

HOT SHEET



May 2017
Volume V, Issue: 5

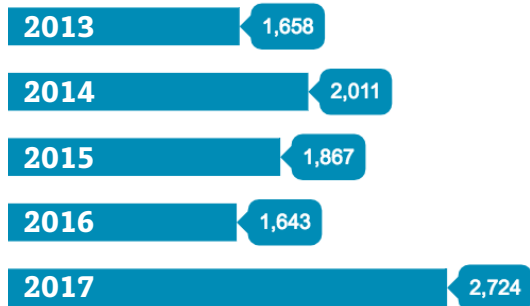
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“Strong homebuilding activity is a great sign for all of Minnesota, but our builders are still struggling to create entry-level housing, a key part of the housing market. We are working with the MN REALTORS this year at the Capitol to support a package of common-sense legislative proposals that create opportunities for first-time homebuyers and address the cost-drivers like increased regulation, that make building affordable entry-level housing so difficult.”

BATC Executive Director, David Siegel

Twin Cities Building Activity



Permits Authorized Year-to-Date March 2013-2017

SOURCE: KEYSTONE REPORT

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[BATC]

BATC: Another Strong Home Building Surge in March

For the fourth month in a row, home building activity continues to break 10-year old permit number records. March total permits are up nearly 30 percent over this month last year, while units are up nearly 50 percent over March 2016. The boost this month can be credited to both single-family and multifamily construction showing production growth. Single-family units are up 27 percent over March 2016 and multifamily units are up 88 percent over this month last year.

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 520 permits issued for a total of 915 units during four comparable weeks in the month of March.

“We’ve heard great reports of high traffic during our Spring Parade of Homes and that more homebuyers are looking to find their dream home in the community they love,” said Bob Michels, the Builders Association of the Twin Cities 2017 President. “A healthy housing market includes a variety of options to meet the needs of homebuyers. With resale home inventory tight, we expect to see new construction continue to pick up the pace to meet the demand for housing.”

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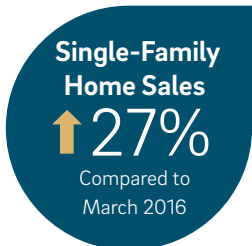
For March, Lakeville took the top spot with 53 permits pulled. Plymouth came in next with 39 permits, followed by Woodbury with 24 permits, Blaine with 20 permits, and Apple Valley with 19 permits pulled.

[NAHB]

New Home Sales in March Continue Upward Trend

Sales of newly built, single-family homes rose for the third straight month, increasing 5.8 percent in March to a seasonally adjusted annual rate of 621,000 units, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

“This month’s increase in new home sales is aligned with solid



builder confidence and shows that the spring home buying season is off to a strong start,” said Granger MacDonald, chairman of the National Association of Home Builders (NAHB) and a home builder and developer from Kerrville, Texas. “However, builders are concerned that ongoing increases in building material costs will hurt housing affordability, especially given today’s proposal by the Department of Commerce to impose a hefty tariff on Canadian lumber.”

“The March sales numbers are the second highest on record since the Great Recession, which is especially encouraging considering the poor weather conditions throughout

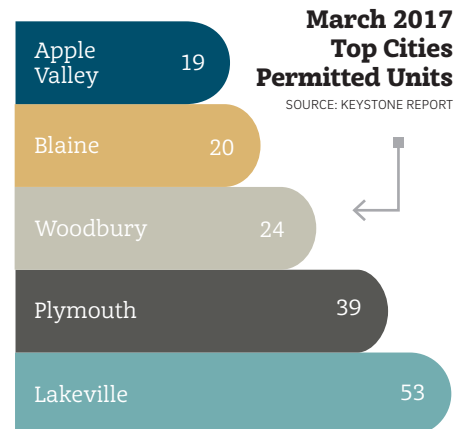
“The March sales numbers are the second highest on record since the Great Recession, which is especially encouraging considering the poor weather conditions throughout many parts of the country. With tight existing home inventory, rising household formations and continued job creation, we can expect further growth in new home sales moving forward.”

many parts of the country,” said NAHB Chief Economist Robert Dietz. “With tight existing home inventory, rising household formations and continued job creation, we can expect further growth in new home sales moving forward.”

The inventory of new home sales for sale was 268,000 in March, which is a 5.2-month supply at the current sales pace. The median sales price of new houses sold was \$315,100.

