

## Market Report | December 2024

# Minneapolis-St. Paul-Bloomington, MN-WI

Minneapolis became the first major U.S. city in 2019 to end single-family exclusive zoning, allowing for more multifamily housing development. The "Minneapolis 2040" plan has led to a 12% growth in housing stock in the city over the past 5 years, compared to 4% statewide. The plan faced significant controversy, with some residents opposing the increase in density and multifamily buildings in their neighborhoods. However, supporters argue the plan has helped increase housing supply to meet demand and make living more affordable in the city. Estimated residential building permits are up slightly in 2024 as multifamily permits boost new construction.

### Strengths

Since 2015, when the city began to scale back parking minimum requirements, the number of high-density housing has exploded. Even as the overall number of residential permits is settling lower, multifamily permits account for a majority of new housing.

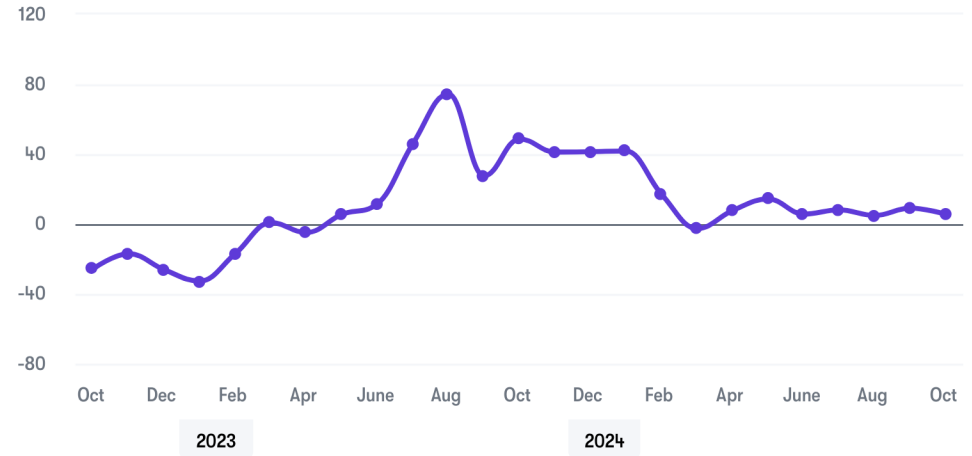
### Weaknesses

Minneapolis has seen rents decline by 4% over the past 5 years, bucking the national trend of 22% rent increases. The gap between renting and owning could limit demand for new homes, especially given the price disparity between new and existing homes.

