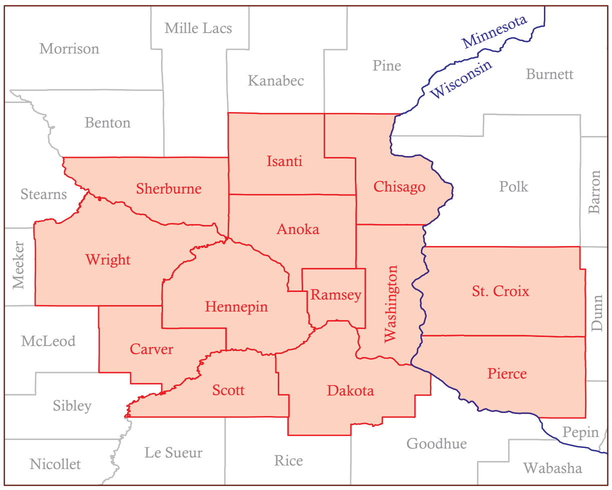
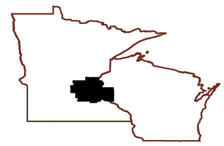
COMPREHENSIVE HOUSING MARKET ANALYSIS

Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2014





Housing Market Area

The Minneapolis-St. Paul-Bloomington Housing Market Area (hereafter, Minneapolis HMA), with a population of 3.4 million, includes 13 counties in Minnesota and Wisconsin and is coterminous with the Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area. For purposes of this report, the HMA is divided into three submarkets: the Central submarket, which includes Hennepin and Ramsey Counties in Minnesota; the Southern submarket, which includes Carver, Dakota, Scott, and Washington Counties in Minnesota; and the Northern submarket, which includes five remaining counties in Minnesota (Anoka, Chisago, Isanti, Sherburne, and Wright) and two in Wisconsin (Pierce and St. Croix).

Summary

Economy

The economy of the Minneapolis HMA expanded after emerging from the local economic downturn in 2010. During 2013, nonfarm payrolls increased by 32,900 jobs, or 1.9 percent. The HMA is home to 19 Fortune 500 companies. The state capital in St. Paul and the University of Minnesota help provide stability to the economy. During the next 3 years, nonfarm payrolls are expected to increase an average of 1.3 percent annually. Tables DP-1 through DP-4 at the end of this report provide economic and population data for the HMA and each submarket.

Sales Market

The sales housing market in the HMA is slightly tight, with an overall estimated vacancy rate of 1.3 percent, down from 1.9 percent in 2010. During 2013, new and existing home sales increased 18 percent, to 54,400 homes, at an average price of $240,700, a 9-percent increase from the average sales price reported in 2012. During the next 3 years, demand is expected for 23,050 new sales units (Table 1). The 2,155 homes currently under construction and a portion of the estimated 33,300 other vacant units in the HMA will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is balanced, with an estimated vacancy rate of 5.5 percent, down from 7.6 percent in 2010. Single-family homes shifting to rental tenure during the past 3 years have been largely absorbed by an increasing number of renter households in the HMA. The apartment market in the HMA is tight, with a vacancy rate of 3.2 percent in the fourth quarter of 2013 (MPF Research). During the next 3 years, demand is expected for 14,155 new rental units; the 8,895 units currently under construction will satisfy a portion of that demand (Table 1).

Market Details

Table 1. Housing Demand in the Minneapolis HMA* During the 3-Year Forecast Period

	Minneapolis HMA*		Central Submarket		Southern Submarket		Northern Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total demand	23,050	14,155	9,150	11,800	9,275	1,825	4,625	530
Under construction	2,155	8,895	1,025	7,975	690	380	440	540

** Minneapolis-St.Paul-Bloomington HMA.*

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2014. A portion of the estimated 33,000 other vacant units in the HMA will likely satisfy some of the forecast demand. The forecast period is January 1, 2014, to January 1, 2017.

Source: Estimates by analyst

Economic Conditions

Economic growth in the Minneapolis HMA, which began in the summer of 2010, increased during the past year. During 2013, nonfarm payrolls increased by 32,900 jobs, or 1.9 percent (Table 2), after an increase of 27,900 jobs, or 1.6 percent, during 2012. With a current level of 1.8 million nonfarm payroll jobs, the Minneapolis HMA has fully recovered to the nonfarm payroll peak from 2007. The local economic downturn, which began in January 2008 and lasted through July 2010, was less severe in the Minneapolis HMA compared with other major Midwest metropolitan areas and the United States because of a diverse economic base. Only the information sector reported a decline in the number of jobs in 2013, when employment decreased by 100 jobs, or 0.3 percent. All other nonfarm sectors reported increasing payrolls. The unemployment rate in the Minneapolis HMA peaked during 2009 at 7.9 percent, lower than peak average rates reported in other major Midwest metropolitan areas and in the nation, which had a peak unemployment rate of 9.6 percent in 2010. The unemployment rate averaged 4.9 percent during 2013, down from 5.5 percent during 2012. Figure 1 presents trends in the labor force, resident employment, and the unemployment rate from 2000 through 2012.

During 2013, the education and health services, the mining, logging, and construction, and the wholesale and retail trade sectors added the most jobs in the HMA, increasing by 11,400,

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Minneapolis HMA,* by Sector

	12 Months Ending		Absolute Change	Percent Change
	December 2012	December 2013		
Total nonfarm payroll jobs	1,763,500	1,796,400	32,900	1.9
Goods-producing sectors	238,500	245,200	6,700	2.8
Mining, logging, & construction	57,600	62,500	4,900	8.5
Manufacturing	181,000	182,700	1,700	0.9
Service-providing sectors	1,525,000	1,551,200	26,200	1.7
Wholesale & retail trade	253,700	257,600	3,900	1.5
Transportation & utilities	62,000	62,100	100	0.2
Information	38,800	38,700	– 100	– 0.3
Financial activities	140,400	141,700	1,300	0.9
Professional & business services	271,800	275,200	3,400	1.3
Education & health services	284,400	295,800	11,400	4.0
Leisure & hospitality	163,500	167,200	3,700	2.3
Other services	76,700	77,700	1,000	1.3
Government	233,600	235,100	1,500	0.6

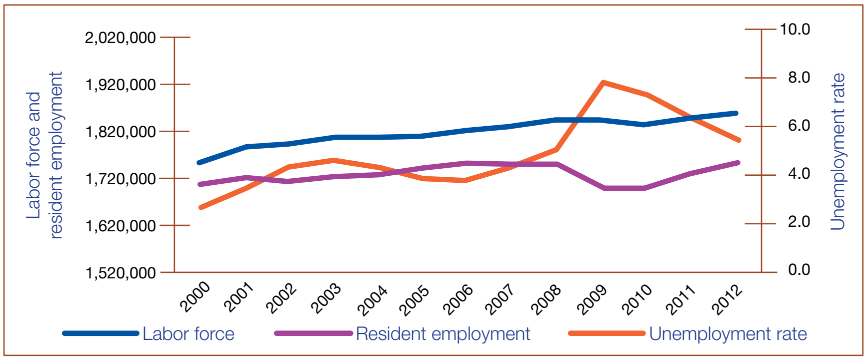
** Minneapolis-St.Paul-Bloomington HMA.*

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2012 and December 2013.

