

Legislative Commission on Housing Affordability

Twin Cities – Housing Market Update

Sharing market trends from a local perspective

10/19/2021

Danielle Leach
Midwest Regional Director
dleach@zondahome.com

The Zonda Toolbox

WORK SMARTER AND FASTER WITH ZONDA'S NEXT-GENERATION DATA SOLUTION

- **Access** customizable monthly trends and key data points including economy, demographics, new and existing housing.
- **Complete** a site analysis quickly in app - without opening excel.
- **User-friendly** for executives or in-field quick queries.
- **View** active residential land listings and active MLS listings
- **And so much more!**

ZONDA APP

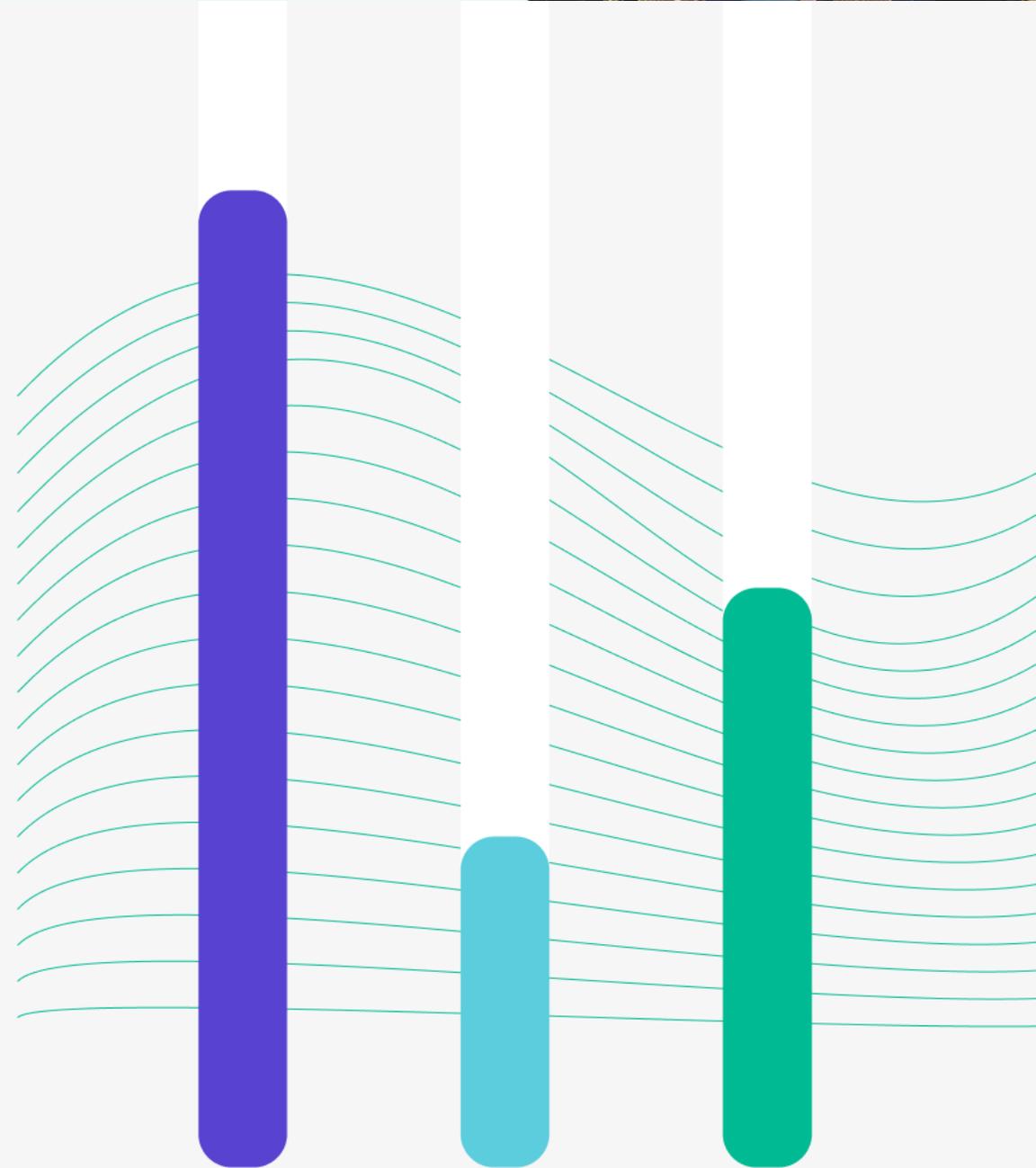
Executive solutions.

HOUSING & PROPERTY ANALYSIS

Analysis solutions.

BIRD.i

Up-to-date satellite imagery.



Average Monthly New Home Base Price by Year



Ali Wolf · 1st
Chief Economist | All Things Housing | Labor Market...
6h · 🌐



The lack of entry-level homes is a longstanding struggle in the housing market. It's easy to say just "build more affordable homes" - and the builders I'm talking to are doing their best - but with rising land, labor, material, and governmental costs, it's easier said than done.

Zonda #housing #housingmarket



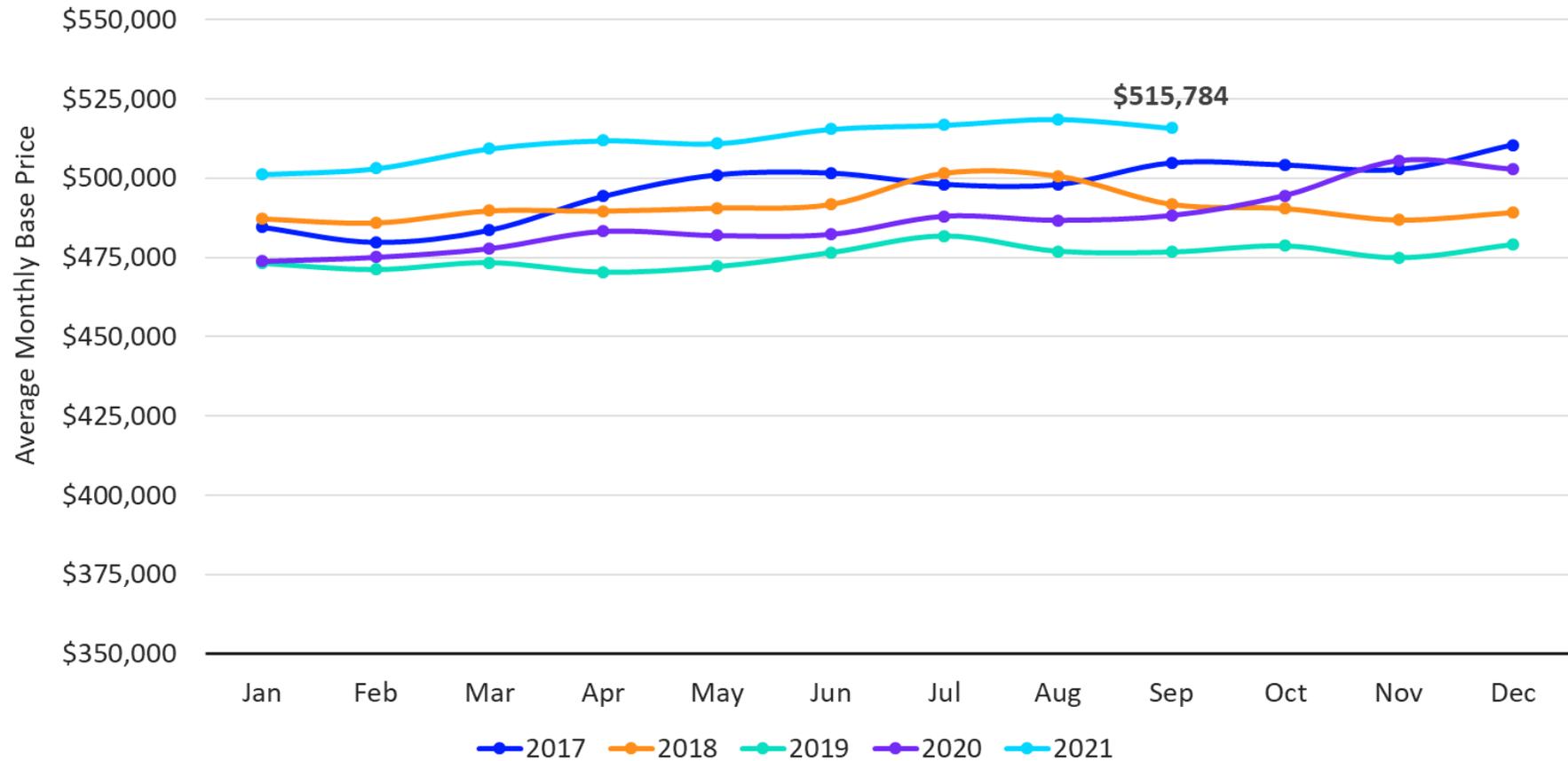
Elena Cox · 3rd+
Data Journalist at realtor.com
10h · 🌐