## New Home Pending Sales Index

YOY Change    MOM Change

5.6% ↑    5.2% ↑

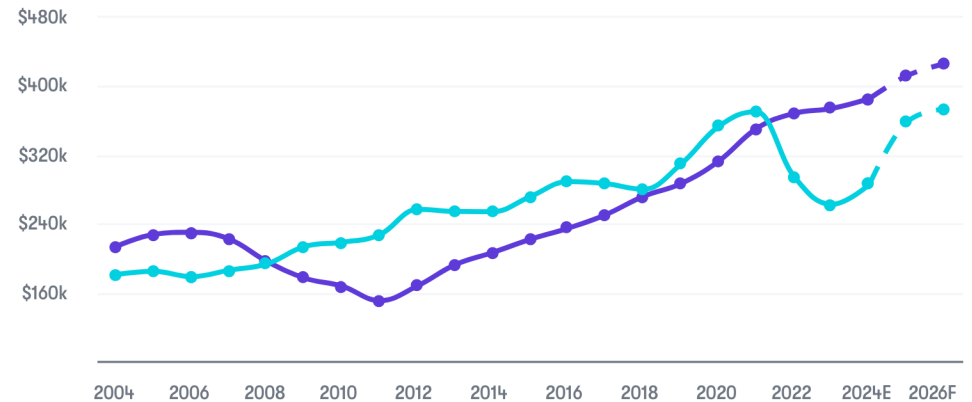


## Valuation Patterns

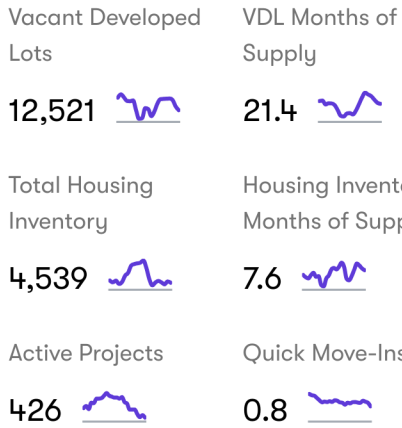
2024 Valuation

25.9% Overvalued

Home Price    Income Supported Price

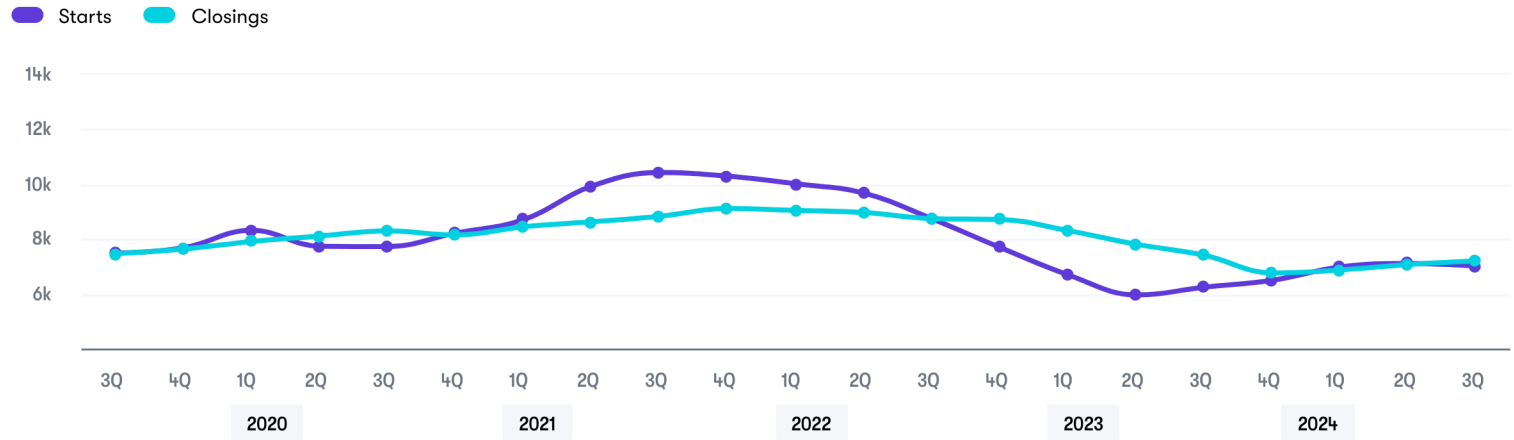


## Supply Snapshot



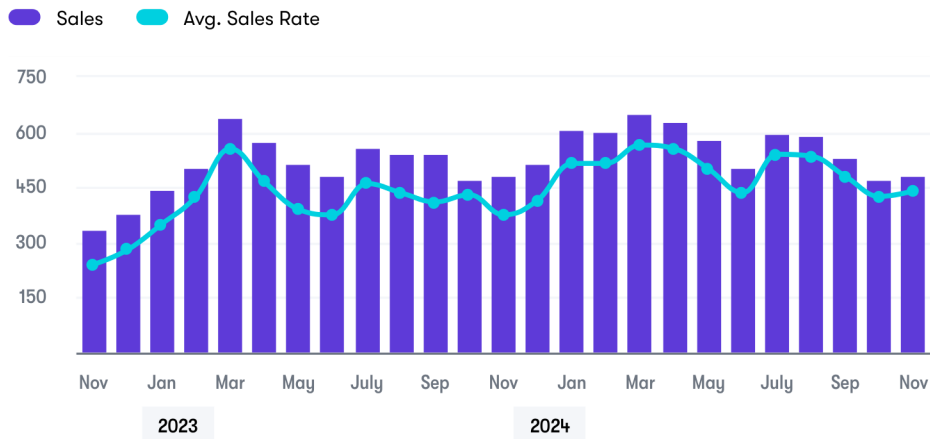
## Annual Observed Starts vs. Annual Observed Closings

