

# MHP's "2 x 4" Report

## Quarterly Housing Indicators

Quarter 3 2012



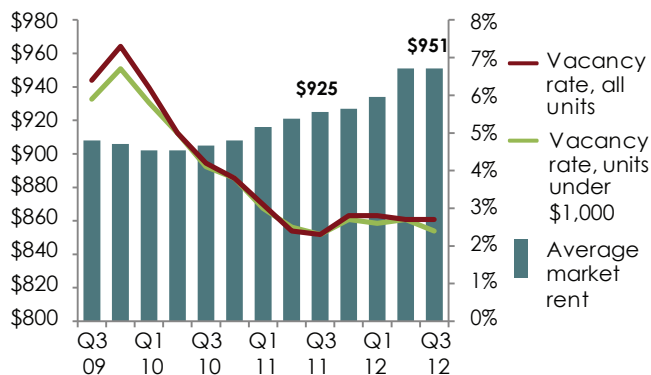
MHP's "2 x 4" Report tracks a set of two timely, important trends in each of four key housing areas: the rental market, the owners' market, homelessness and the housing industry.

# Minnesota Housing Partnership

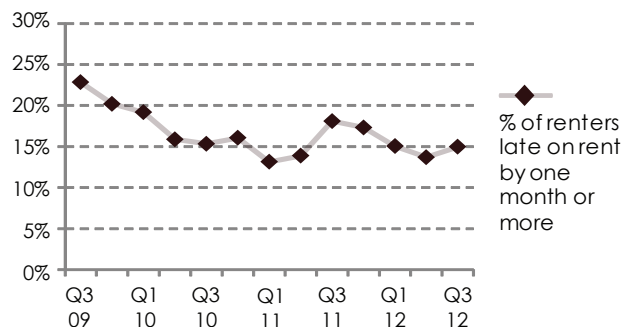
## Rental Market

Average rents and overall vacancy rates in the Twin Cities held steady this quarter at \$951 and 2.7% respectively. Vacancy rates for lower-priced apartments declined to 2.4%. Vacancy rates below the "balanced" level of 5% place upwards pressure on rents. The rate of non-luxury renters delinquent in paying rent measured 15%.

### Twin Cities Rents & Vacancy Rates



### Tenants in Non-Luxury Units with Rent Past Due

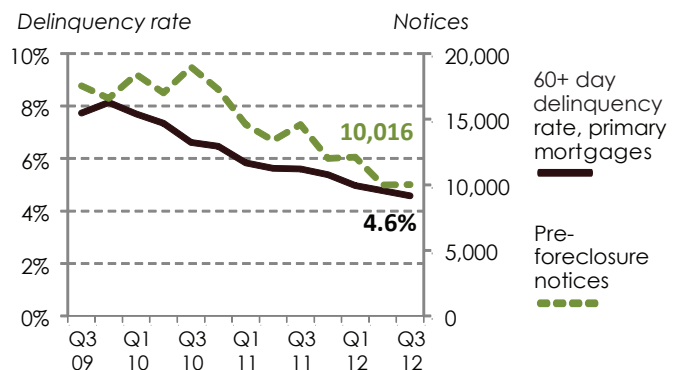


Based on survey of 5,500 non-profit-owned units.

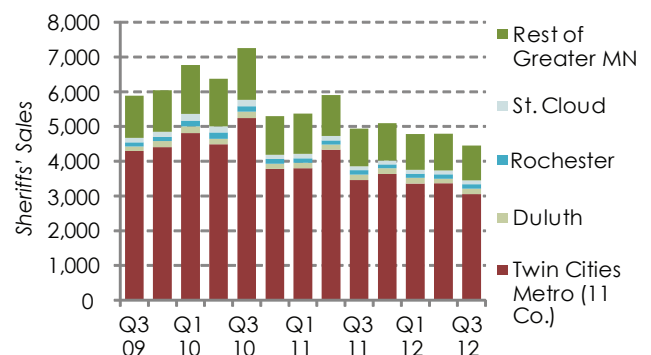
## Owners' Market

In the owners' market, the number of pre-foreclosure notices held steady, while the percent of mortgages that were delinquent or in foreclosure dropped slightly again this quarter to 4.6%. There was a 7% decline in the number of foreclosures from last quarter to 4,451.