First-time home buyers are bearing the brunt of a national housing shortage. The number of starter homes has been slashed by more than half in the past five years... see more



The Death of the Starter Home: Where Have All the Small Houses Gone?

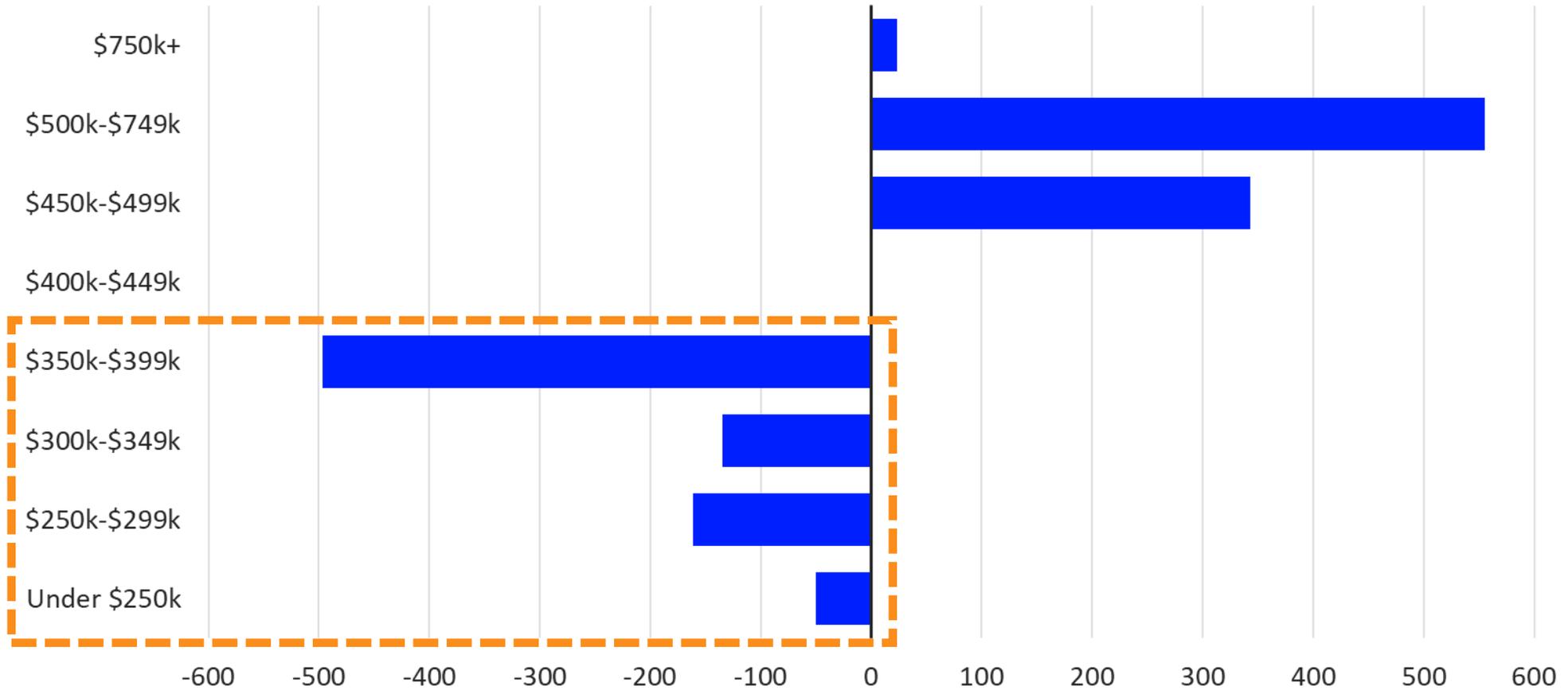