Source: U.S. Bureau of Labor Statistics

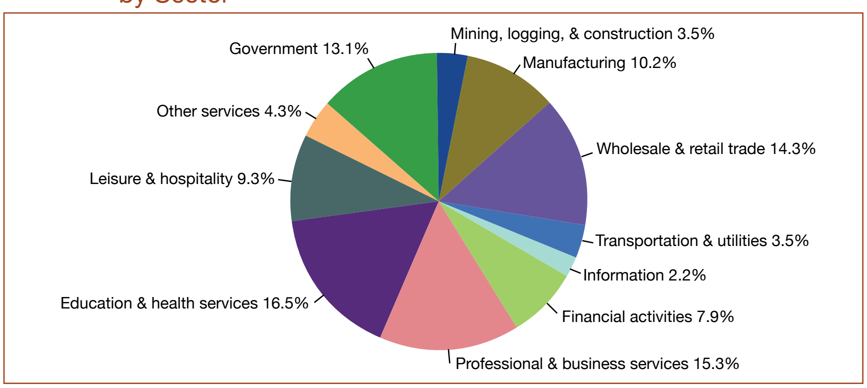
4,900, and 3,900 jobs, or 4.0, 8.5, and 1.5 percent, respectively. The education and health services sector, which accounts for approximately 16.5 percent of nonfarm payrolls in the HMA (Figure 2), is the largest payroll sector and includes 4 of the 10 largest employers in the HMA (Table 3). Job growth in the education and health services sector was almost entirely in the healthcare and social assistance industry. Among Minneapolis HMA healthcare providers, UnitedHealth expects to complete a $200 million expansion of its corporate campus in Eden Prairie in 2016. Allina Health and Children's Hospitals opened the Mother Baby Center in Minneapolis early in 2013 at a cost of $50 million, and Allina Health, Mercy Hospital invested $22 million in a new 120,000-square-foot facility in Coon Rapids, which is expected to be complete in the spring of 2015. Fairview Health Services, which is expanding in Burnsville, will build a new 130,000-square-foot medical office building and a 23,000-square-foot hospital expansion, with approximately $64 million in development costs. In late 2013, the University of Minnesota approved construction of a $160 million outpatient health center, which is expected to open in 2016. The growth reported in the mining, logging, and construction sector is predominately because of increased employment levels among specialty trade contractors and construction jobs, which have been increasing since the economy began to recover during 2010. Job growth in the trade sector was approximately 70 percent in the retail trade subsector and the balance in the wholesale trade subsector. The Mall of America, in Bloomington, includes more than 500 retail stores with 11,000 year-round employees (13,000 during the holiday season) and has an annual economic impact of approximately $2 billion in Minnesota (http://www.mallofamerica.com/about/moa/history). Figure 3 illustrates sector growth in the HMA since 2000.

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Minneapolis HMA,* 2000 Through 2012



** Minneapolis-St.Paul-Bloomington HMA.*
Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Minneapolis HMA,* by Sector



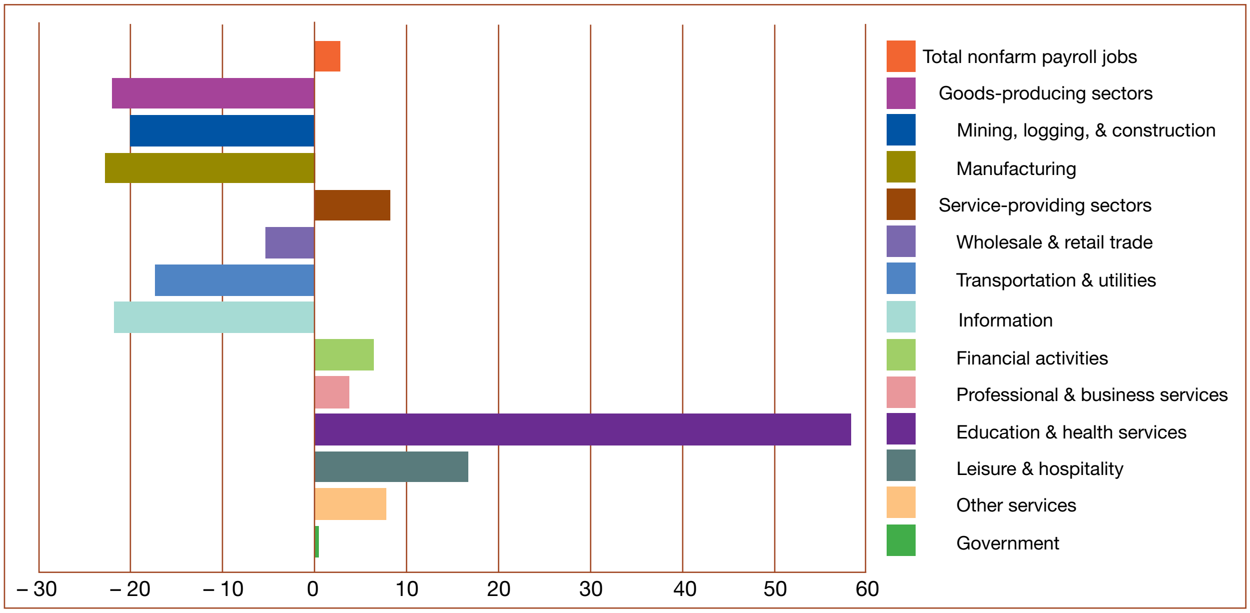
** Minneapolis-St.Paul-Bloomington HMA.*
Note: Based on 12-month averages for each sector through November 2013.
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Minneapolis HMA*

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of Minnesota	Government	53,800
Target Corporation	Wholesale & retail trade	30,750
University of Minnesota	Government	25,150
Allina Health	Education & health services	23,850
Wal-Mart Stores, Inc.	Wholesale & retail trade	20,700
Wells Fargo	Financial activities	20,000
Fairview Health Services	Education & health services	19,600
UnitedHealth Group	Education & health services	18,000
3M Co	Manufacturing	15,000
HealthPartners	Education & health services	11,000

** Minneapolis-St.Paul-Bloomington HMA.*
Note: Excludes local school districts.
Source: Twin Cities Business 2013 Business Information Guide

Figure 3. Sector Growth in the Minneapolis HMA,* Percentage Change, 2000 to Current



** Minneapolis-St.Paul-Bloomington HMA.*
Note: Current is based on 12-month averages for each sector through December 2013.
Source: U.S. Bureau of Labor Statistics

The largest employers in the Minneapolis HMA include the state of Minnesota, with 53,800 employees statewide, but focused in the capital of St. Paul, in Ramsey County, where approximately 19,450 state payrolls are located, with an additional 10,150 state jobs in the adjacent Anoka, Dakota, Hennepin, and Washington Counties. State government employment increased by 800 jobs, or 1.2 percent, after declining by an average of 1,200 jobs annually, or 1.2 percent, from 2008 through 2012. The Target Corporation, headquartered in Minneapolis, includes approximately 30,750 employees in the Minneapolis HMA. The third largest employer in the Minneapolis HMA is the University of Minnesota, with approximately 25,150 faculty and staff and an enrollment of 51,550 students at its Twin Cities campus during the fall 2013 semester. The University of Minnesota has an economic impact in Minnesota estimated at $8.6 billion annually as of 2011 (University of Minnesota).

Several large economic development initiatives are currently under way in the Minneapolis HMA. The opening of the METRO Green Line is scheduled for the summer of 2014 and will connect the downtowns of Minneapolis and St. Paul. The new rail line, nearly 10 miles in length, cost more than $950 million, created 5,450 construction jobs, and has already generated more than $1.7 billion in development along the line (Metropolitan Council). The new stadium for the National Football League Minnesota Vikings broke ground late in 2013 and is expected to open in 2016 at a total development cost of $975 million. Proximate to the new Vikings stadium, Ryan Companies is planning a mixed-use development to include office space, residential units, commercial space, and hotel space, with an estimated development cost of $400 million and an estimated completion date of January 2016. The Mall of America, which opened in 1992, continues to expand, adding 150,000 square feet of retail space, a welcome center for international visitors, and a new hotel with up to 330 rooms, all at a cost of $230 million. This expansion follows the March 2013 opening of the Mall of America Radisson Blu hotel, with a $137.5 million development value.

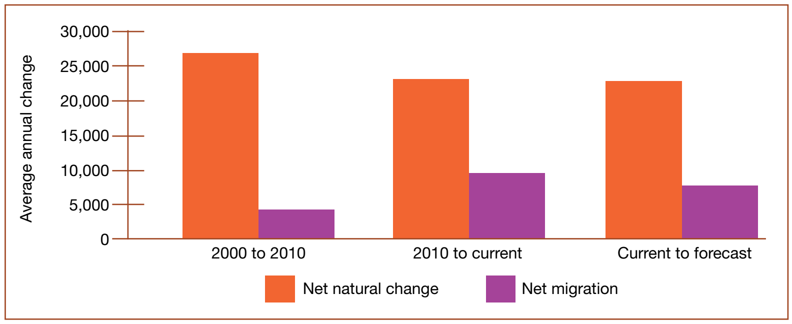
During the 3-year forecast period, nonfarm payrolls in the HMA are expected to moderate and increase 1.3 percent annually, to 1.86 million jobs, with job growth stronger in the first year and decreasing slightly in the second and third years. Job gains are expected to be widespread, led by growth in the education and health services and the professional and business services sectors. Construction subsector employment is also expected to increase, as residential and commercial development continues to recover from the local downturn of 2008 through 2010.