Starts	Closings
7,016 <span>12.4%</span>	7,206 <span>-2.7%</span>



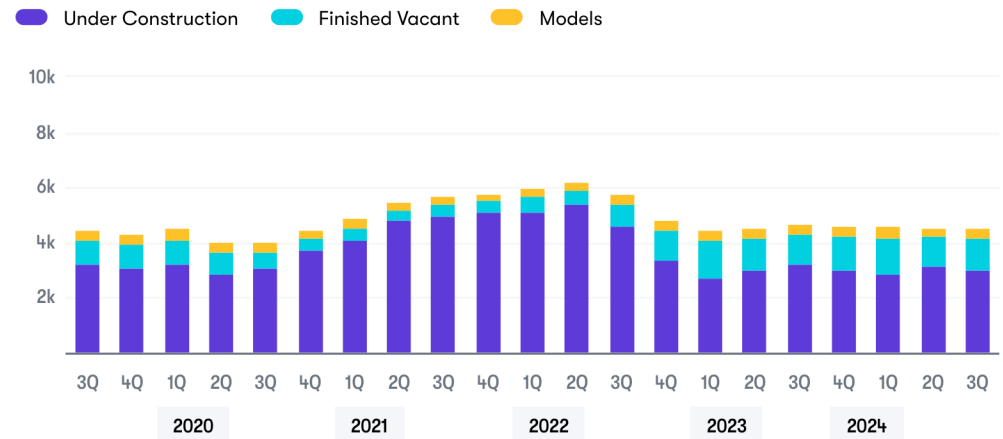
## New Home Sales

Sales	Avg. Sales Rate
6,780 <span>↑</span>	1.3 <span>↑</span>
Last 12 Months	Last 12 Months



## Total Housing Inventory

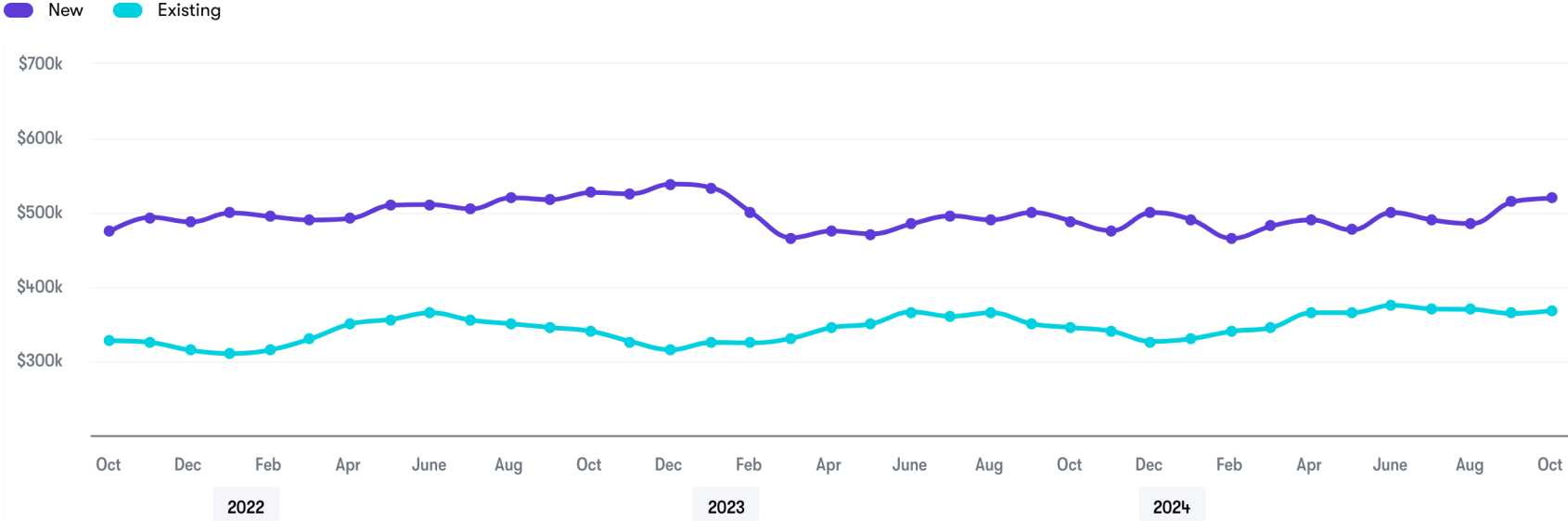
Under Construction MOS	Finished Vacant MOS
5.4 <span>↑</span>	2.5 <span>↑</span>
3Q 2024	