Twin Cities Market



Last 12 Month Change in Sales by Base Price

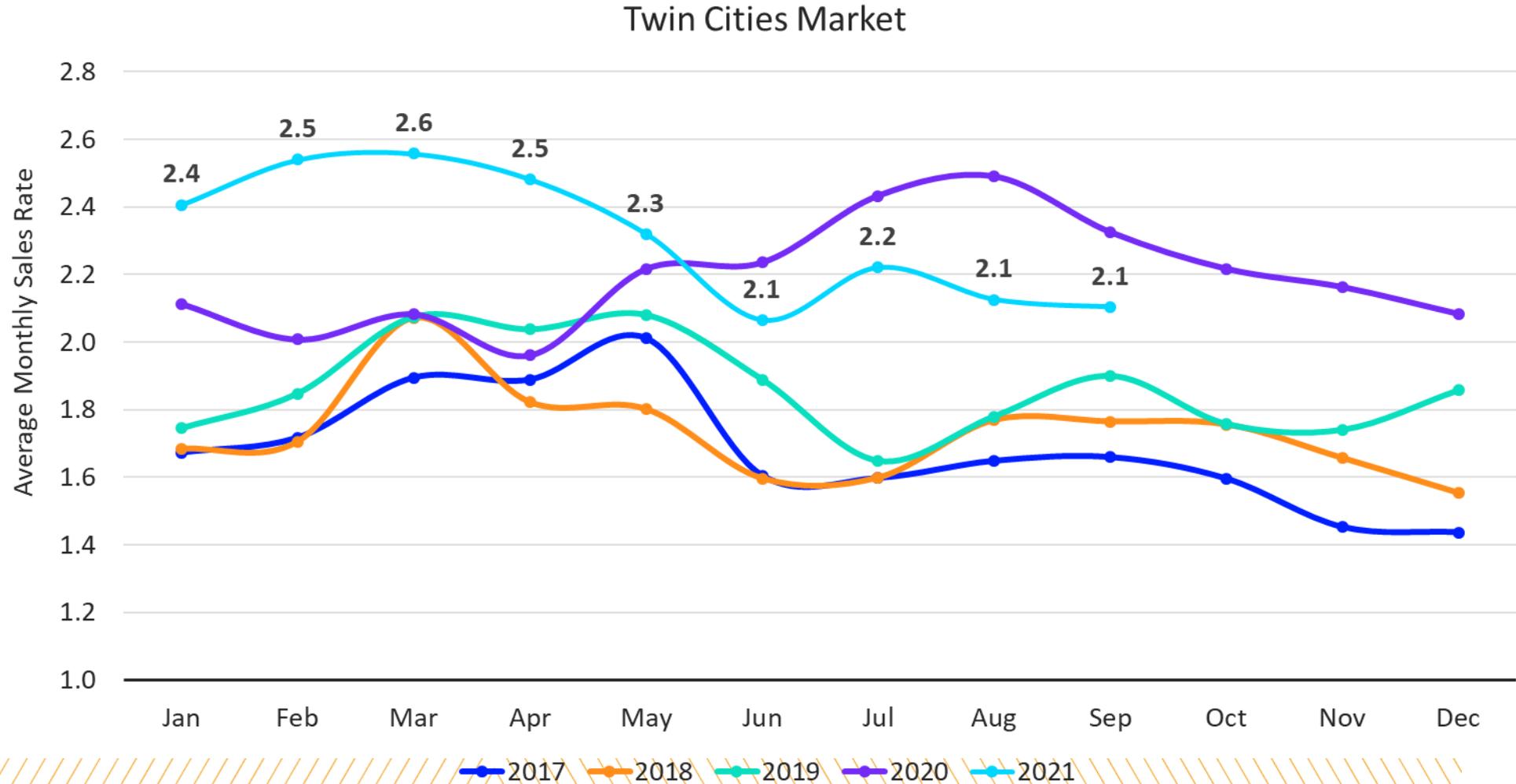
October 2020 to September 2021

Twin Cities Market

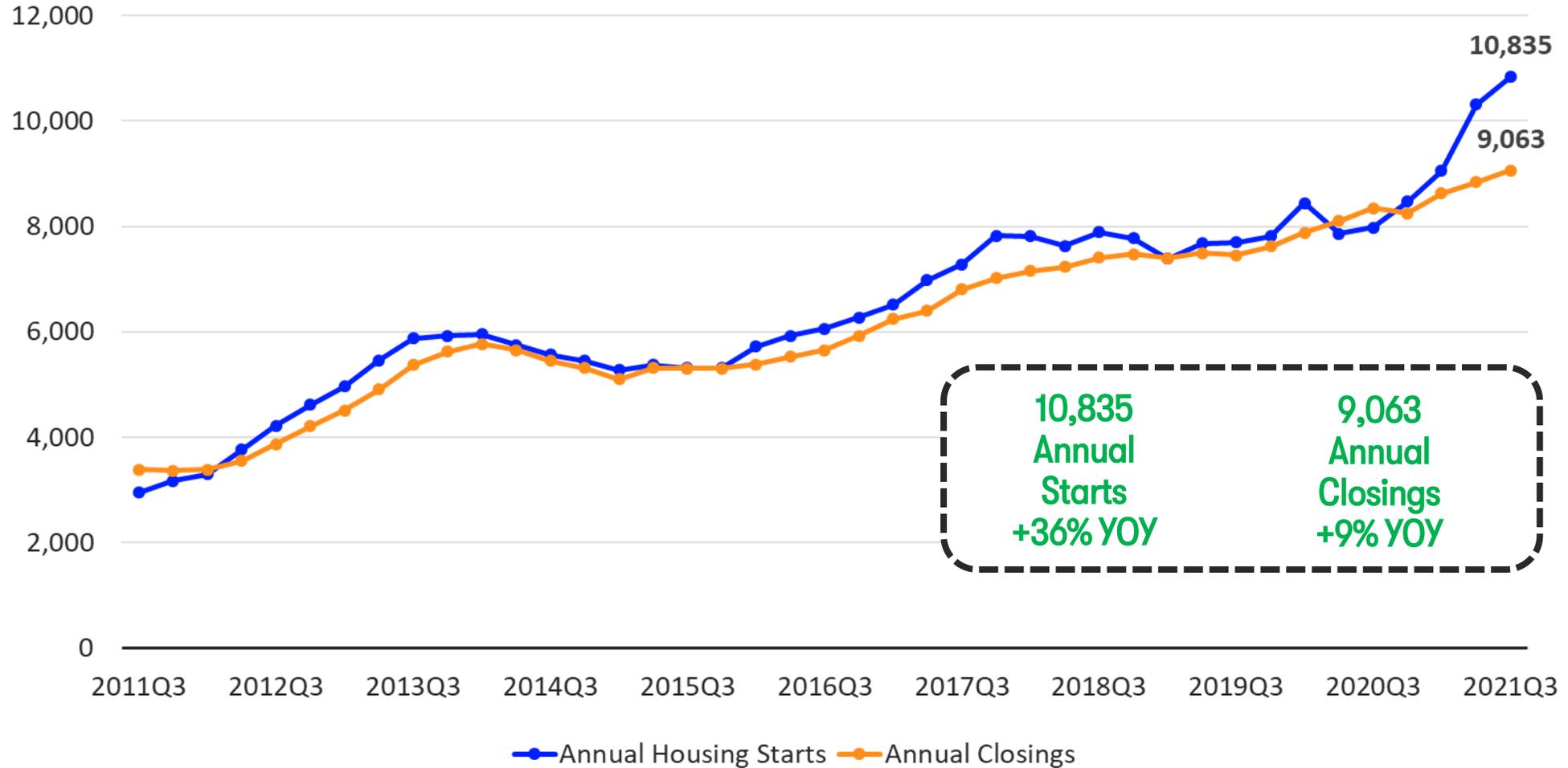


LTM Sales Change

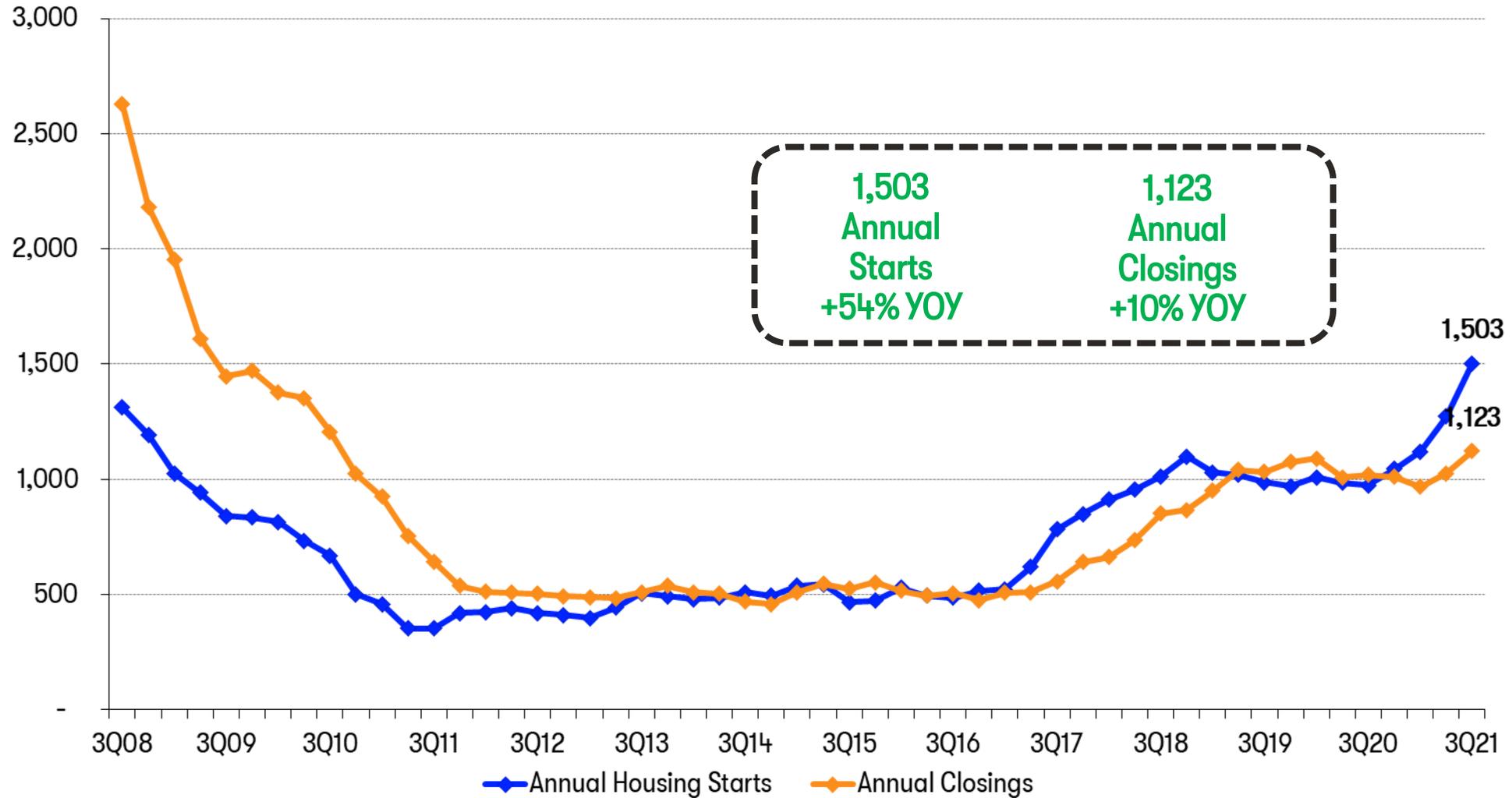
Average Monthly Sales Per Project Per Year