### Minnesota Mortgage Delinquencies & Pre-foreclosure Notices



### Minnesota Foreclosures



2446 University Avenue West, Suite 140  
Saint Paul, MN 55114

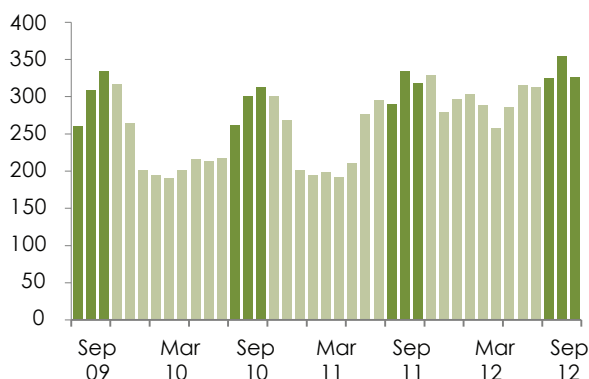
[www.mhponline.org/publications/reports-and-research/2x4-report](http://www.mhponline.org/publications/reports-and-research/2x4-report)

651-649-1710, 800-728-8916  
fax: 651-649-1725

## Homelessness

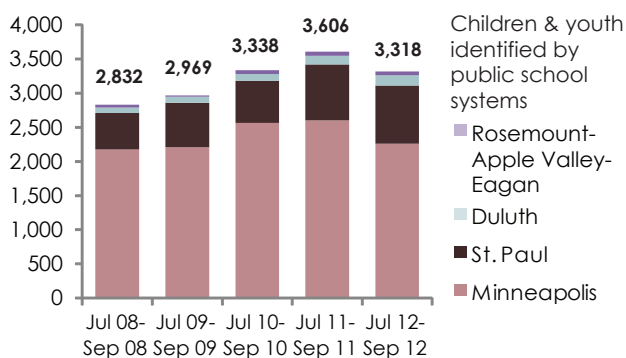
In Hennepin County, an average of 335 families sought shelter each month this quarter, the highest number in over a decade. 3,318 children were identified as homeless in four major schools districts, down slightly from last year overall. However, counts in the St. Paul and Duluth districts both rose.

### Hennepin Family Homelessness



Unduplicated count of families using shelters contracted by Hennepin County. Note seasonal nature of shelter usage, with usage lower during winter months.

### Homeless Kids



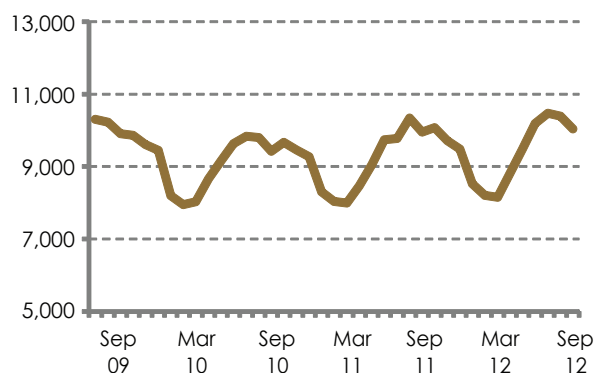
Children & youth identified by public school systems

