

## [The Twin Cities housing market continues to grow in the third quarter](#)

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(Minneapolis, MN – October 30, 2013) Strong fundamentals across the Twin Cities area have pushed new home construction up another 40% over recent years. This is according, to a recent report by Metrostudy, a national housing data and consulting firm that maintains the most extensive primary database on residential construction in the US housing market.

According to Metrostudy's quarterly survey, 1,875 new homes were started in 3Q13, up +**10.8%** from 2Q13, and +**33.9%** from 3Q12 when 1,400 homes were started. For the second straight quarter the Twin Cities housing market surpassed 1,500 new home starts for the quarter. "With winter quickly approaching housing production will continue to see solid growth over the next couple months, before pulling back come January," said Ryan Jones, director of Metrostudy's Twin Cities Market.

At the end of September 2013 there were 2,766 new housing units in inventory, up 234 from last quarter. Of that total, 2,085 units (75%) are under construction, 430 (15%) are finished vacant inventory and 251 (10%) are model homes. Housing supply fell compared to last year remaining very healthy at 6.1 months. Low housing inventory or more specifically low finished vacant inventory is one of the best indicators of the health of a housing market. These units which have been completed but remain vacant at the time of our survey currently sit at just 430 finished vacant units on the ground. Finished inventory months of supply sits at slightly below one month, which is actually below equilibrium, considered to be between 1.5-2.0 months. "These numbers should come up a little over the next couple months as more housing units near completion and demand remain strong," said Jones.

There are currently 22,446 vacant developed lots throughout the Twin Cities, representing a decline of 12% compared to last year. (10,909 vacant developed lots throughout the metro seven counties, a decline of 18.1% compared to last year). 3Q13 represents the lowest supply number since early 2007. Lot supplies across

the seven county metro area are down to just 27.2 "As activity continues to increase we will need to see substantial lot deliveries across the metro in order to meet demand. Lot pricing and availability is a concern throughout the top tier markets as land prices are quickly rising," said Jones.

“The Twin Cities economy looks to remain strong and the new home market is positioned to grow right along with it. We will likely end 2013 up right around 6,000 new home starts, 30% higher than 2012 and twice the amount from 2011. Stay tuned,” said Jones.

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### **About Metrostudy**

Metrostudy, a Hanley Wood company, is the leading provider of primary and secondary market information to the housing and related industries nationwide. Established in 1975 in Houston, Metrostudy provides research, data, analytics and consulting services that help builders, developers, lenders, suppliers, retailers, utilities and others make investment and business decisions every day. [www.metrostudy.com](http://www.metrostudy.com)

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