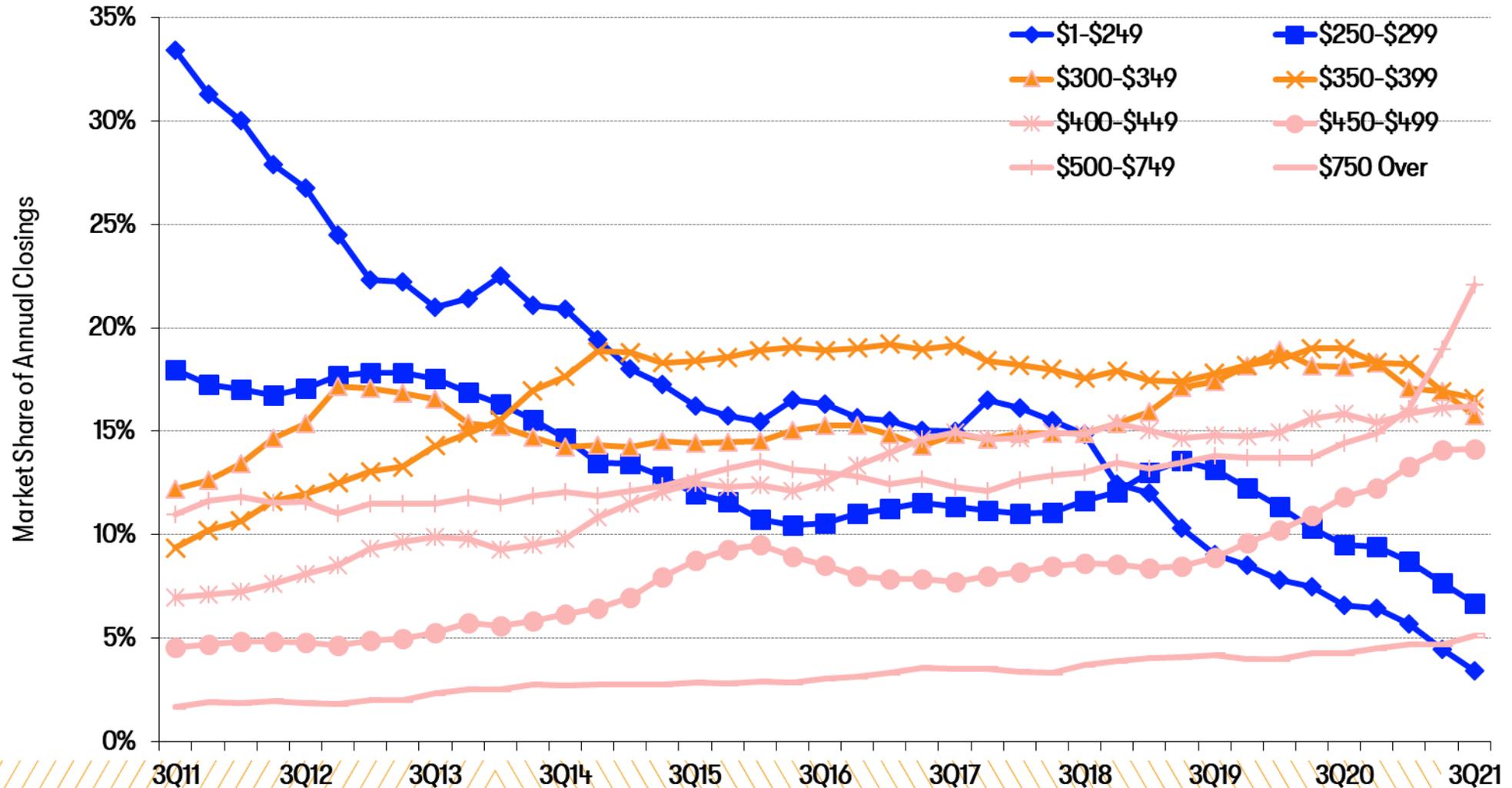
Annual Starts & Closings



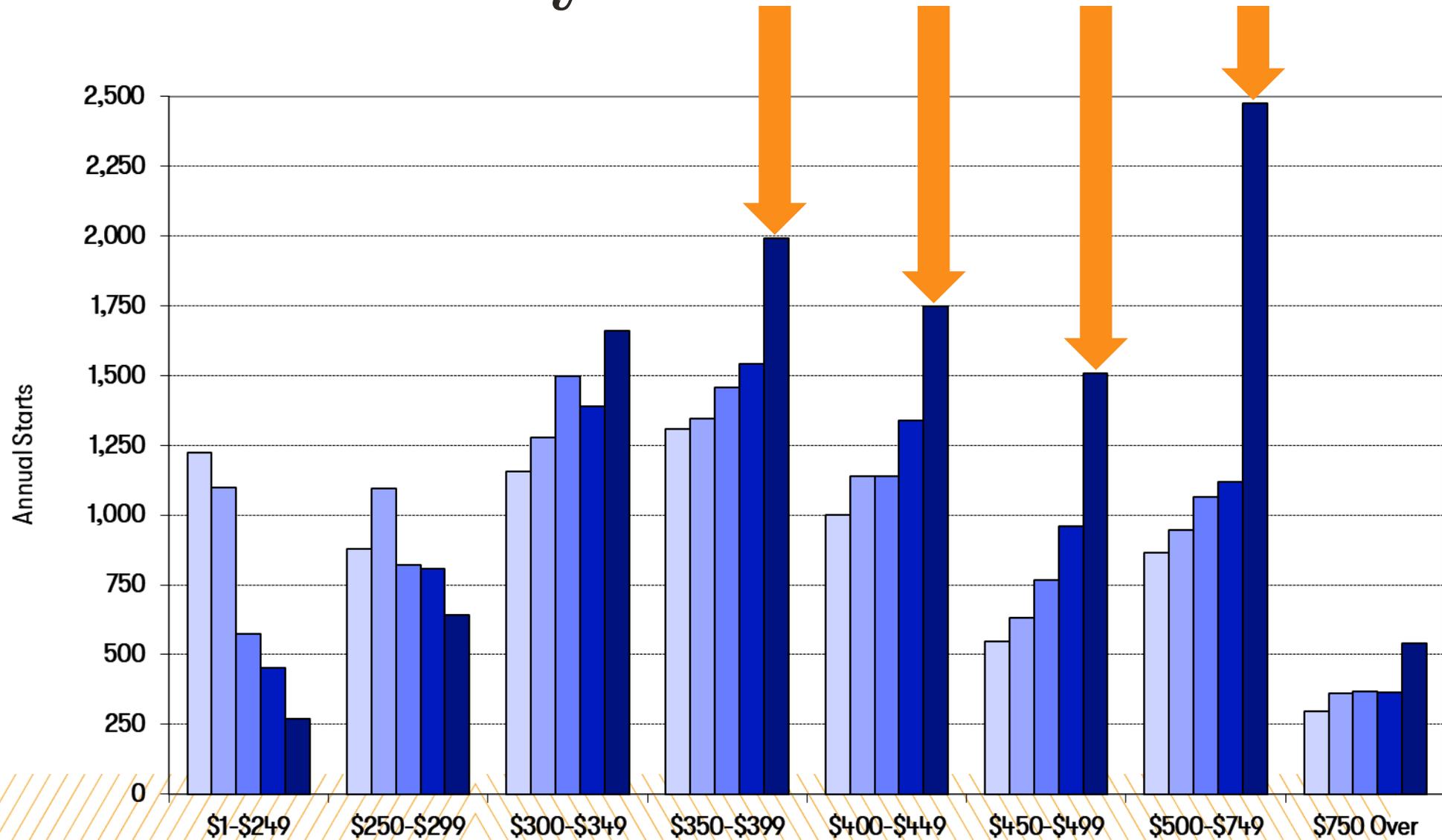