# Median Closing Price

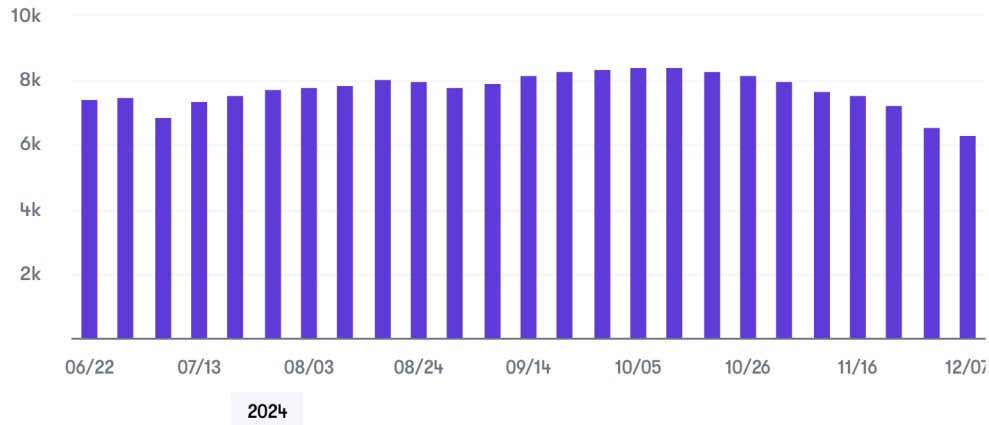
New  
\$519,090 6.3%

Existing  
\$367,750 6.6%



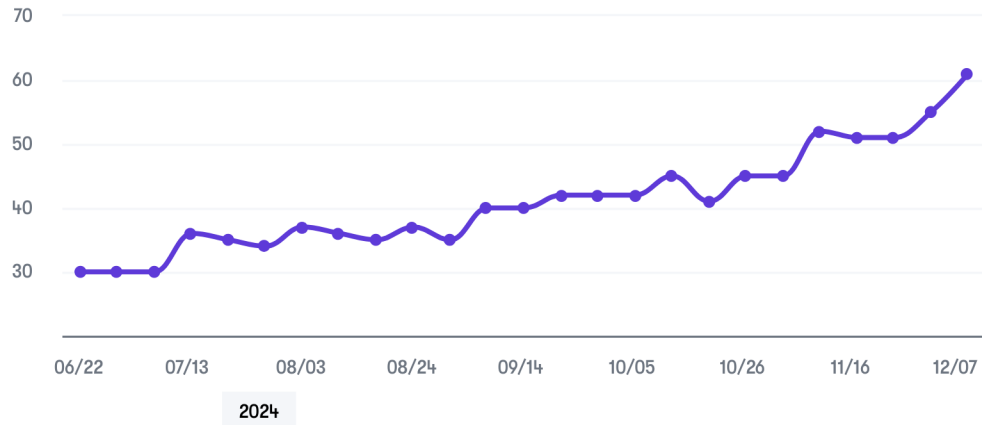
# Zillow Listings

Listings  
6,361 20.5%



# Zillow Median Days to Pending

Days to Pending  
61 ↑



# Jobs vs. Unemployment

2024E Total Jobs

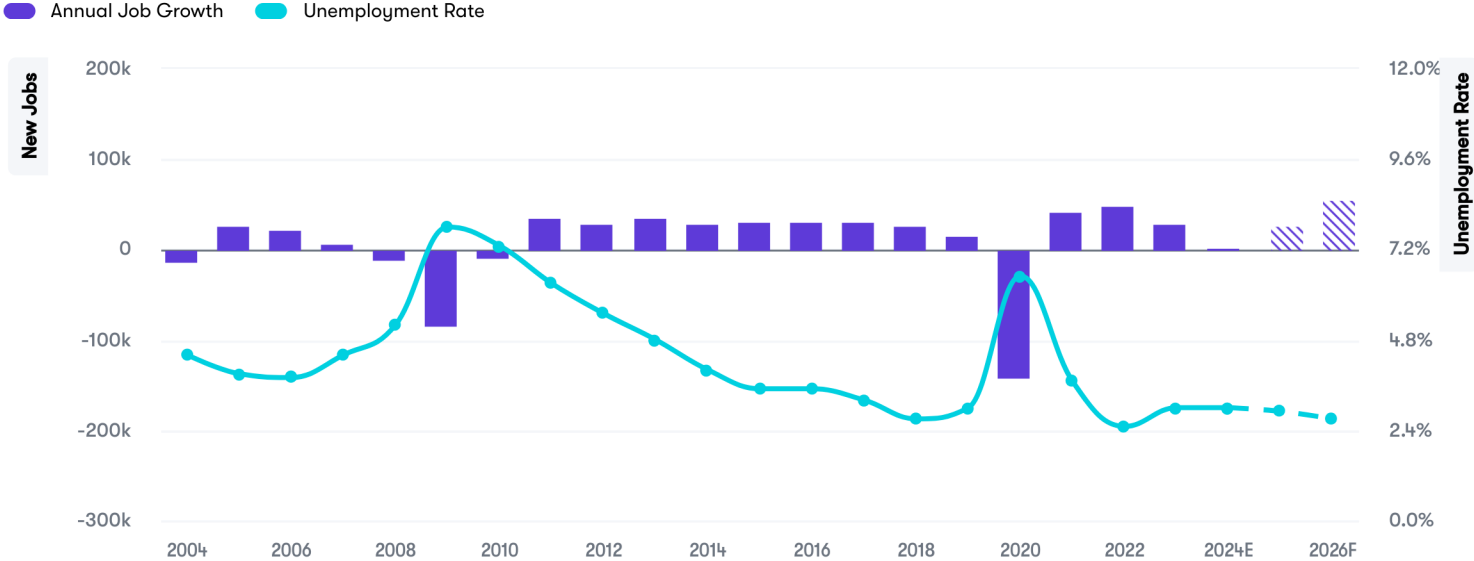
1,976,731 0.2%

Annual Job Growth

3,756 0.2%

Unemployment Rate

3.0%



# Household Growth

2024 Total Households

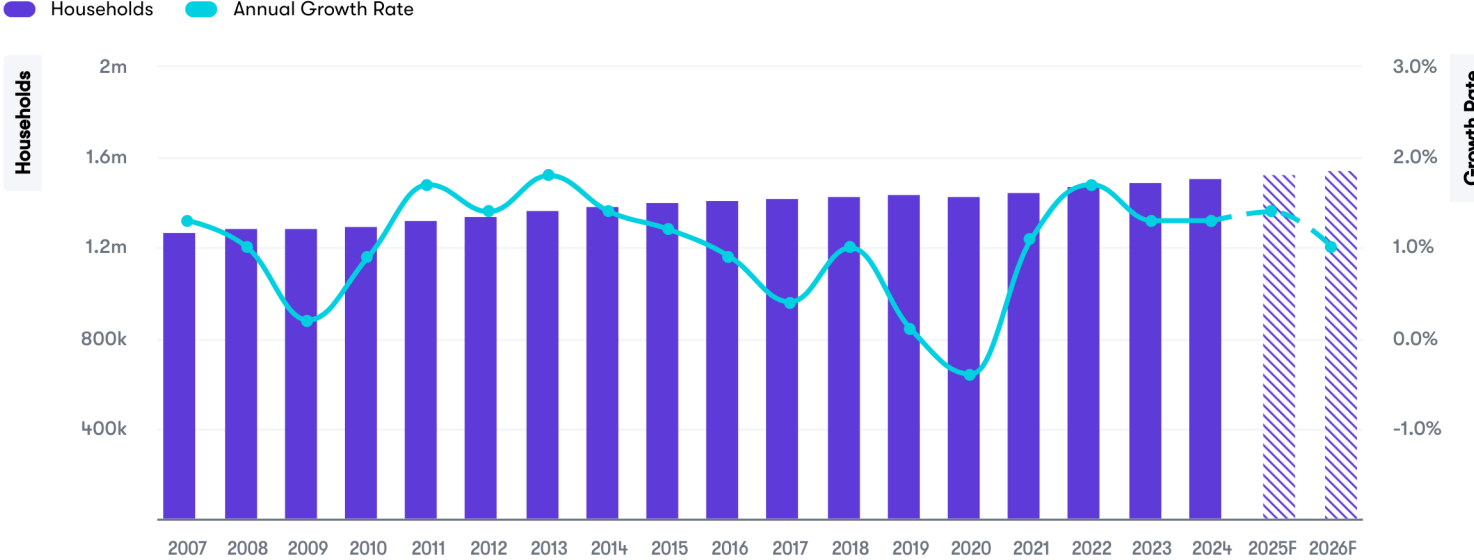
1,512,660 1.3%

2024 Household Growth

19,750 1.32%

2026 Total Household Forecast

1,549,420 1%



# Market Health

## Forecast

	2023	YOY CHANGE	2024E	YOY CHANGE	2025F	YOY CHANGE	2026F	YOY CHANGE
Total Jobs	1,972,975	1.6%	1,976,731	0.2%	2,004,810	1.4%	2,062,030	2.9%