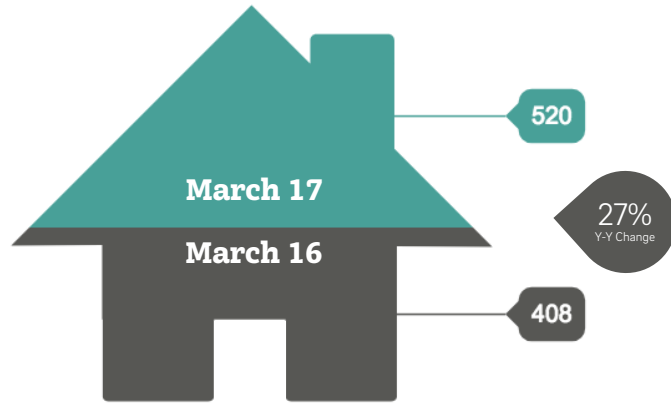
Regionally, new home sales increased 25.8 percent in the Northeast, 16.7 percent in the West and 1.6 percent in the South. Sales fell 4.5 percent in the Midwest.

NAHB Chief Economist Robert Dietz



2017 March Metro Building Activity

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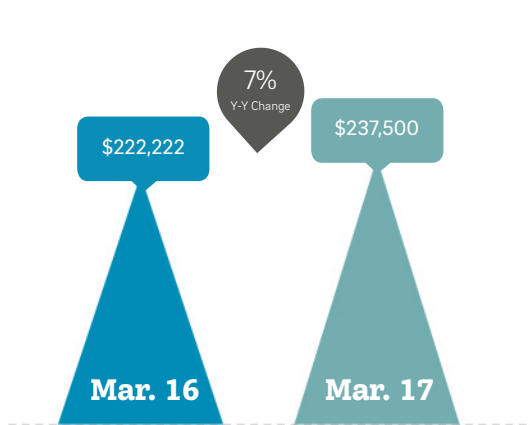


Units YTD:
2,724

Multi-Family
46%
of Twin Cities
Housing Units
Authorized

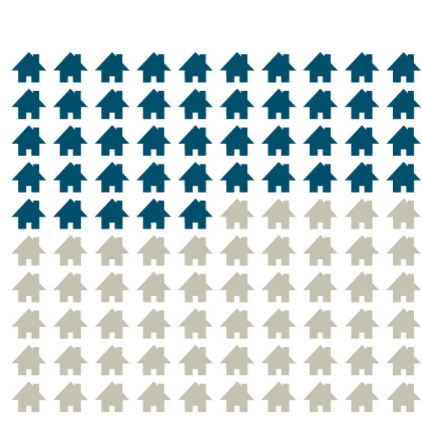
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



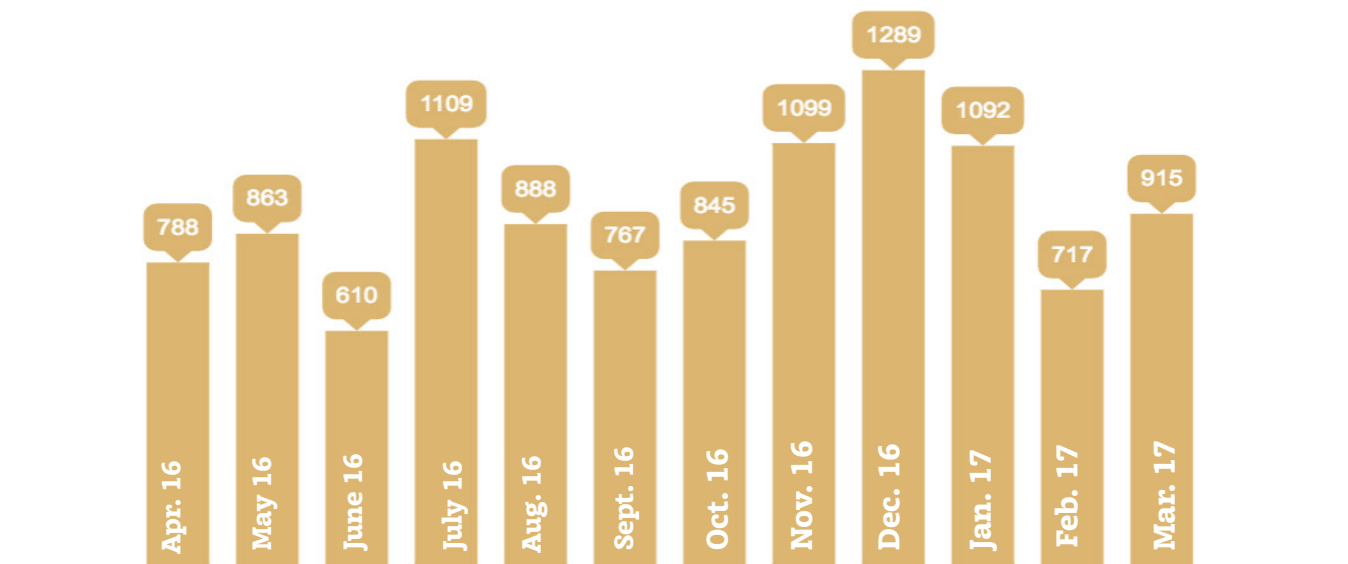
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

