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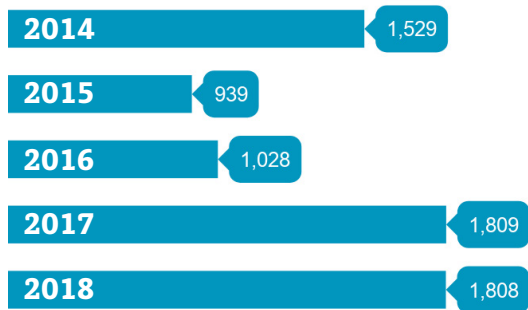
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"As builders work to meet the demands of the market, we are seeing an increase in twin home and townhome development. These are great options for both Millennials and boomers looking to down size."

Tom Wiener, President of Housing First Minnesota

Twin Cities Building Activity



Permits Authorized Year-to-Date February 2014-2018

SOURCE: KEYSTONE REPORT

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[BATC-Housing First Minnesota]

Twin Cities Residential Construction Warms Up in February

Townhome construction continues to heat up in the Twin Cities. Among all sectors of residential construction townhomes saw by far the biggest increase in production in February. Multifamily construction, which includes townhomes, increased by 42 percent over this month last year, with 548 permitted units. Single-family activity saw a slight increase over February of last year with 341 permits pulled, up from the 332 permits that were pulled in February of 2017.

According to data compiled by the Keystone Report for Housing First

Minnesota, there were 361 permits issued for a total of 889 units during four comparable weeks in the month of February.

"As builders work to meet the demands of the market, we are seeing an increase in twin home and townhome development" said Tom Wiener, president of Housing First Minnesota. "These are great options for both Millennials and boomers looking to down size."

"I think we are starting to see the impact of the labor shortage on the market," said David Siegel, executive



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David Siegel, executive director of Housing First Minnesota

director of Housing First Minnesota. "This is a long term structural challenge and is one of the primary concerns of builders for the foreseeable future."

For the month, Lakeville took the top spot with 30 permits issued. Plymouth came in next with 26 permits, followed by Woodbury with 21 permits. Rounding out the top five are Savage with 20 permits and Otsego and Minneapolis both with 18 permits issued.

[MAAR]

SALES DOWN IN EARLY SPRING MARKET WHILE PRICES RALLY

By David Arbit, Minneapolis Area Association of REALTORS®

The big story of 2017 was threefold: the median sales price reached an all-time high; closed sales reached a 12-year high; and inventory levels reached a 15-year low. Sales nearly broke their all-time

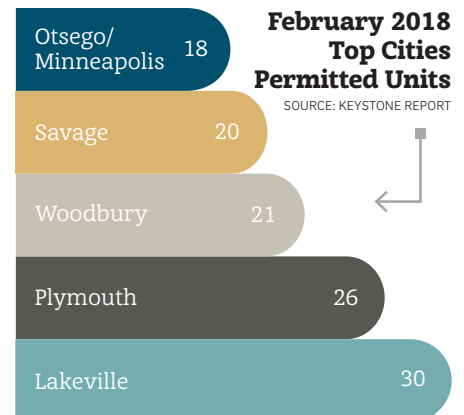
record, but fell just short of their all-time 2004 high. In February 2018, new listings posted a year-over-year decline for a fourth consecutive month. Mostly due to the supply shortage, closed sales were lower compared to the year prior for a third consecutive month. For-sale housing supply (inventory) was 23.0 percent lower than February 2017.

This shortage has created a competitive environment where multiple offers have become commonplace. Sellers are

receiving strong offers close to their original list price in record time, which can sometimes frustrate home buyers. New construction closed sales rose 15.7 percent compared to last February. Although single-family homes made up about 73.0 percent of all sales, condos and townhomes showed the strongest increase in closed sales. Similarly, previously-owned homes made up about 88.7 percent of sales but new construction showed a much stronger increase in pending and closed purchase activity.

"In February 2018, new listings posted a year-over-year decline for a fourth consecutive month. Mostly due to the supply shortage."