Population and Households

Population growth in the Minneapolis HMA has been relatively consistent since 2000, and changes in employment dynamics—the local economic downturns from July 2001 through March 2003 and the deeper decline from January 2008 through July 2010—had relatively minor effects on population change for the Minneapolis HMA. The estimated population in the Minneapolis HMA is currently 3.40 million, up by an average of 32,600, or 1.0 percent, annually since April 2010. Population growth from April 2000 to April 2010 was at a similar 1.0-percent annual rate, averaging 31,100. The patterns of population growth in the Minneapolis HMA have changed significantly since 2006, however. Population growth in the HMA averaged 27,200 people, or 0.9 percent, annually from 2001 through 2005, nearly all of which (97 percent) was because of net natural change (resident births minus resident deaths). From 2005 through 2009, population growth increased to 32,500 people, or 1.0 percent, annually. The increase was primarily attributable to net in-migration, which increased from an average of 840 people annually from 2001 through 2005 to an average of 4,650 people annually from 2006 through 2009, accounting for 14 percent of the increase. Local planners attribute this increase in migration, despite the onset of the national recession, to the relatively less severe economic downturn in the Minneapolis HMA. From 2010 through December 2013, the population in the HMA increased by an estimated 32,600 annually, or 1 percent, with approximately 29 percent of the estimated increase attributable to net migration. During the 3-year forecast period, population growth is expected to slow slightly, to 30,650, or 0.9 percent, annually as the economy grows slower than it did from 2010 to 2014 and migration slows as well. Figure 4 shows the components of population change from 2000 to the forecast date, and Figure 5 shows the net change in population and households.

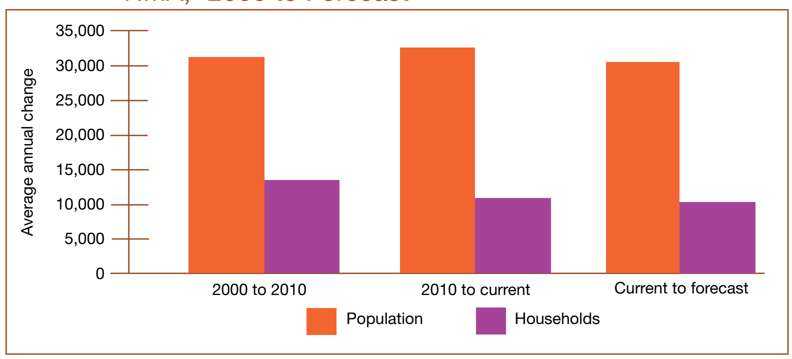
The Central submarket, which includes Hennepin and Ramsey Counties

Figure 4. Components of Population Change in the Minneapolis HMA,* 2000 to Forecast



** Minneapolis-St.Paul-Bloomington HMA.*
Notes: The current date is January 1, 2014. The forecast date is January 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Population and Household Growth in the Minneapolis HMA,* 2000 to Forecast



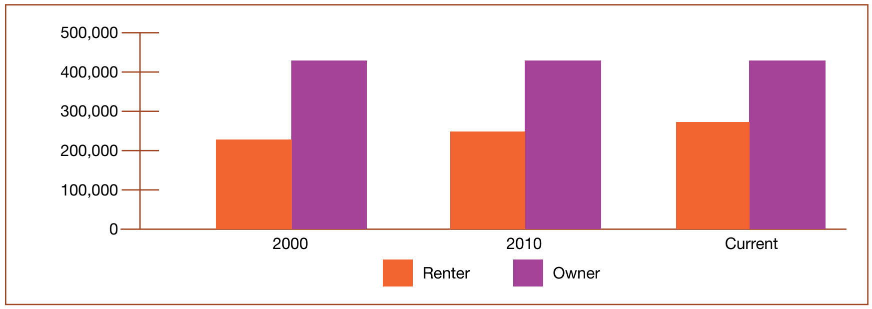
** Minneapolis-St.Paul-Bloomington HMA.*
Notes: The current date is January 1, 2014. The forecast date is January 1, 2017.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

(which have the cities of Minneapolis and St. Paul, respectively), has a population estimated at 1.73 million, or 51 percent of the total population in the HMA. From 2001 through 2005, the population in this submarket declined by an annual average of 5,425, or 0.3 percent, as net out-migration averaged 17,500 people annually and more than offset net natural change. Demographic trends in this submarket changed starting in 2005, and the population increased by 9,775, or 0.6 percent, annually from 2005 through 2010 as a result of decreasing out-migration. The number of people moving out of the Central submarket declined after 2005 and, since 2010, has increased through net in-migration. Since 2010, population growth in the Central submarket has increased rapidly to 1.1 percent, or 18,900 people, annually, with net in-migration accounting for nearly 40 percent of the population growth. Local planners attribute the change in migration trends in the Minneapolis HMA to the general movement of populations back to urban areas noted in many areas of the United States and also to efforts in the region to attract development into the central core, including an emphasis on improvements to the public transit system. During the forecast period, the population in the Central submarket is expected to grow 1 percent, or by 16,650, annually.

The Southern and Northern submarkets had population changes inversely related to the Central submarket. As net in-migration and population growth increased in the Central submarket, net in-migration and population growth generally declined in the Southern and Northern submarkets. The population increased by 15,050, or 1.9 percent, in the Southern submarket and by a similar 15,250, or 2.2 percent, in the Northern submarket from 2000 through 2008. From 2008 through 2010, the two submarkets reported slowing population growth, to 1.0 percent, or 8,575 people, annually for the Southern submarket and to 0.7 percent, or 5,625 people, annually for the Northern submarket. From 2010 to January 1, 2014, the population growth trajectories of the two submarkets diverged, with a slight increase in the Southern submarket, to 8,800 people annually, maintaining a growth rate of 1.0 percent, and a continued slowing population growth in the Northern submarket, averaging 0.6 percent, or 4,925 people, annually. Changing migration patterns are altering reported population dynamics. Early in the 2000s, when the Central submarket was reporting significant net out-migration, much of this movement was to the suburban submarkets. The Southern submarket maintained consistent net in-migration of 7,675 people annually from 2000 through 2007, before dropping to 1,700 people annually from 2007 through 2011. In the Northern submarket, the migration dynamic was similar but more pronounced. Net in-migration averaged 10,550 people annually from 2000 through 2006, declined to 3,800 in 2007, to 1,900 in 2008, and then turned to net out-migration, averaging 110 people annually from 2009 through 2011. Much of the declining migration into these two submarkets was a result of new residents to the HMA choosing the Central submarket, closer to the more significant employment opportunities in Minneapolis and St. Paul. Local planning officials indicate that changing demographics are driving these trends, including an increase in older "empty-nester" households and young "millennial" households, both of which are choosing a walkable, urban lifestyle in the cities of Minneapolis and St. Paul. During the forecast period, the population is expected to grow by an average of 1 percent, or 8,900, annually in the Southern submarket and 0.6 percent, or 5,100, annually in the Northern submarket.