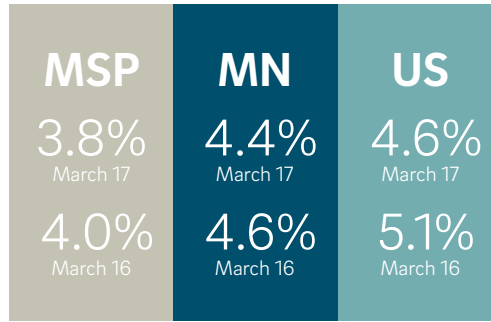


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

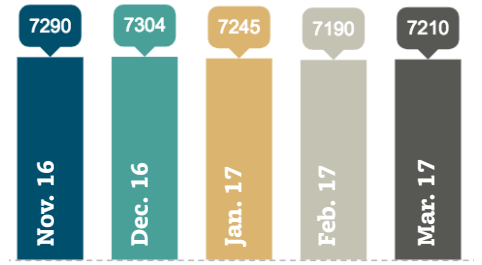
Employment

Minnesota's unemployment rate improved to a seasonally adjusted 3.8 percent in March. And for the first time in more than two and a half years, the state's annual job growth rate also outpaced the nation.



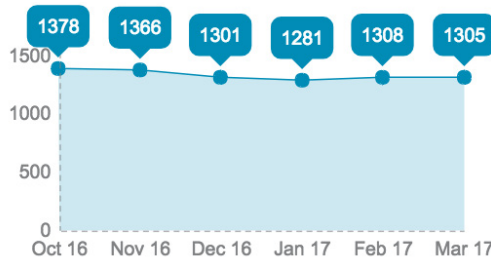
Unemployment Rate Snapshot

SOURCE: DEED-MN



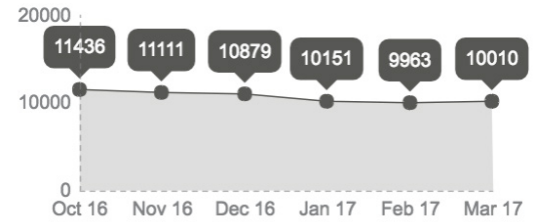
Twin Cities Construction Employment

SOURCE: DEED-MN



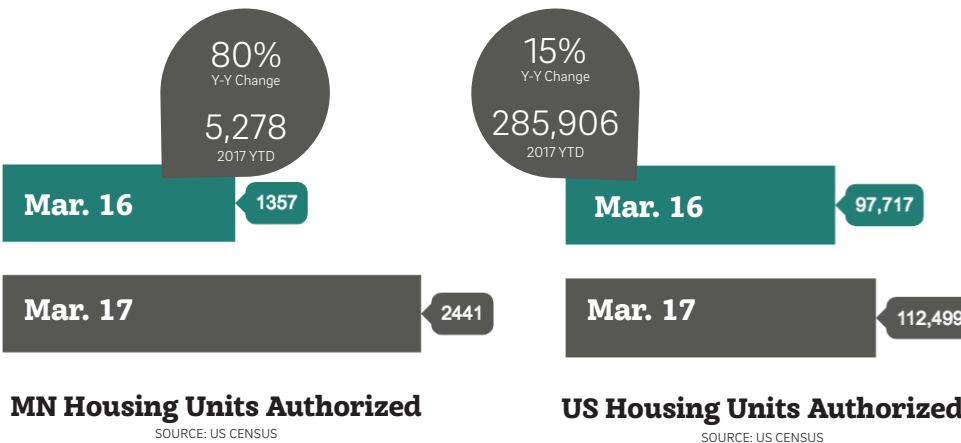
Twin Cities Construction Weekly Wage

SOURCE: DEED-MN



MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

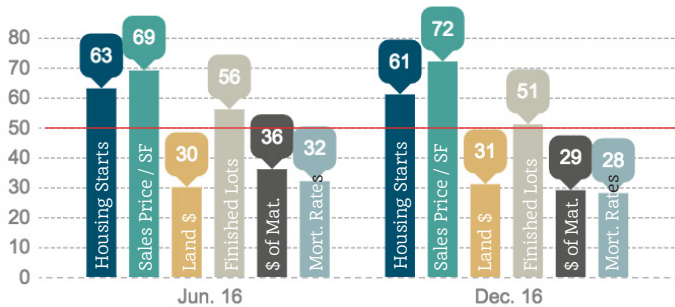
SOURCE: US CENSUS

US Housing Units Authorized

SOURCE: US CENSUS

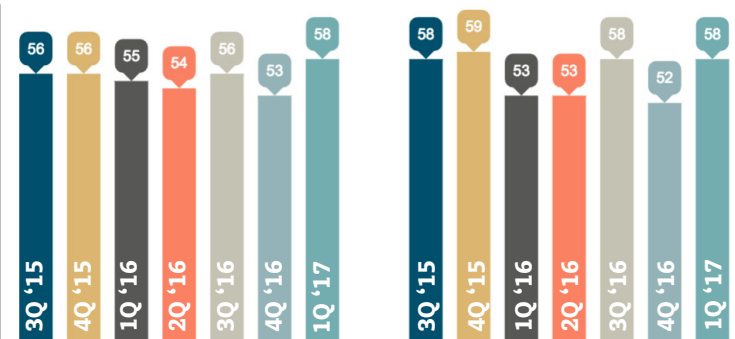
Regional/National Statistics