Annual Starts & Closings – Townhome Units Only



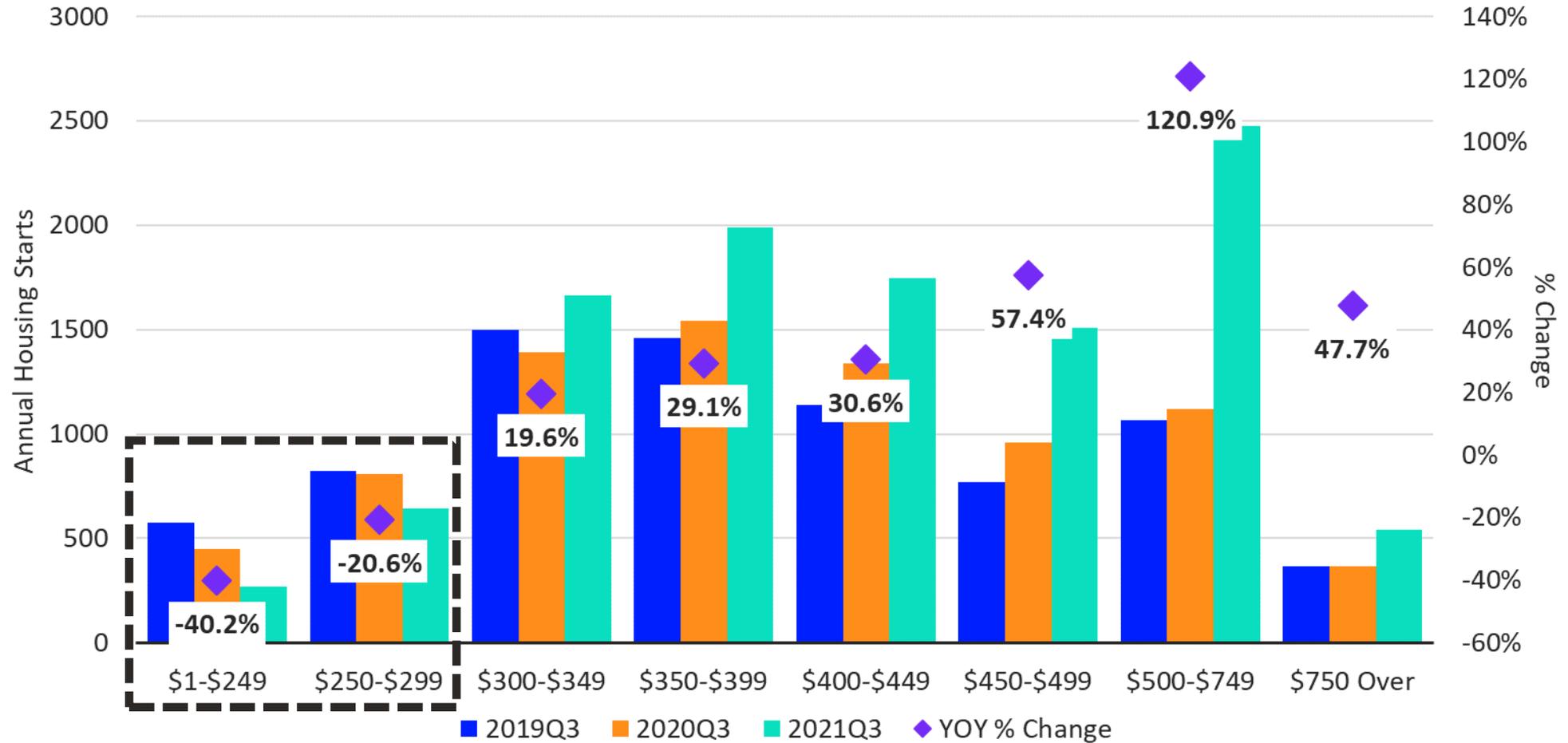
Market Share of Annual Closings by Price