David Arbit, Minneapolis Area Association of REALTORS® (MAAR)



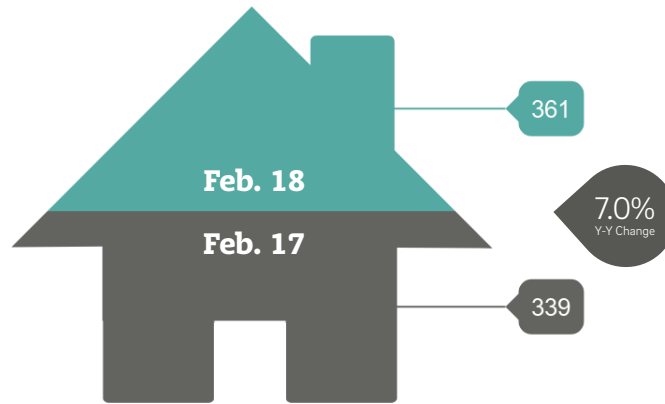
February 2018 Top Cities Permitted Units

SOURCE: KEYSTONE REPORT



2018 February Metro Building Activity

Townhome construction continues to heat up in the Twin Cities. Among all sectors of residential construction townhomes saw by far the biggest increase in production in February. Multifamily construction, which includes townhomes, increased by 42 percent over this month last year, with 548 permitted units. Single-family activity saw a slight increase over February of last year with 341 permits pulled, up from the 332 permits that were pulled in February of 2017.

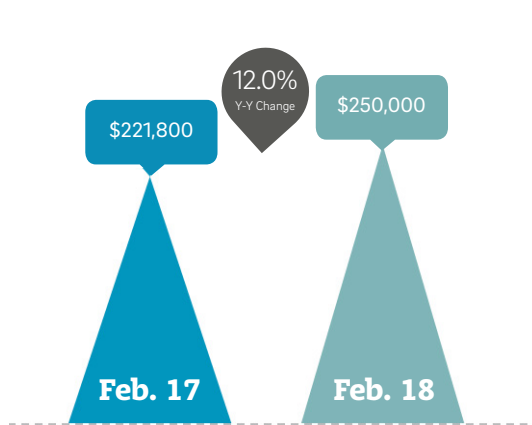


Units YTD: 1,808

Multi-Family 54%
of Twin Cities Housing Units Authorized

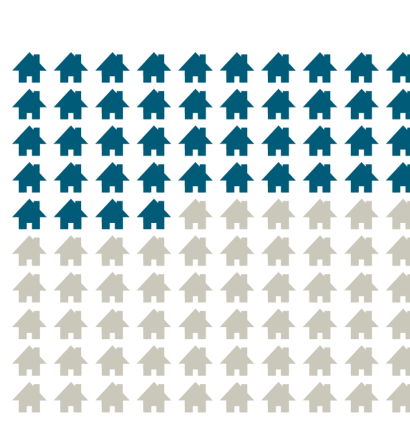
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