Households	1,492,910	1.3%	1,512,660	1.3%	1,533,590	1.4%	1,549,420	1.0%
Single-Family Permits	8,245	-9.5%	9,338	13.3%	10,145	8.6%	10,629	4.8%
Multifamily Permits	10,388	-28.9%	10,126	-2.5%	10,778	6.4%	11,393	5.7%
Units Over/Under Built	+40,076	-12.8%	+56,356	40.6%	+54,713	-2.9%	+30,957	-43.4%
% Over/Under Built	2.5% Overbuilt	-	3.5% Overbuilt	-	3.3% Overbuilt	-	1.9% Overbuilt	-
Median Household Income	\$96,255	5.0%	\$100,316	4.2%	\$106,172	5.8%	\$109,242	2.9%
Median Existing Det. Price	\$374,193	1.5%	\$385,631	3.1%	\$412,446	7.0%	\$426,216	3.3%
Over/Undervalued	29.8% Overvalued	-	25.9% Overvalued	-	13.1% Overvalued	-	12.5% Overvalued	-

# Market Health

## History

	2023	YOY CHANGE	CURRENT MONTH/QUARTER	YOY CHANGE
Future Lots	39,629	-10.3%	39,969	-0.3%
Lot Deliveries	7,325	-12.9%	1,420	-34.0%
Vacant Developed Lots	14,386	6.1%	12,521	-12.8%
VDL Months of Supply	26.6	25.6%	21.4	-22.5%
Starts	6,495	-15.5%	2,021	-4.3%
Housing Inventory	4,665	-3.3%	4,539	-3.9%
New Home Sales	6,296	13.1%	483	-0.2%
Deed Closings - New	5,566	-20.2%	352	-16.6%
Median New Closing Price	\$491,081	-3.4%	\$519,090	0.9%
Affordability Ratio - New	26.3%	-15.4%	24.8%	-5.7%
Foreclosures	391	-29.9%	25	8.7%

## 10-Year Annual History

	AVG.	MIN.	MAX.
Future Lots	35,984	31,391	44,165
Lot Deliveries	6,443	3,448	10,217
Vacant Developed Lots	16,067	11,923	19,876
VDL Months of Supply	28.8	13.7	44.9
Starts	7,175	5,151	10,431
Housing Inventory	4,132	2,745	5,712
New Home Sales	5,512	4,039	7,074
Deed Closings - New	6,233	4,425	7,877
Median New Closing Price	\$426,176	\$370,826	\$508,572
Affordability Ratio - New	42.9%	26.3%	49.7%
Foreclosures	1,430	236	4,199