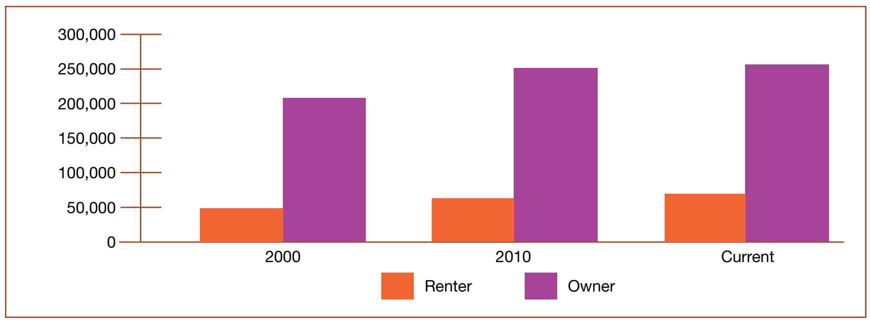
The number of households in the HMA is currently estimated to be 1.31 million, representing an average increase of 10,600 households, or 0.8 percent, since 2010. In the Central submarket, the number of households increased by an average of 0.3 percent, or 2,125, annually during the 2000s, a rate of growth that has increased to 0.8 percent, or 5,700, annually since 2010. Corresponding figures for the Southern and Northern submarkets were 6,025 and 5,450, or 2.1 and 2.2 percent, respectively, annually during the 2000s and 2,975 and 1,925, or 0.9 and 0.7 percent, respectively, annually from 2010 to the current date. As a result of tighter lending standards and foreclosures, the homeownership rate has declined in each submarket, most significantly in the Central submarket. Figures 6, 7, and 8 show the number of households by tenure by submarket. By the end of the forecast period, the number of households in the HMA is expected to reach 1.34 million, growing by 10,150, or 0.8 percent, annually.

Figure 6. Number of Households by Tenure in the Central Submarket, 2000 to Current



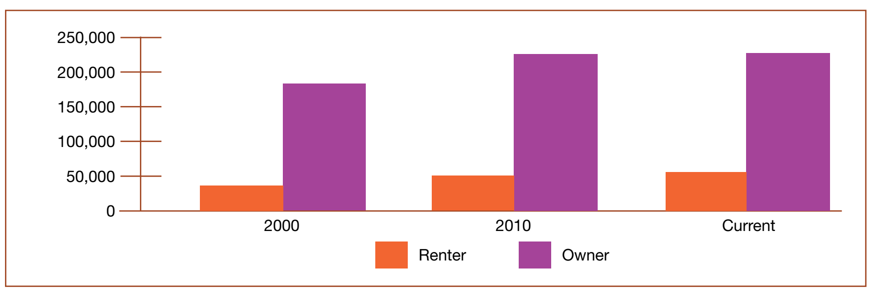
Note: The current date is January 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the Southern Submarket, 2000 to Current



Note: The current date is January 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the Northern Submarket, 2000 to Current



Note: The current date is January 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market—Central Submarket

Sales housing market conditions in the Central submarket are slightly tight, with an estimated vacancy rate of 1.3 percent, down from the 2.1-percent rate recorded in April 2010. The number of homes available for sale currently is very limited at 3.2 months of unsold inventory in January 2014 in both Hennepin and Ramsey Counties, down from 4.1 months of unsold inventory in Hennepin County and 4.2 months in Ramsey County during January 2013. (The preceding data are from Northstar-MLS, as distributed by the Minneapolis Area Association of REALTORS®. Data deemed reliable but not guaranteed. Powered by 10K Research and Marketing.) During 2013, sales of all existing homes in the submarket totaled 25,650, up nearly 20 percent compared with the number sold during 2012 (Metrostudy, A Hanley Wood Company). Existing home sales averaged 23,600 annually during 2005 and 2006 before declining to an average of 18,050 sales annually from 2007 through 2011. As the population began to increase in this submarket, starting in 2005, the number of renter households grew faster than owner households, in general, as a result of tighter lending standards in the mortgage market, reflected in the decline in home sales noted. As the economy in the HMA has continued to strengthen, lenders have made more mortgage loans and the volume of sales activity has increased in the submarket. It is expected that the decline in the homeownership rate will slow during the next 3 years.

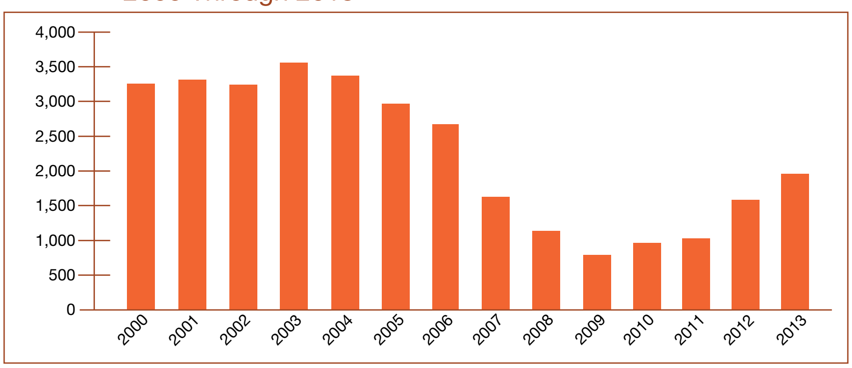
The average sales price of an existing home, including Real Estate Owned (REO) homes, increased nearly 6 percent, to $245,800, during 2013 compared with the average sales price during 2012. Despite this increase, the average sales price remains 14 percent less than the recent peak sales price of $286,500 recorded in 2007. Average home sales prices for existing homes in the Central submarket remained stable at $284,900 between 2005 through 2007 and declined to an average of $226,900 annually during 2008 through 2011, with a low of $207,100 reported in 2009, the year the HMA reported the highest unemployment rate. A contributing factor to the declining existing home sales prices was the growth in REO homes in the submarket. REO home sales accounted for less than 10 percent of all existing home sales from 2005 through 2007 but averaged 36 percent of all existing home sales from 2008 through 2011. The number of REO homes is currently declining as a percent of all existing home sales in the submarket, accounting for 21 percent during 2013, down from 26 percent during 2012. The average sales price of a REO home during 2013 was $151,200 compared with $260,000 for a non-REO existing home sale. As of December 2013, 2.9 percent of all active home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 4.1 percent in December 2012 (Black Knight Financial Services, Inc.).

The sales of new homes in the Central submarket began to increase in 2012, but new home sales remain significantly below levels reported before the economy contracted. During 2013, new home sales totaled 1,025, nearly 9 percent more than the 950 new home sales reported during 2012. New home sales totaled 4,075 during 2005 and declined steadily to 3,825 in 2006, 3,225 in 2007, and 1,900 in 2008. The decline in new home sales continued as the economy, which began to soften in 2008, declined at an accelerating pace. New home sales averaged 1,225 annually during 2008 and 2009 and averaged 880 annually during 2010 and 2011 before increasing in 2012. New home sales prices, however, were not as negatively affected during the local economic downturn, nor did the decline in new home sales severely affect prices. During 2013, the average sales price for a new home in the submarket was $496,700, 18 percent higher than the average sales price reported in 2012. Since the recent lowest average sales price of $308,500 was reported in 2010, the price has increased an average of 17 percent annually.

In response to improving economic and sales market conditions, single-family homebuilding activity, as measured by the number of single-family homes permitted, increased during the past year. During 2013, 1,950 (preliminary data) single-family homes were permitted, an increase of 24 percent compared with the 1,575 permitted during 2012 (Figure 9). By comparison, during the economic and sales housing downturn, 1,600 single-family homes were permitted during 2007 and an average of 960 homes was permitted, annually, from 2008 through 2011. Although the current rate of 1,950 homes permitted during 2013 is an improvement from the 5 years from 2007 through 2011, it remains below the average 3,175 homes permitted annually from 2000 through 2006. New home construction is occurring in suburban locations where Pulte Homes is developing Elm Creek Highlands, in northwest Plymouth, in Hennepin County, which includes single-family homes priced from $392,000, with 134 of 146 homes sold. In Brooklyn Park, also in Hennepin County, Ryland Homes is constructing a townhome development called Wickford Village, with prices starting at $186,000. New owner-occupancy homes in downtown Minneapolis are typically condominiums. Stonebridge Lofts in the Mill District of downtown Minneapolis includes 164 new-construction loft units with one- to three-bedroom homes priced from $265,000 to more than $1 million. More than one-half of the homes are presold, with occupancy expected in the spring of 2014.