SOURCE: MPLS REALTORS



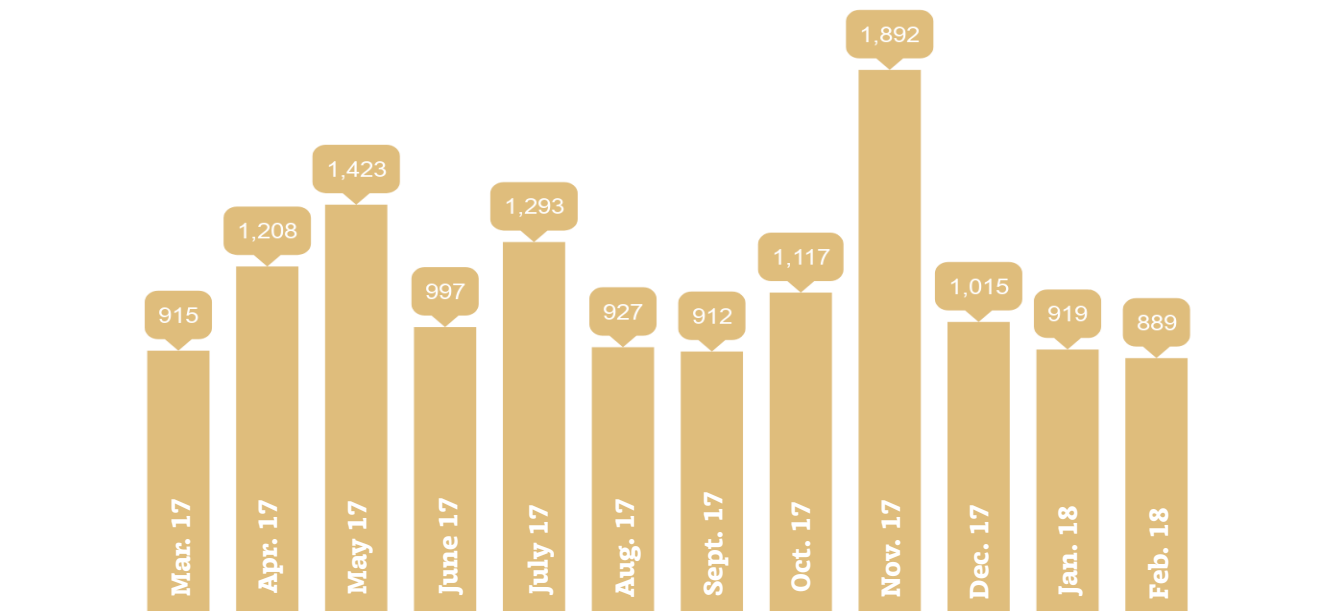
-23.0%
Monthly change

7,573

9,833

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

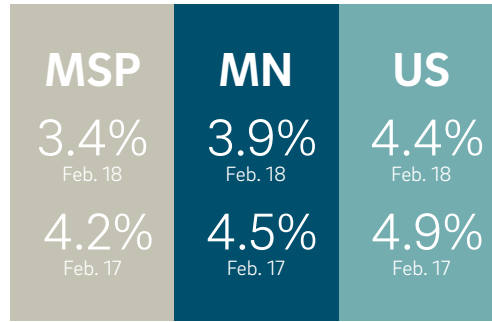


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

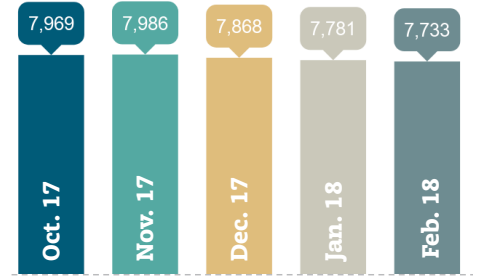
Employment

The most recent national unemployment rate is 4.7 percent, though it's 3.6 percent locally. The Minneapolis-St. Paul metropolitan area has one of the lowest unemployment rates of any major metro area. Private job growth has exceeded expectations this year.



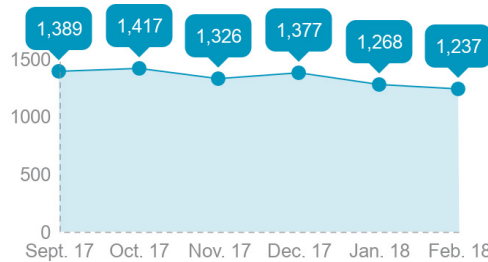
Unemployment Rate Snapshot

SOURCE: DEED-MN



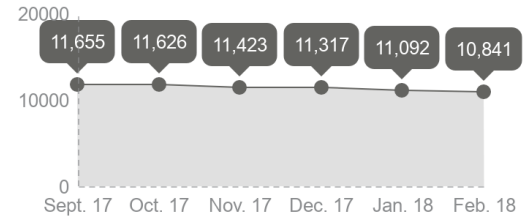
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Weekly Wages

SOURCE: DEED-MN

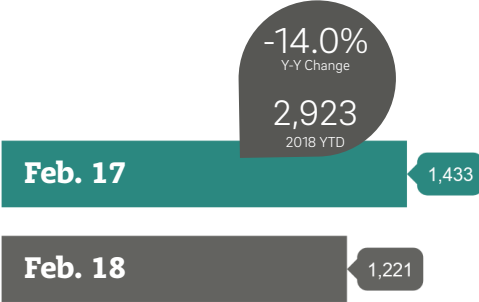


MN Construction Employment

SOURCE: DEED-MN

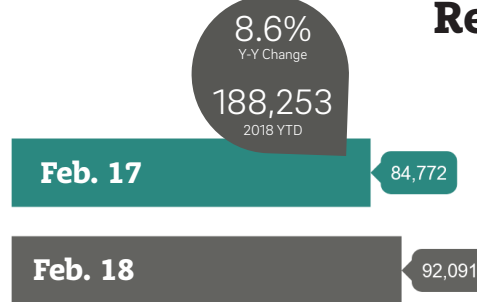
Regional/National Statistics

National sales of newly built, single-family homes remained virtually unchanged, inching down 0.6 percent in February to a seasonally adjusted annual rate of 618,000 units. Regionally, new home sales rose 19.4 percent in the Northeast and 9 percent in the South. Sales decreased 3.7 percent in the Midwest and 17.6 percent in the West.