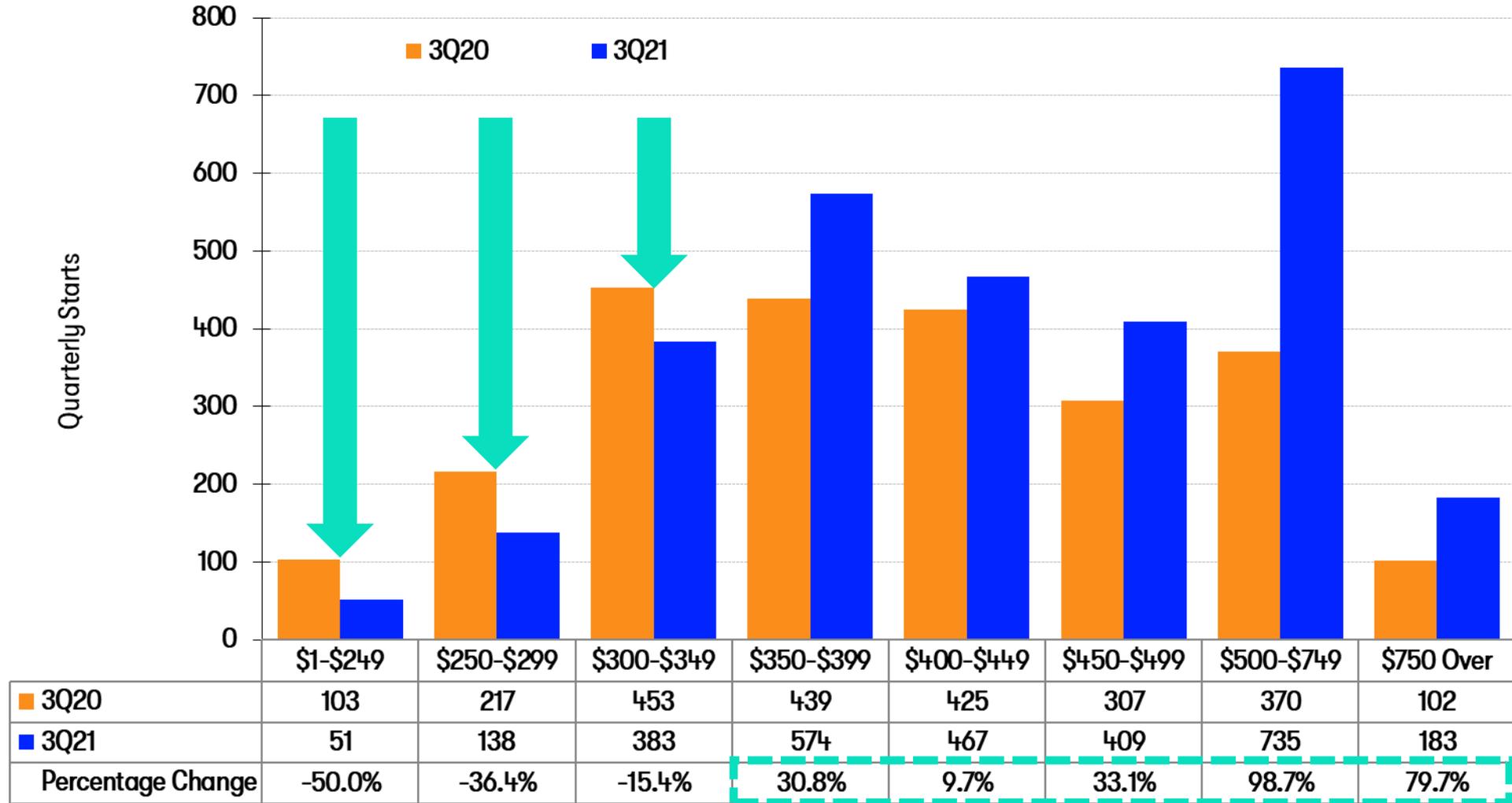
5-Year Starts Trend by Price



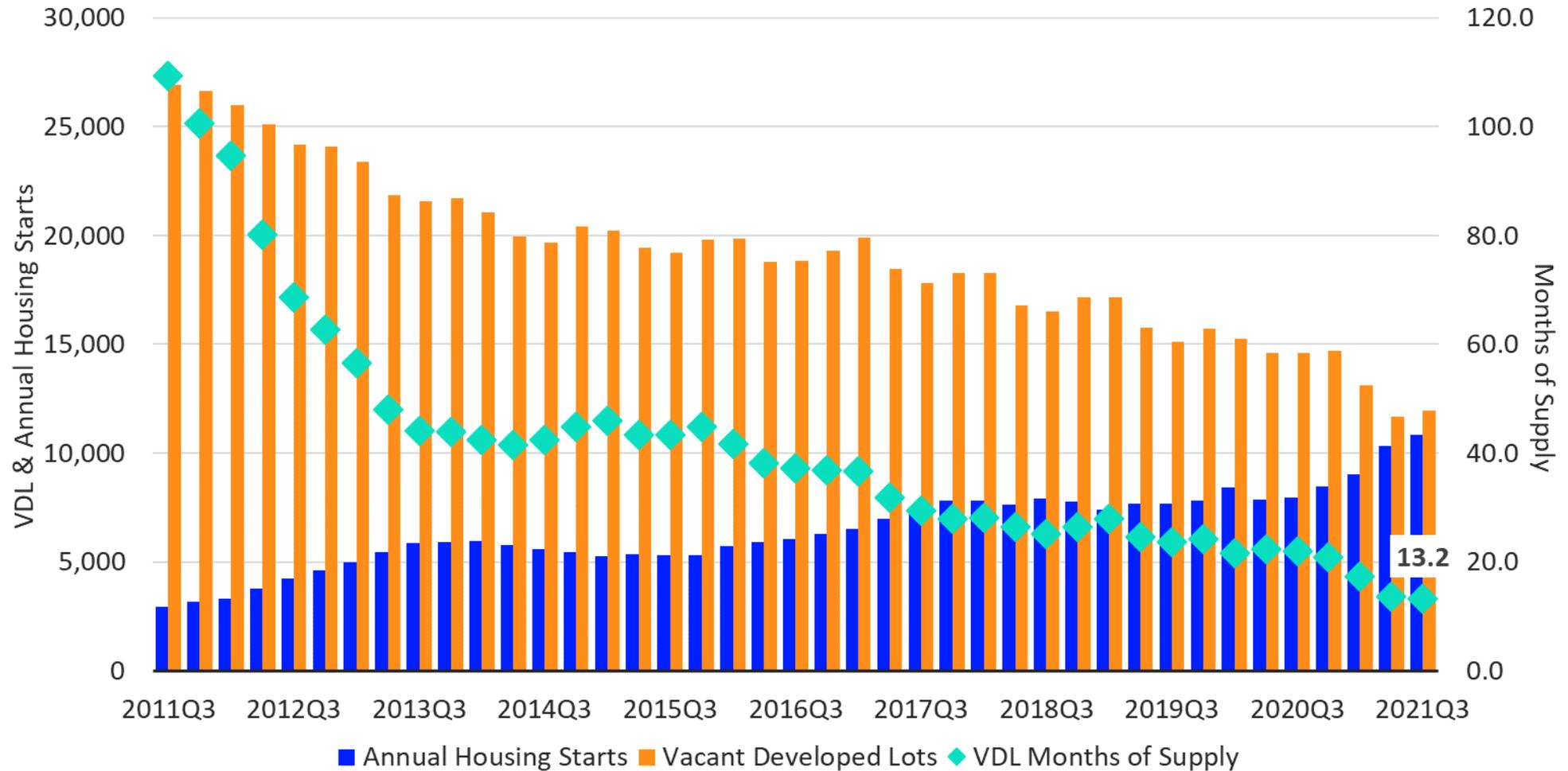
Annual Housing Starts Trend by Price