Pointing to underlying strength in the housing market, U.S. building permits increased 3.6 percent, driven by a 13.8 percent surge in the multi-family segment. While national single-family permits fell 1.1 percent, they were not too far from the more than nine-year high reached in February.



Twin Cities Home Builders Survey

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

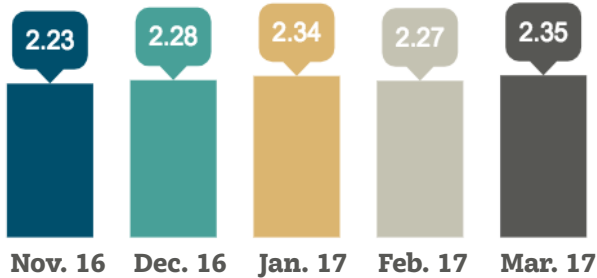


Remodeling Market Indicies

SOURCE: NAHB

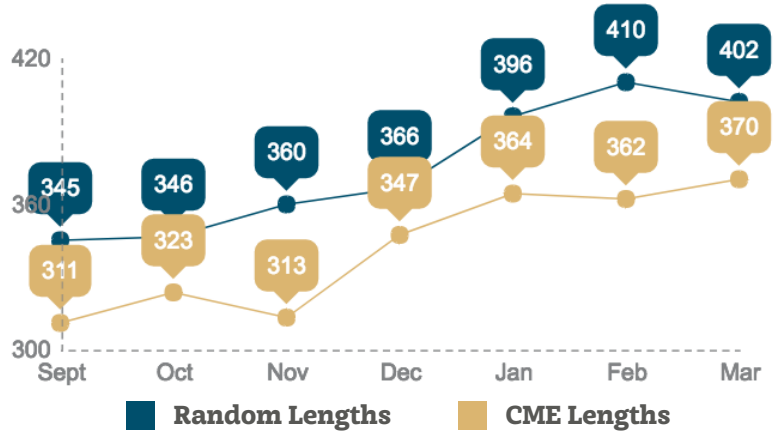
Key Indicators

Continued increase in US housing constructions, growing demand for wood, high lumber prices, imposed import tariffs on Canadian lumber, and a strong US dollar are recent market developments that will impact forest products market dynamics in 2017.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM MAY 12, 2017
SOURCE: ASSOCIATED BANK



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