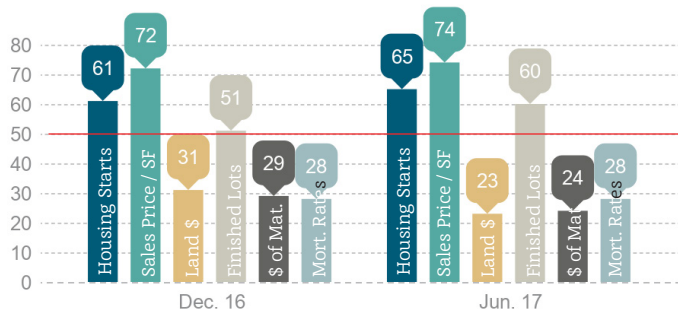
MN Housing Units Authorized

SOURCE: US CENSUS



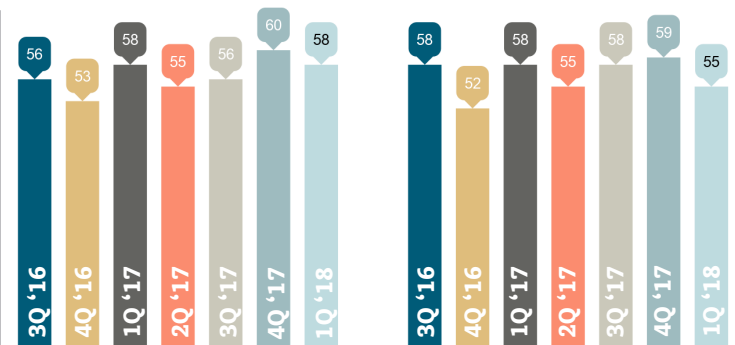
US Housing Units Authorized

SOURCE: US CENSUS



Twin Cities Home Builders Survey

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

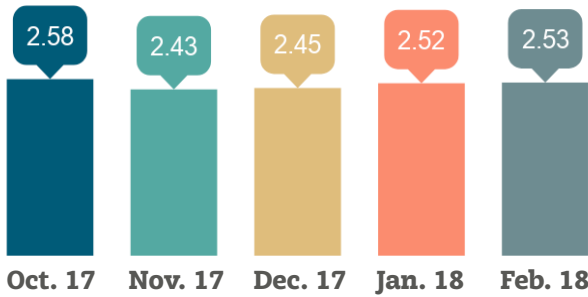


Remodeling Market Indicies

SOURCE: NAHB

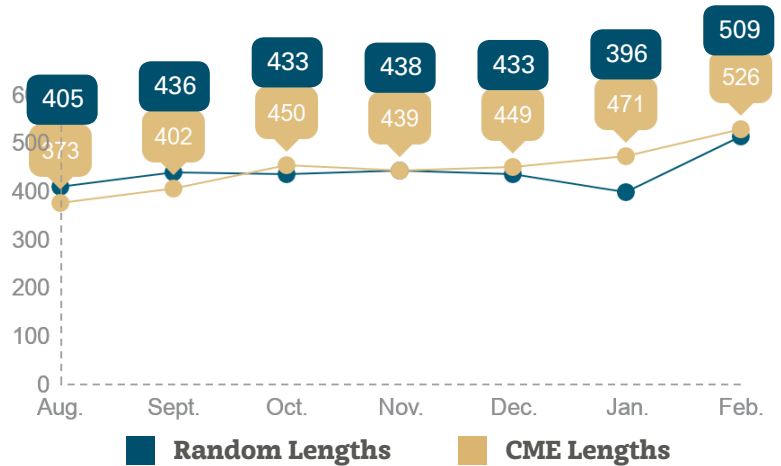
Key Indicators

The supply problem continues to drive up the cost of lumber. Prices for common building varieties of wood like spruce and southern pine are at or near records, according to price-tracking publication Random Lengths. March-dated lumber futures at the Chicago Mercantile Exchange hit a record of \$532.60 per 1,000 board feet last week after climbing more than 50% in 14 months.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM APRIL 28, 2018
SOURCE: ASSOCIATED BANK



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