During the next 3 years, demand is estimated for 9,150 new homes in the Central submarket (Table 1). The 1,025 new homes currently under construction and a portion of the estimated 17,600 other vacant units that may reenter the market will satisfy some of the forecast demand. Demand is expected to be strongest for units priced under $400,000. Table 4 illustrates the estimated demand for new sales housing in the submarket by price range.

Figure 9. Single-Family Homes Permitted in the Central Submarket, 2000 Through 2013



Notes: Includes townhomes. Includes data through December 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Central Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	199,999	920	10.0
200,000	249,999	1,375	15.0
250,000	299,999	1,825	20.0
300,000	399,999	1,825	20.0
400,000	499,999	1,375	15.0
500,000	749,999	920	10.0
750,000	999,999	460	5.0
1,000,000	and higher	460	5.0

Notes: The 1,025 homes currently under construction and a portion of the estimated 17,600 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is January 1, 2014, to January 1, 2017.
Source: Estimates by analyst

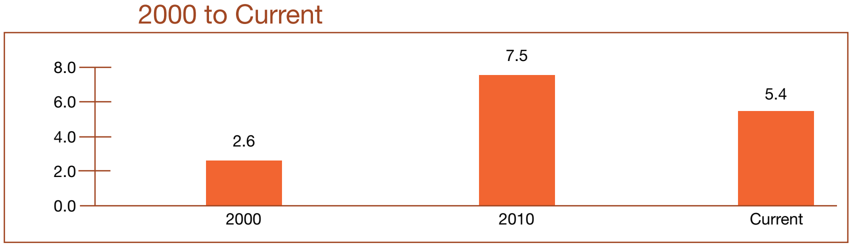
Rental Market—Central Submarket

Rental housing market conditions in the Central submarket are currently balanced, with an estimated 5.4-percent vacancy rate, down from the 7.5-percent rate reported in April 2010 (Figure 10). Although new multifamily production declined during the local economic downturn, such construction has returned strongly, with record numbers of units permitted during 2012 and 2013. Despite this new multifamily production, the rental vacancy rate declined, as described above. Renter household formations, due partially to the impact of foreclosures and formerly owner households becoming renters, continue to absorb new units as they are completed.

Vacancy rates in the apartment market, in general, are lower than corresponding rates in the rental market, which also includes rented single-family homes, condominiums, mobile homes, and other units. The apartment vacancy rate in the submarket was approximately 3.5 percent during the fourth quarter of 2013, up slightly from 3.3 percent a year earlier (MPF Research). Vacancy rates ranged from a low of 1.8 percent in the MPF Research-defined South Minneapolis/Richfield area to 6.5 percent in the Uptown/St. Louis Park area. The apartment vacancy rate has been recorded by MPF Research at less than 5 percent in the submarket since the first quarter of 2010. Apartment market rents generally increased from a year ago in the MPF Research-defined areas in the Central submarket, led by the Minnetonka area, where average monthly rents rose by 8 percent, to $1,100. Gains of 6 percent were reported in the Downtown Minneapolis/University area, to $1,375 and gains of 4 percent each were recorded in the Uptown/St. Louis Park and Bloomington areas, to $1,200 and $990, respectively. Average apartment rents declined 4 percent during the same timeframe in the Central St. Paul area, to $1,050.

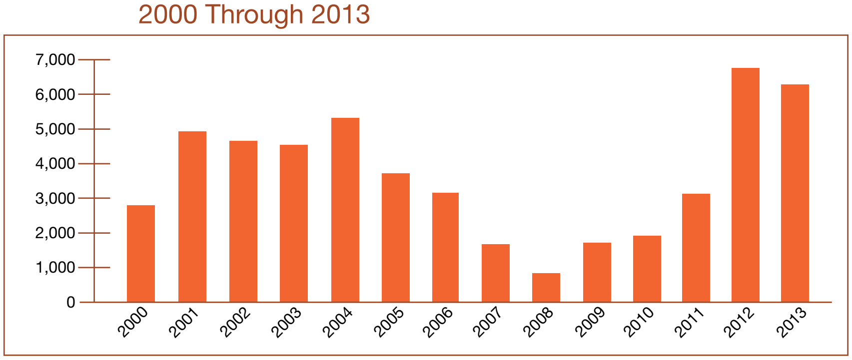
Given consistently balanced-to-tight apartment market conditions, even with significant numbers of newly constructed apartments entering the market, developers continue to develop new properties in the Central submarket. Although the number of new multifamily units permitted declined nearly 7 percent during 2013, the 6,300 units permitted during 2013 were second only to the 2012 figure of 6,750 units permitted, going back to 2000 (Figure 11). From 2000 through 2006, the number of multifamily units permitted remained stable, averaging 4,125 units permitted annually. As the economy softened, apartment vacancy rates were comparatively high and financing for

Figure 10. Rental Vacancy Rates in the Central Submarket, 2000 to Current



Note: The current date is January 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 11. Multifamily Units Permitted in the Central Submarket, 2000 Through 2013



Notes: Excludes townhomes. Includes data through December 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

multifamily development was tight. As a result, multifamily units permitted averaged only 1,200 annually during 2007 and 2008, increasing to an average of 2,200 units permitted annually from 2009 through 2011. Approximately 4,850 market-rate apartments are currently under construction in the downtown markets in Minneapolis and St. Paul, another 1,625 apartments are under construction in neighborhoods outside downtown Minneapolis and St. Paul, and another 1,500 units are under construction in suburban Hennepin and Ramsey Counties. Among properties under construction is Junction Flats, in the North Loop, which broke ground in the early summer of 2013 and expects to deliver 182 market-rate apartments in the summer of 2014. In St. Paul, Rayette Lofts includes 82 market-rate units in a historic rehabilitation effort in Lowertown, with an expected occupancy in the fall of 2014. In Maple Grove, suburban Hennepin County, The Skye at Arbor Lakes began leasing at the 262-unit property, with rents that range from $1,050 to $2,200 for one- and two-bedroom units.

During the 3-year forecast period, demand is expected for 11,800 additional rental units. The 7,975 units already under construction will meet a portion of this demand (Table 1). Demand is expected to remain steady throughout the forecast period. Table 5 shows the estimated demand for new market-rate rental units in the submarket by rent and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Central Submarket During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,000 to 1,199	180	1,200 to 1,399	1,425	1,400 to 1,599	1,250	1,600 to 1,799	710
1,200 to 1,399	180	1,400 to 1,599	1,425	1,600 to 1,799	1,250	1,800 to 1,999	710
1,400 to 1,599	120	1,600 to 1,799	940	1,800 to 1,999	830	2,000 to 2,199	470
1,600 to 1,799	90	1,800 to 1,999	710	2,000 to 2,199	620	2,200 to 2,399	350
1,800 or more	30	2,000 or more	240	2,200 or more	210	2,400 or more	120
Total	590	Total	4,725	Total	4,125	Total	2,350

Notes: Numbers may not add to totals because of rounding. The 7,975 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2014, to January 1, 2017.

Source: Estimates by analyst

Sales Market—Southern Submarket

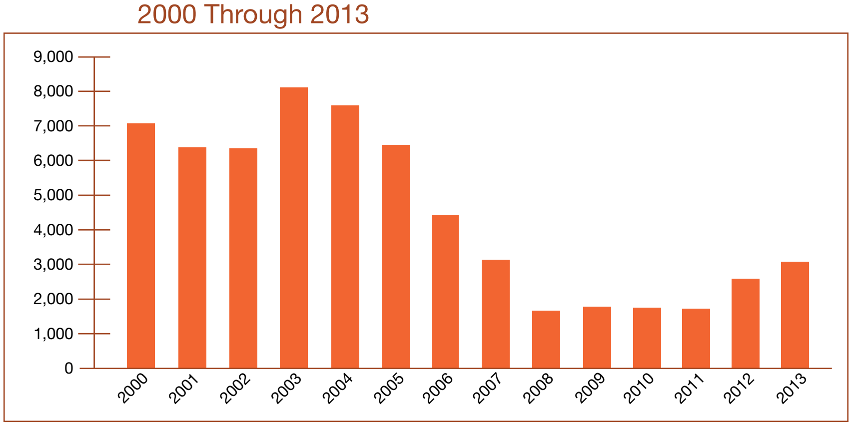
Sales housing market conditions in the Southern submarket are slightly tight, with an estimated vacancy rate of 1.2 percent, down from 1.6 percent reported in April 2010. The number of homes available for sale currently ranges from 3 to 4 months of inventory in each of the four counties, all of which are less than the months of inventory available as of January 2013, which ranged from 3.2 months in Dakota County to 4.7 months in Carver County. During 2013, sales of existing homes totaled 11,500, an increase of 19 percent from the 9,675 homes sold during 2012. Existing home sales averaged 11,800 during 2005 and 2006, a sales rate that declined to an average of 8,800 annually from 2007 through 2011. During 2013, Dakota County accounted for 43 percent of existing home sales among the four counties that comprise the Southern submarket.