- Rosemount-Apple Valley-Eagan
- Duluth
- St. Paul
- Minneapolis

## Housing Industry

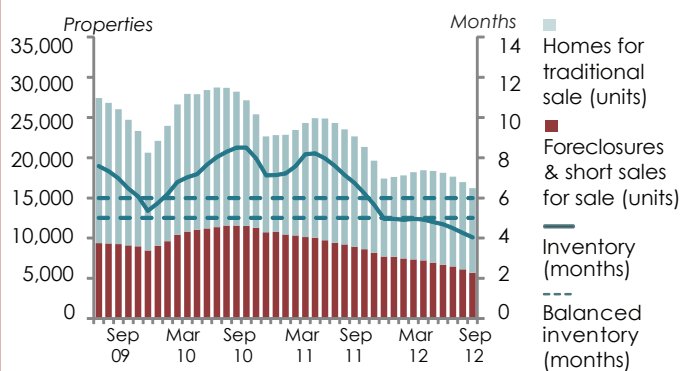
About 10,300 workers were employed in housing construction each month this quarter, a slight improvement over the last couple of years. The inventory of Twin Cities homes on the market dropped to the lowest level in nearly a decade as the real estate market tightened.

### Minnesota Residential Building Construction Employment



Note: In Q3 2005, employment was almost 19,000.

### Twin Cities Homes-for-Sale Inventory



Inventory reported for the first day of the month.

For MHP's "2 x 4" archives and data notes, visit [www.mhponline.org/publications/reports-and-research/2x4-report](http://www.mhponline.org/publications/reports-and-research/2x4-report).

**SOURCES:** Renters: Marquette Advisors (top); MHP survey (bottom). Owners: National Delinquency Survey, Mortgage Bankers Association; MN Home Ownership Center (top); HousingLink (bottom). Homelessness: Hennepin County (top); Minneapolis, St. Paul, & Duluth Public Schools (bottom). Industry: Current Employment Statistics (CES) (top); Minneapolis Area Association of Realtors (bottom).

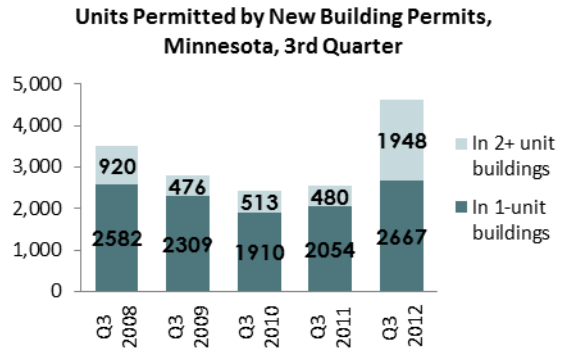




## MHP's "2 x 4" REPORT— 2012 Quarter 3 (Released December 11, 2012)

This quarter, gradual improvements in the state’s economy are manifesting in a stronger housing profile overall. While this is welcome news for home owners and builders, there is little relief in sight for lower-income renters facing high rents in a tight rental market.

Nearly all housing industry and home owner indicators moved in the direction of improvement: lower mortgage delinquency rates, fewer foreclosures, a smaller inventory of homes for sale, and more people at work in housing construction. New building permits this quarter have nearly doubled since the lows of 2009-11, with most of the growth in multi-family housing construction.



Source: US Census Bureau

In the meantime, however, lower-income folks continue to face a tight rental market, and homelessness remains very high. Substantial under- and un-employment are in part responsible for workers being unable to afford rents. About 6% of Minnesota workers remained unemployed this quarter. This figure does not include workers employed part-time “for economic reasons”: those who cannot find a full-time job, but would prefer one, or those limited by the number of hours their employer can offer them.

According to Minnesota DEED data, the number of people working part-time for economic reasons remains 80% higher than before the recession. Notably, a higher proportion of people of color than whites, and men than women, are working part-time for economic reasons.