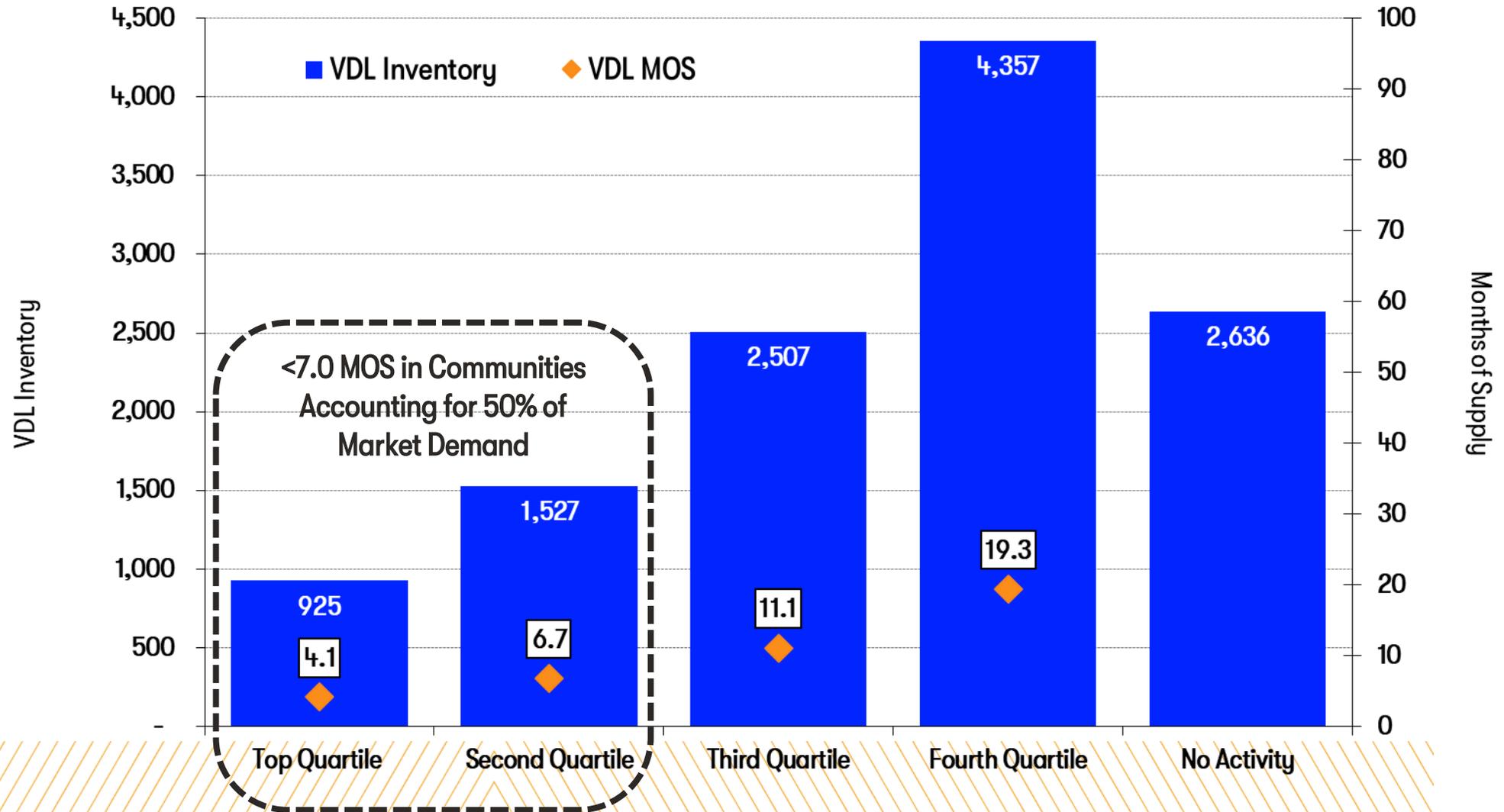
Year-Over-Year Starts Trend by Price



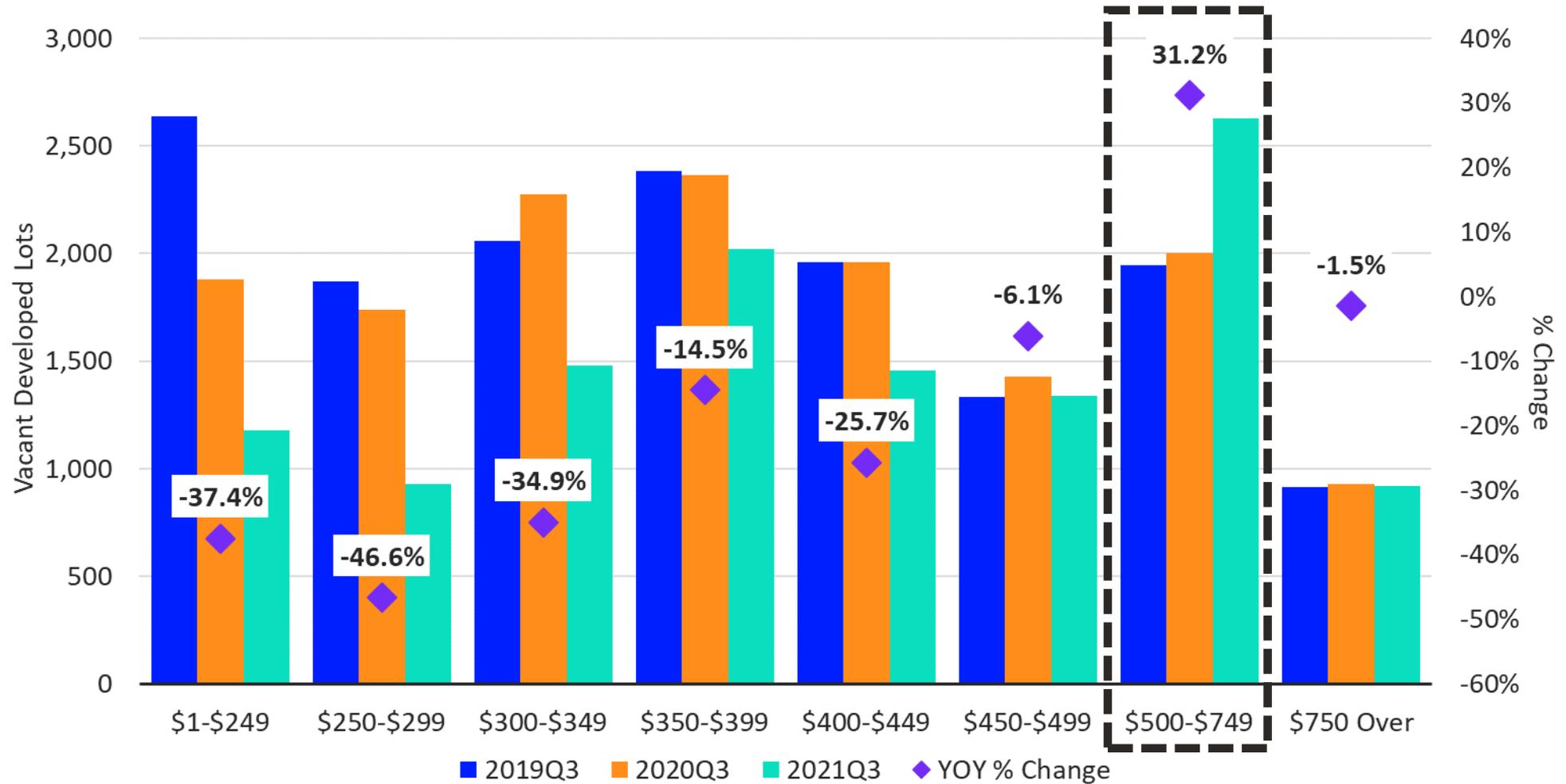
Vacant Developed Lot Inventory & Months of Supply