The average sales price of an existing home, including sales of REO homes, increased 11 percent, to $249,100, during 2013. Despite the increase, the average sales price of an existing home remains 15 percent less than the peak of $293,700 recorded in 2006. Existing home sales prices averaged $289,300 from 2005 through 2007, declined to $262,600 in 2008, and continued to fall from 2009 through 2011, averaging $221,500. As in the Central submarket, the influence of REO home sales had a significant downward effect on the average sales price for all existing homes. The sales of REO homes were low in 2005 and 2006 and were still only 11 percent of all existing home sales in 2007. In 2008, however, the number of REO home sales increased to 29 percent of existing home sales and remained at more than 30 percent in each subsequent year through 2011, before declining to 29 percent in 2012 and 20 percent in 2013. In 2013, the average REO home sales price was $171,900, compared with $261,200 for a non-REO resale home. As of December 2013, 2.6 percent of all active home loans in the submarket were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from the 3.6-percent rate reported in December 2012. The 2.6-percent rate was the lowest rate among the three submarkets in the HMA.

New home sales in the Southern submarket, which declined steadily from 2005 through 2011, have increased in the past 2 years. During 2013, 1,825 new home sales were reported in the submarket, 31 percent more than the 1,400 new home sales reported in 2012, which were 28 percent more than the 1,100 new home sales reported in 2011. From 2005, when new home sales totaled 3,875, through 2011, sales declined an average of 19 percent annually. Average sales prices for new homes in the submarket have nearly returned to the level recorded prior to the local economic downturn. During 2013, the average sales price of a new home was $384,800, 9.0 percent above the average price recorded in 2012 and less than 1.0 percent below the recent peak price of $388,300 during 2006.

As the employment and sales market conditions improved, single-family homebuilding, as measured by the number of single-family homes permitted, increased significantly in the submarket during the past year. During 2013, the number of single-family homes permitted increased 20 percent, to 3,050 (preliminary data), compared with the number permitted during 2012 (Figure 12). Single-family homes permitted averaged 7,000 annually from 2000 through 2005, declined to average 3,775 during 2006 and 2007, and averaged 1,750 from 2008 through 2011. New home development is primarily in communities located closest to Minneapolis and St. Paul, which have shorter commutes to the major employment centers in the HMA and to urban amenities. Ryland Homes is developing Greystone Highlights in

Figure 12. Single-Family Homes Permitted in the Southern Submarket, 2000 Through 2013



Notes: Includes townhomes. Includes data through December 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Rosemount, Dakota County, with 30 of 52 homesites sold; new construction single-family home prices range from $244,000 to the mid-$300,000s. In Shakopee, Scott County, Ryland Homes is developing Dakota Crossing Highlights, with 23 of 66 homes in the first phase sold and prices starting at $351,000. In Woodbury, Washington County, Pulte Homes reported the first phase of Stonemill Farms is nearly sold out; single-family homes in this development start at $327,000.

During the next 3 years, demand is estimated for 9,275 new homes in the Southern submarket (Table 1). The 690 homes currently under construction and a portion of the estimated 5,900 other vacant units that may reenter the market will satisfy some of the forecast demand. Demand is expected to be stronger each year of the forecast period as the sales housing market continues to improve and for those homes priced between $250,000 and $350,000. Table 6 illustrates the estimated demand for new sales housing in the submarket by price range.

Table 6. Estimated Demand for New Market-Rate Sales Housing in the Southern Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	199,999	900	10.0
200,000	249,999	1,350	15.0
250,000	299,999	1,800	20.0
300,000	349,999	1,800	20.0
350,000	399,999	1,350	15.0
400,000	499,999	900	10.0
500,000	699,999	450	5.0
700,000	and higher	450	5.0

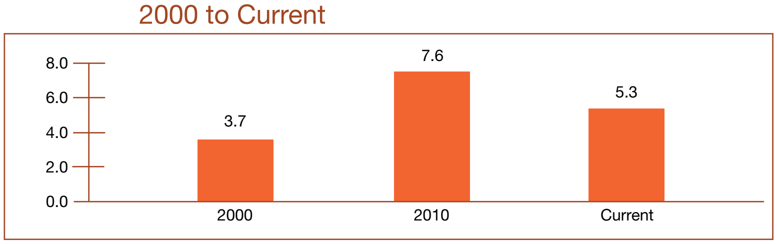
Notes: The 690 homes currently under construction and a portion of the estimated 5,900 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is January 1, 2014, to January 1, 2017.
Source: Estimates by analyst

Rental Market—Southern Submarket

The rental housing market in the Southern submarket is currently balanced, with an estimated vacancy rate of 5.3 percent, down from 7.6 percent in April 2010 (Figure 13). With increased foreclosures and more stringent single-family home mortgage lending standards of the past 5 years, the number of renter households has grown faster than owner households. New apartment construction, which has been relatively low and predominately focused on senior housing the past 3 years, has been supplemented by single-family homes shifting from homeownership into the rental market.

Apartment market conditions in the submarket are currently tight, with an estimated vacancy rate of 2.8 percent, down from 3.3 percent in 2012 (MPF Research). Apartment vacancy rates in the submarket were estimated at 6.9 and 6.5 percent during 2008 and 2009, respectively, and have been less than 4 percent since 2010. During 2013, vacancy rates ranged from 2.1 percent in the MPF Research-defined South St. Paul/Eagan market area, which includes the cities of Eagan and Inver Grove Heights, to 3.2 percent in the Eden Prairie/Shakopee/Chaska area. Compared with rates in 2012, the vacancy rates reported in 2013 were mixed, with some increasing and some decreasing, but the magnitude

Figure 13. Rental Vacancy Rates in the Southern Submarket, 2000 to Current



Note: The current date is January 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

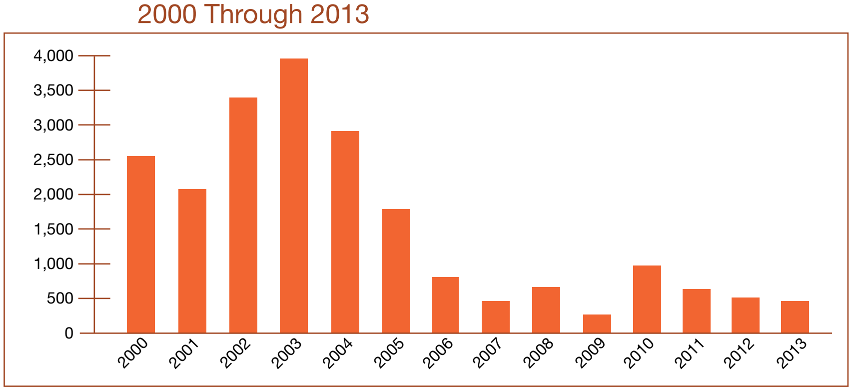
of both gains and declines were less than 1 percent. During 2013, average rents in the submarket increased 1 percent in the Eden Prairie/Shakopee/Chaska area, to $1,025, and 3, 4, and 5 percent, to $975, $980, and $990, in the East St. Paul, South St. Paul/Eagan, and Burnsville/Apple Valley areas, respectively.