Part-Time Status of Minnesota Workers, October 2011-September 2012					
	Employed	Employed Part-Time		Part-time for Economic Reasons	
	Number	Number	As % of All Employed	Number	As % of All Employed Part-Time
All Races	2,771,100	753,000	27%	145,500	19%
White	2,482,300	665,200	27%	118,900	18%
Black	103,200	36,300	35%	13,000	36%
Hispanic	105,100	27,900	27%	12,700	46%
Male	1,463,400	307,600	21%	72,300	24%
Female	1,307,700	445,400	34%	73,200	16%

October Minnesota Employment Review, MN DEED, based on Current Population Survey

### Rental Market

Rents held steady in the Twin Cities this quarter, after two years of rapid increase. Rents are likely to increase in the near future, with the vacancy rate still far below the “balanced” rate of 5%, especially for lower priced apartments. Foreclosures continue to push more people into the rental market.

- Average rents in the Twin Cities have increased 3% in the last year. The average rent is now \$951.
- The rental vacancy rate remains at 2.7%. This rate has been below 3% for a year and a half.
- For apartments renting for under \$1,000 per month, the vacancy rate fell to 2.4%.



### Owners' Market

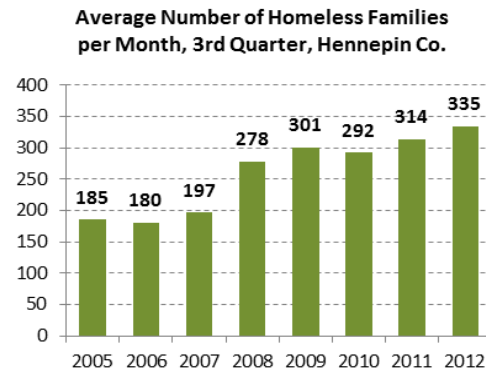
The number of foreclosures dropped again this quarter, and there may be fewer in the pipeline ahead. Pre-foreclosure notices, which tend to fluctuate, were unchanged from last quarter, while the percentage of delinquent mortgages continued to fall. Year-to-date, there have been about 30% fewer foreclosures in 2012 as there were in 2010, which was the peak year for foreclosures. Home sales prices in the Twin Cities also posted substantial gains compared to last year at this time.

- The 60+ day mortgage delinquency rate is now at 4.6%, in a slow decline over the past four years from an 8% peak. The Minnesota historical norm is below 2% for this measure.
- The number of pre-foreclosure notices hovered around 10,000 for the quarter, unchanged from last quarter.
- 4,451 homes foreclosed this quarter, about 7% fewer than last quarter.

### Homelessness

The data pointed to continued high numbers of homeless people this quarter. The number of families seeking shelter in Hennepin County shelters was the highest in twelve years. And the number of children identified in the St. Paul and Duluth schools rose 3% and 21%, respectively, compared to last year. At the same time, Minneapolis schools' counts were lower than last year. This quarter, the *2x4 Report* includes data from the Rosemount-Apple Valley-Eagan suburban school district for the first time.

- An average of 335 families per month sought shelter in Hennepin County contracted shelters, an 86% increase since 2006 before the Great Recession.
- 3,318 homeless kids\* were identified by the Minneapolis, St. Paul, Duluth, and Rosemount-Apple Valley-Eagan school systems combined, down 8% from last year at this time.



Source: Hennepin County

### Housing Industry

The housing industry continues to show signs of recovery, especially in absorption of excess inventory of homes on the market. By the end of the quarter, traditional sales, short sales, and foreclosed properties all had inventories of under 5 months of supply, which is considered lower than normal. There has also been modest improvement in the number of housing construction jobs, even though employment in this sector is only about half of the level in 2004 at the height of the housing boom.

- An average of about 17,000 homes were on the market this quarter in the Twin Cities, the lowest inventory since early 2003.
- The total months' supply of homes on the market dropped slightly to 4.3 months, which is below a "normal" supply of 5 to 6 months.
- On average, about 10,300 people worked in housing construction per month this quarter in Minnesota, which is a 6% increase from two years ago.

For technical notes, visit <http://mhponline.org/publications/reports-and-research/2x4-report>.

\* May include multiple counts of the same children if counted by more than one school district.