VDLs and MOS by Quartile of Starts Activity



VDL Inventory Trend by Price Range



Challenges Faced by Midwest Builders

38%

**Government
service
disruptions**

60% national

85%

**Labor
shortages**

79% national

92%

**Supply
disruptions**

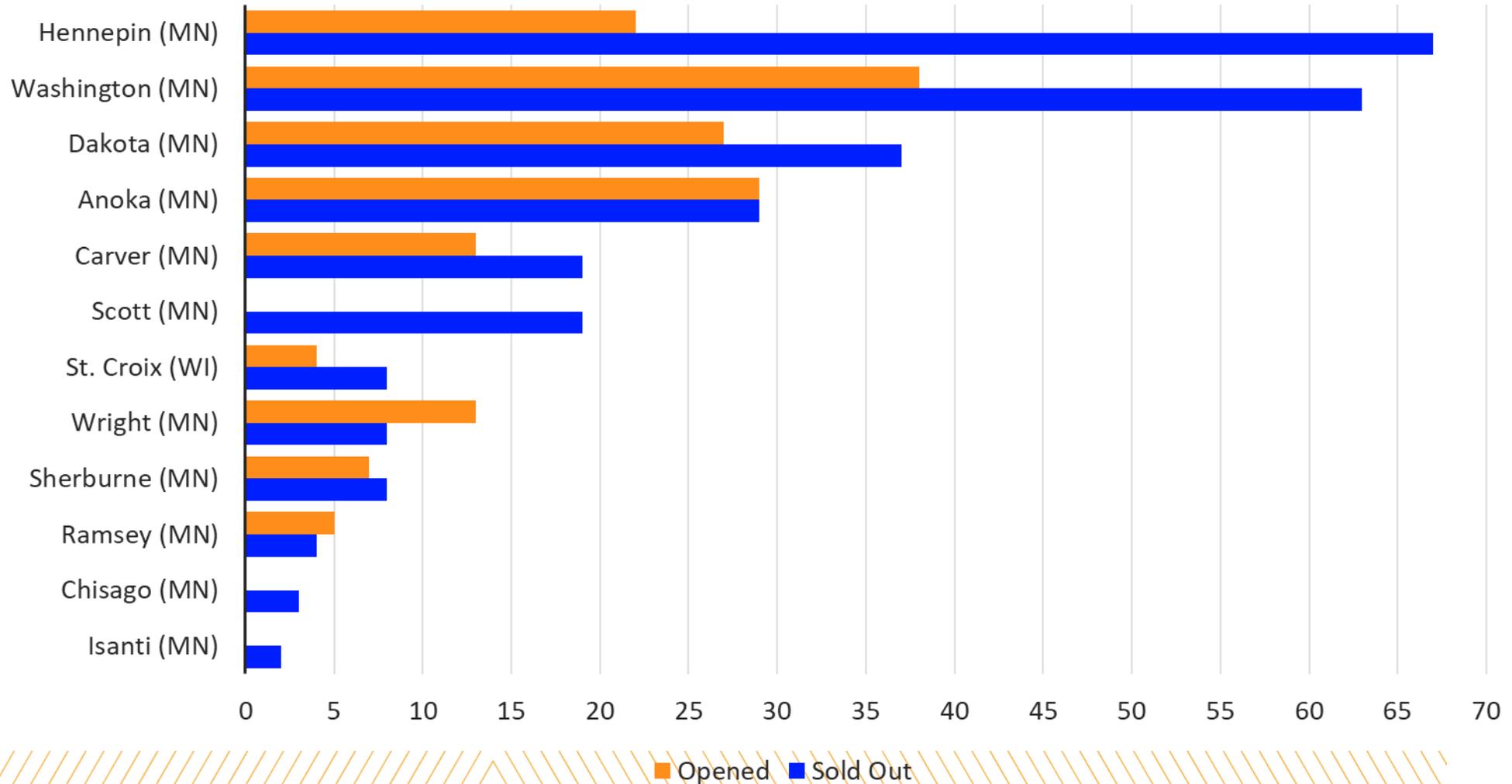
91% national

38%

**Land
disruptions**

51% national

LTM Sold Out vs. Opened Projects by County



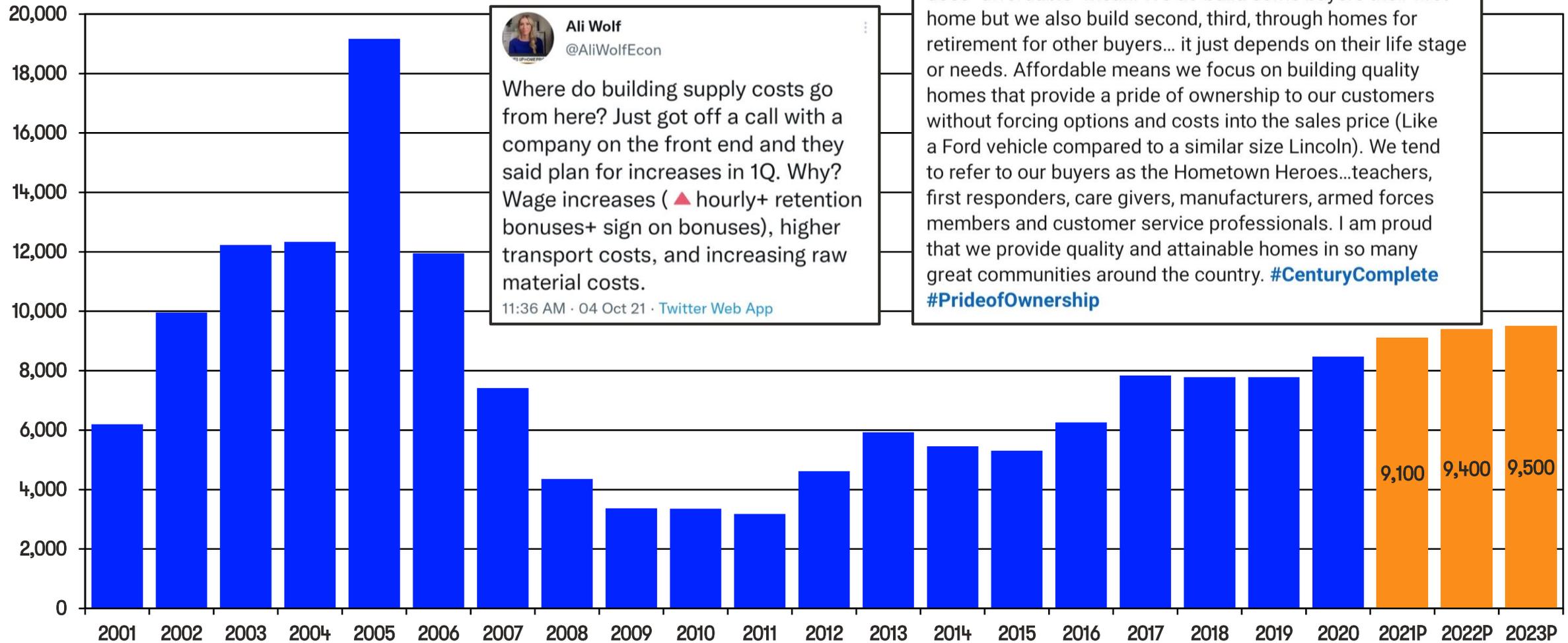
Subtle Signs the “Frenzy” is Ending

- Real estate showings
- Resale inventory
- Traffic (moderating, seasonality)
- Price increases slowing
- Use of incentives

NOT doom and gloom!

These are subtle signs the market is returning to more normal conditions. Strong consumer demand remains – especially in entry-level and move-up product.

Annual Starts Forecast



Ali Wolf
@AliWolfEcon

Where do building supply costs go from here? Just got off a call with a company on the front end and they said plan for increases in 1Q. Why? Wage increases (▲ hourly+ retention bonuses+ sign on bonuses), higher transport costs, and increasing raw material costs.

11:36 AM · 04 Oct 21 · [Twitter Web App](#)

Greg Huff · 1st
President at Century Complete
5d · 🌐

I often get asked if we are a “first time builder” or what does “affordable” mean. We do build some buyers their first home but we also build second, third, through homes for retirement for other buyers... it just depends on their life stage or needs. Affordable means we focus on building quality homes that provide a pride of ownership to our customers without forcing options and costs into the sales price (Like a Ford vehicle compared to a similar size Lincoln). We tend to refer to our buyers as the Hometown Heroes...teachers, first responders, care givers, manufacturers, armed forces members and customer service professionals. I am proud that we provide quality and attainable homes in so many great communities around the country. [#CenturyComplete](#) [#PrideofOwnership](#)

Q & A

www.builderonline.com
dleach@zondahome.com

Thank you