Multifamily units permitted in the Southern submarket are at relatively low levels compared with permitting activity in the early 2000s. Multifamily units permitted averaged 2,775 annually from 2000 through 2005, approximately 38 percent of which were intended for rental occupancy. From 2006 through 2009 multifamily units permitted fell to an average of 540 units annually. In response to decreased supply—the apartment vacancy rate fell to 3.8 percent in 2010 from 6.5 percent in 2009—970 units were permitted during 2010, which were absorbed without causing a significant increase in the vacancy rate. Despite the tight market conditions, developers continued to be cautious with new multifamily construction in the submarket. In 2011, 640 units were permitted, which then fell to 500 in 2012 and dropped further to 450 in 2013. In 2013, nearly all of the units permitted were for senior occupancy or were affordable properties (Figure 14). Leasing professionals in the submarket indicate concern about the elevated level of apartment construction in the Central submarket, which may be keeping developers cautious about introducing new properties in the Southern submarket.

Among properties under construction, Creek's Run Townhomes, which received an allocation of low-income housing tax credits during the Minnesota Housing Finance Agency's 2012 round, is under construction in Chaska, Carver County. This development includes 40 units currently under construction, and the developer is accepting applications with plans for an additional 44 units in a second phase. The Waters of Oakdale, by The Waters Senior Living, is under construction in Oakdale, Washington County, and will include 92 units with senior living and a memory care facility. The Waters of Oakdale is scheduled to open in the fall of 2014.

During the 3-year forecast period, demand is expected for an estimated 1,825 new rental units. The 380 units currently under construction will satisfy a portion of the estimated demand (Table 1). Demand is expected to increase gradually during the forecast period. Table 7 shows the estimated demand for new market-rate rental units by rent level and number of bedrooms.

Figure 14. Multifamily Units Permitted in the Southern Submarket, 2000 Through 2013



Notes: Excludes townhomes. Includes data through December 2013.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 7. Estimated Demand for New Market-Rate Rental Housing in the Southern Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
1,000 to 1,199	190	1,300 to 1,499	220	1,500 to 1,699	140
1,200 to 1,399	190	1,500 to 1,699	220	1,700 to 1,899	140
1,400 to 1,599	130	1,700 to 1,899	150	1,900 to 2,099	90
1,600 to 1,799	65	1,900 to 2,099	75	2,100 to 2,299	45
1,800 or more	65	2,100 or more	75	2,300 or more	45
Total	640	Total	730	Total	460

Notes: Numbers may not add to totals because of rounding. The 380 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2014, to January 1, 2017.

Source: Estimates by analyst

Sales Market—Northern Submarket

Sales housing market conditions in the Northern submarket are balanced, with an estimated vacancy rate of 1.5 percent, down from 1.8 percent in April 2010. The number of homes for sale as of January 2014 ranged from 3.1 months of available inventory in Anoka County (Minnesota) to 8.1 months in Pierce County (Wisconsin); months of available inventory declined in each of the seven counties from a year ago, when the range was from 3.7 to 10.6 months. During 2013, sales of existing homes totaled 13,400, up 12 percent from the rate recorded during 2012, and surpassed the level of existing home sales prior to the local economic downturn. Existing home sales in the Northern submarket averaged 12,650 during 2005 and 2006 and declined to average 9,850 annually from 2007 through 2011. Of the seven counties that comprise this submarket, Anoka County accounted for 43 percent of existing home sales during 2013.

Although existing home sales have fully recovered, the average home sales price of an existing home in the submarket remains low, primarily because of the influence REO home sales prices had in the market. The average sales price of an existing home during 2013 in the submarket was $149,100, nearly 10 percent higher than the price recorded during 2012, but well below the peak average of $196,700 during 2005. From 2006, the average sales price declined an average of 6 percent annually, until reaching $132,900 in 2011. During this time, the percent of REO homes sold increased from 5 percent in 2006 to more than 50 percent in 2011. During 2013, 31 percent of all existing home sales were REO sales. As of December 2013, 3.9 percent of all active home loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 5.4 percent during December 2012. Although this rate declined from 2012, it was the highest level reported among the three submarkets in the HMA.

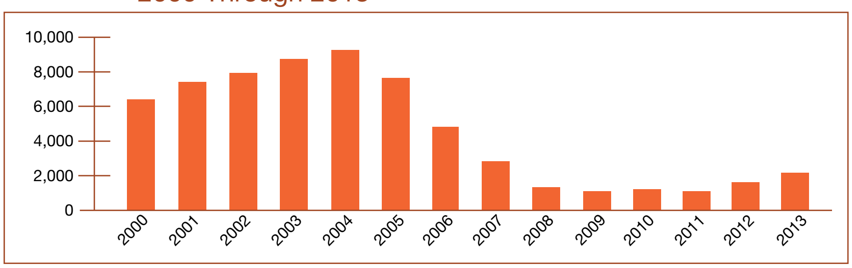
New home sales have recorded values opposite from the trends in existing home sales, with the number of current sales remaining low, while the average sales price has recovered. Since 2005, sales of new homes in the Northern submarket have declined steadily at an average rate of 28 percent annually, from 5,225 sales in 2005 to 740 sales in 2011; this period includes the onset of the local economic downturn from

2008 through 2010 to the early stages of economic recovery in 2011. New home sales began to recover during 2012, when the number of sales increased 4 percent, to 770 homes sold, and increased another 20 percent, to 920 homes sold, during 2013. The average sales price of a newly constructed home in the submarket during 2013 was $244,100, 4 percent higher than the $233,800 average sales price reported during 2012. From 2005 through 2007, the average sales price for a newly constructed home in the submarket was $244,500, a value that declined to $228,600 during 2008, at the onset of the local economic downturn, then fell to $189,000 during 2009, the year the HMA reported its highest unemployment rate. Lower levels of new single-family home construction likely helped to maintain average sales prices from declining further than they did. During 2010 and 2011, the average price then rose to $214,200.

New home construction, as measured by the number of single-family homes permitted, increased 38 percent, to 2,200 (preliminary data) during 2013 compared with the 1,575 homes permitted during 2012 (Figure 15). From the beginning of the local economic downturn in 2008 through the beginning of the recovery in 2011, the number of new single-family homes permitted averaged 1,125, significantly less than the 3,850 homes permitted, on average, during 2006 and 2007. From 2000 through 2005, an average of 7,925 homes were permitted annually as the Northern submarket led the HMA in net-migration. Current new home construction is primarily in areas closer to the Central submarket and its employment opportunities. Ryland Homes is selling homes in two new neighborhoods in Blaine, Anoka County. The Parkside at Legacy Creek reports one-third of 29 homesites sold, with single-family homes starting at $299,000, and a newer development, the Preserve at Legacy Creek, recently began selling 22 homesites in its first phase, with single-family homes starting at $373,000.

During the next 3 years, demand is estimated for 4,625 new homes in the Northern submarket (Table 1). The 440 homes currently under construction and a portion of the estimated 9,800 other vacant units that may reenter the market will satisfy some of the forecast demand. Demand is expected to be strongest for homes priced at less than $300,000. Table 8 illustrates the demand for new sales housing in the submarket by price range.

Figure 15. Single-Family Homes Permitted in the Northern Submarket, 2000 Through 2013



Notes: Includes townhomes. Includes data through December 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 8. Estimated Demand for New Market-Rate Sales Housing in the Northern Submarket During the Forecast Period

Price Range ($)		Units of Demand	Percent of Total
From	To		
100,000	149,999	430	10.0
150,000	199,999	650	15.0
200,000	249,999	870	20.0
250,000	299,999	870	20.0
300,000	349,999	650	15.0
350,000	399,999	430	10.0
400,000	499,999	220	5.0
500,000	and higher	220	5.0

Notes: The 440 homes currently under construction and a portion of the estimated 9,800 other vacant units in the submarket will likely satisfy some of the forecast demand. The forecast period is January 1, 2014, to January 1, 2017.

