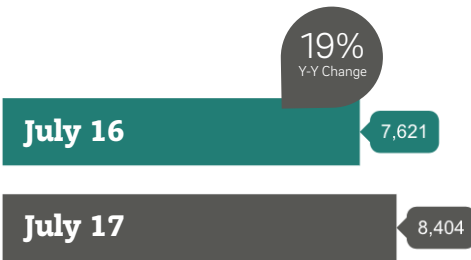
SOURCE: DEED-MN



MN Construction Employment

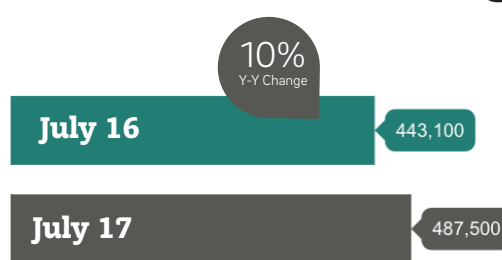
SOURCE: DEED-MN

Regional/National Statistics



MN Single-Family Housing Units Authorized

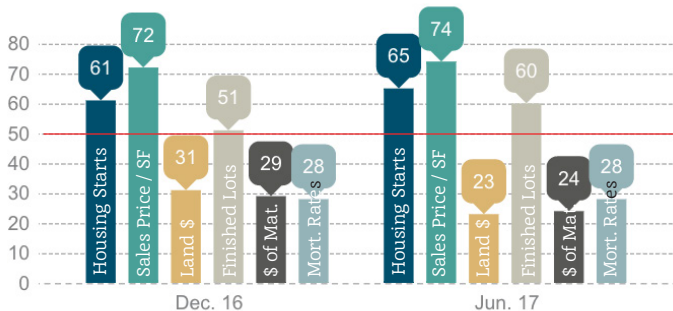
SOURCE: US CENSUS



US Single-Family Housing Units Authorized

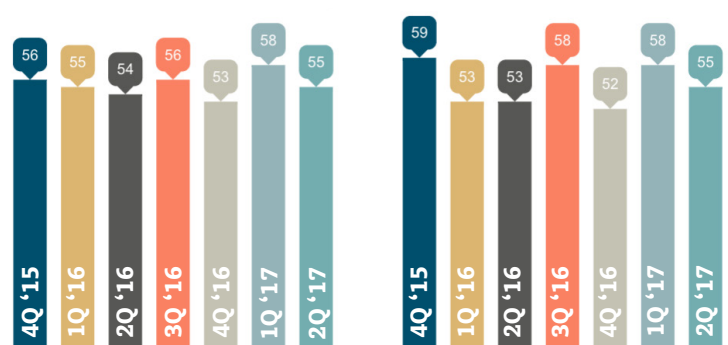
SOURCE: US CENSUS

U.S. new home sales dropped 9.4 percent on a year-on-year basis in July. The Midwest was the only region to see positive growth, at 6.2 percent. The Northeast fell 23.8 percent, the South 4.1 percent and the west fell 21.3 percent.



Twin Cities Home Builders Survey

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

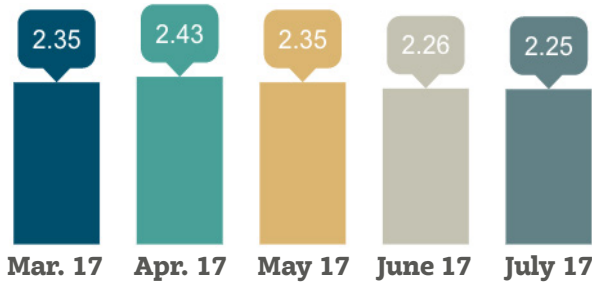


Remodeling Market Indicies

SOURCE: NAHB

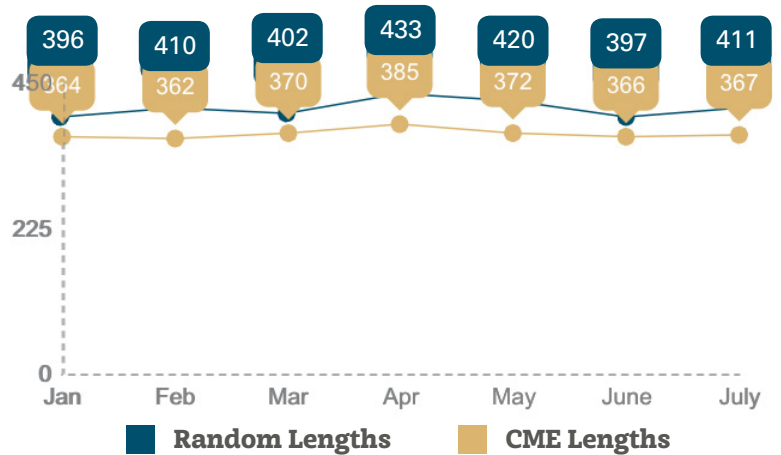
Key Indicators

Increased demand for lumber due to storm damage from recent hurricanes is expected, with additional pressures placed on a stressed market.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM SEPTEMBER 19, 2017
SOURCE: ASSOCIATED BANK



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