Source: Estimates by analyst

Rental Market—Northern Submarket

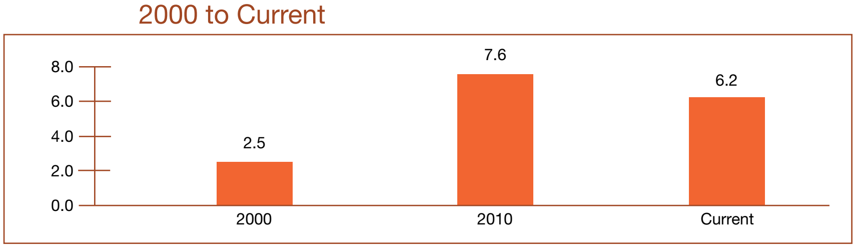
The overall rental housing market in the Northern submarket is soft but improving, with an estimated vacancy rate of 6.2 percent compared with 7.6 percent in April 2010 (Figure 16). After several years of low multifamily permitting activity, apartment construction is increasing; however, the decline in net in-migration to this submarket has kept vacancy rates higher than they might be otherwise. The apartment market is balanced to tight, with an estimated vacancy rate of 2.2 percent for the MPF Research-defined area of Anoka County during the fourth quarter of 2013, up slightly from 2.1 percent a year ago (MPF Research). Apartment vacancy rates were reported at 5.1 percent in the Anoka County area during 2009 and have remained at less than 3 percent since 2010. The average rent increased 3 percent during 2013, to $880.

In response to the balanced-to-tight apartment market conditions in 2012, developers expanded production of apartment units, with 570 multifamily units permitted during 2013, up 40 percent compared with the number permitted during the previous year, all of which are intended for rental occupancy (Figure 17); 90 percent of those units are intended for senior occupancy. Multifamily production averaged 850 units annually from 2000 through 2006. As in-migration began to slow, however, the number of multifamily units permitted declined. From 2007 through 2011, an annual average of only 210 units were permitted in the Northern submarket.

The 230-unit Residence at the COR, in Ramsey, Anoka County, includes studio units, one- and two-bedroom apartments, and three-bedroom townhomes. Absorption is reported to be strong for the units, which began leasing in September 2013. Rents range from $875 to $925 for studio units and from $870 to $1,350 for one-bedroom units. Two-bedroom units rent for $1,250 to $1,950 and three-bedroom townhomes start at $1,800. Seasons Townhomes, also in Ramsey, includes 50 townhomes with two and three bedrooms, all of which are available to people earning 60 percent of Area Median Income or less; four units are set aside for formerly homeless families. All 50 units at Seasons Townhomes were leased before the scheduled completion early in 2014.

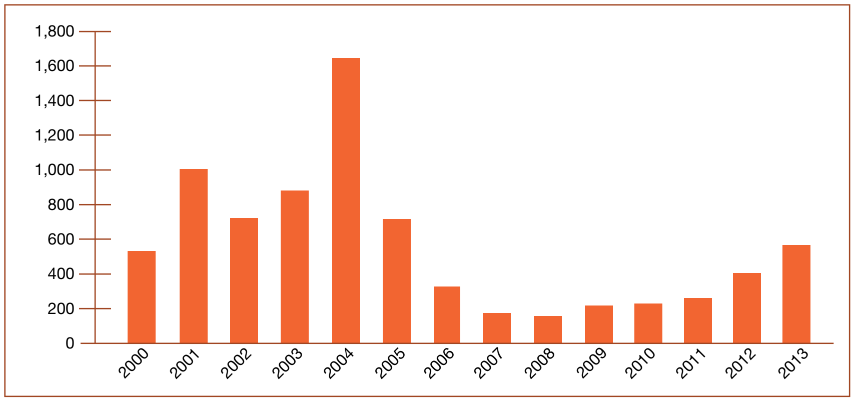
During the 3-year forecast period, demand is expected for 530 new market-rate apartment units, but the 540 units under construction, along with vacant available rental units, will satisfy demand during the forecast period (Table 1). Table 9 shows the estimated demand for new market-rate rental units by rent level and number of bedrooms.

Figure 16. Rental Vacancy Rates in the Northern Submarket, 2000 to Current



Note: The current date is January 1, 2014.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 17. Multifamily Units Permitted in the Northern Submarket, 2000 Through 2013



Notes: Excludes townhomes. Includes data through December 2013.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 9. Estimated Demand for New Market-Rate Rental Housing in the Northern Submarket During the Forecast Period

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand	Monthly Gross Rent ($)	Units of Demand
900 to 1,099	50	1,100 to 1,299	65	1,300 to 1,499	50
1,100 to 1,299	50	1,300 to 1,499	65	1,500 to 1,699	50
1,300 to 1,499	30	1,500 to 1,699	40	1,700 to 1,899	30
1,500 to 1,699	15	1,700 to 1,899	20	1,900 to 2,099	15
1,700 or more	15	1,900 or more	20	2,100 or more	15
Total	160	Total	210	Total	160

Notes: Numbers may not add to totals because of rounding. The 540 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2014, to January 1, 2017.

Source: Estimates by analyst

Data Profiles

Table DP-1. Minneapolis HMA* Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	1,706,082	1,699,439	1,785,000	0.0	1.7
Unemployment rate	2.7%	7.3%	4.9%		
Nonfarm payroll jobs	1,748,300	1,697,700	1,796,000	– 0.3	1.9
Total population	2,968,806	3,279,833	3,402,000	1.0	1.0
Total households	1,136,615	1,272,677	1,312,500	1.1	0.8
Owner households	823,289	908,905	912,500	1.0	0.1
Percent owner	72.4%	71.4%	69.5%		
Renter households	313,326	363,772	400,000	1.5	2.6
Percent renter	27.6%	28.6%	30.5%		
Total housing units	1,169,775	1,354,973	1,381,000	1.5	0.5
Owner vacancy rate	0.6%	1.9%	1.3%		
Rental vacancy rate	2.8%	7.6%	5.5%		
Median Family Income	$63,600	$83,900	$83,900	2.8	0.0

** Minneapolis-St.Paul-Bloomington HMA.*

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2013. Median Family Incomes are for 1999, 2009, and 2012. The current date is January 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Central Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total population	1,627,235	1,661,065	1,732,000	0.2	1.1
Total households	657,365	678,604	700,000	0.3	0.8
Owner households	429,511	429,569	428,900	0.0	0.0
Percent owner	65.3%	63.3%	61.3%		
Rental households	227,854	249,035	271,100	0.9	2.3
Percent renter	34.7%	36.7%	38.7%		
Total housing units	675,272	726,666	738,900	0.7	0.4
Owner vacancy rate	0.5%	2.1%	1.3%		
Rental vacancy rate	2.6%	7.5%	5.4%		

Notes: Numbers may not add to totals because of rounding. The current date is January 1, 2014.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. Southern Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	716,737	857,658	890,700	1.8	1.0
Total households	257,661	317,918	329,050	2.1	0.9
Owner households	210,715	253,648	256,900	1.9	0.3
Percent owner	81.8%	79.8%	78.1%		
Rental households	46,946	64,270	72,150	3.2	3.1
Percent renter	18.2%	20.2%	21.9%		
Total housing units	263,877	333,632	342,200	2.4	0.7
Owner vacancy rate	0.6%	1.6%	1.2%		
Rental vacancy rate	3.7%	7.6%	5.3%		

Notes: Numbers may not add to totals because of rounding. The current date is January 1, 2014.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. Northern Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total population	624,834	761,110	779,600	2.0	0.6
Total households	221,589	276,155	283,350	2.2	0.7
Owner households	183,063	225,688	226,600	2.1	0.1
Percent owner	82.6%	81.7%	80.0%		
Rental households	38,526	50,467	56,750	2.7	3.2
Percent renter	17.4%	18.3%	20.0%		
Total housing units	230,626	294,675	300,400	2.5	0.5
Owner vacancy rate	0.7%	1.8%	1.5%		
Rental vacancy rate	2.5%	7.6%	6.2%		

Notes: Numbers may not add to totals because of rounding. The current date is January 1, 2014.
Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 1/1/2014—Analyst's estimates
Forecast period: 1/1/2014–1/1/2017—Analyst's estimates

The Metropolitan Statistical Area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated December 1, 2009, and does not reflect changes defined by the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_Minneapolis-St.Paul-BloomingtonMN-WI_14.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

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