

At A Glance

The Federal Reserve Bank of Minneapolis reports that overall economic activity has increased at a moderate pace over the last quarter. (1)

Marginally Attached

Unemployed:

When discouraged workers and involuntary part-time workers are included, the national unemployment rate in November 2011 stood at 15.0%. This is down from 16.3% in November 2010. (2)

Personal Savings:

Nationally, personal savings as a percentage of disposable personal income was 3.5% in October 2011; this is a 0.2% increase since September and a 0.4% decrease since August. (3)

Gross Domestic Product (U.S.):

The real GDP, a national measure representing the total value of all goods and services produced in the U.S., increased by an annual rate of 1.8% in the 3rd quarter of 2011, after a 1.3% increase in the 2nd quarter of 2011. (3)

Stock Market:

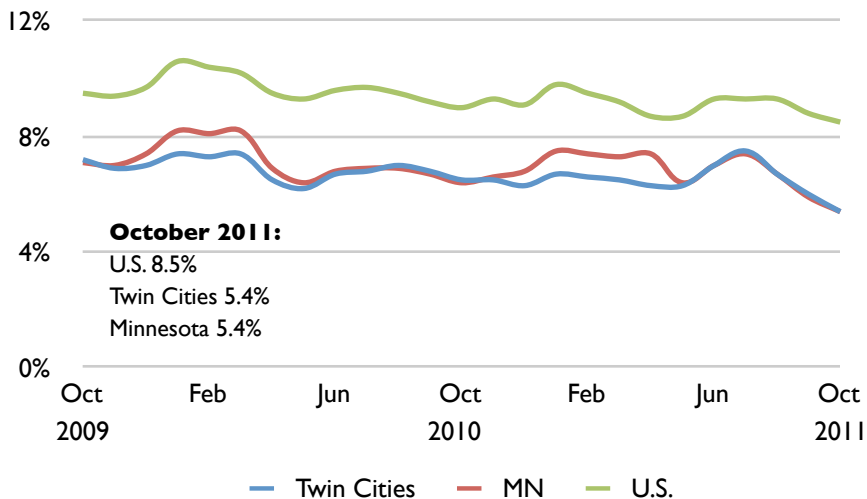
The markets continue to be volatile, at least in part due to continued uncertainty over the financial instability in Europe. Both the S&P 500 and the Dow Jones Industrial Average appear to have made up for the recent fall near Thanksgiving, and appear to be ending 2011 in roughly the same position as they started.

Economy

Key Trends

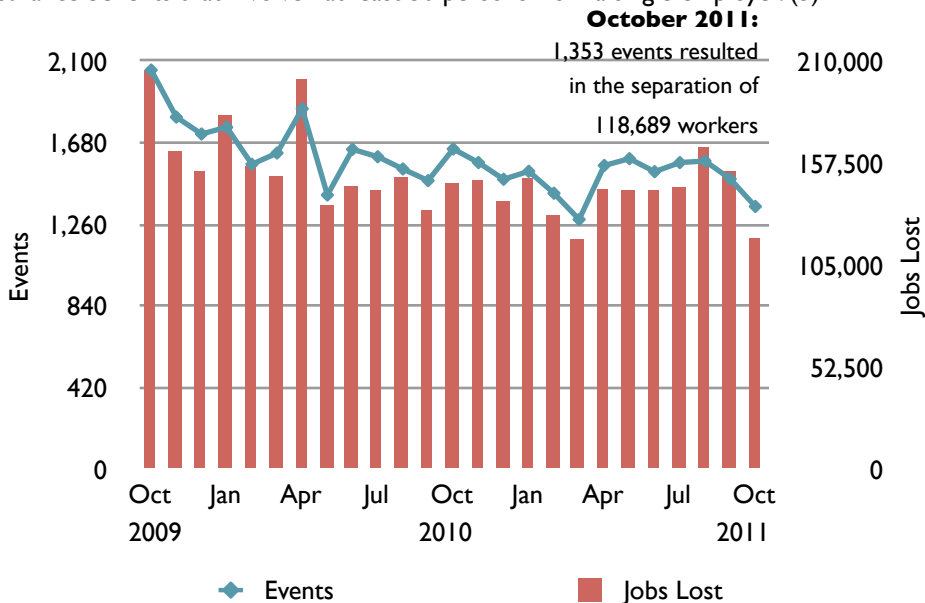
UNEMPLOYMENT RATE (not seasonally adjusted)

Minnesota's unemployment rate continues to be markedly better than the national rate. Neither national nor local rates include the "underemployed" or those who have stopped looking for work. Nationally, in November 44.5% of unemployed persons had been so for 6 months or more. This is higher than in October (43.8%) and higher than it was one year ago (43.8% in November 2010). (4)



MASS LAYOFFS

Mass layoffs in the United States are measured monthly by new filings for unemployment insurance benefits that involved at least 50 persons from a single employer. (5)



At A Glance

Relatively high unemployment rates combined with foreclosures continue to hold down home sales prices and rents.

Home Ownership Affordability:

The region's affordability index was 235 in October 2011. This was a 9.2% increase over the same time period last year, and slightly higher than the 12-month average of 231. (6)

Median Sales Price:

The median sales price for a metro-area home in October was \$155,000. This is a 9.4% decrease since October 2010. (6)

New Listings:

The number of new listings in October 2011 was 4,921. This is a 16.3% decrease from this time in 2010. (6)

Days on Market:

The average number of days between when a property is first listed and when an offer is accepted was 135 in October 2011. This is a 0.3% decrease compared to the same time period last year. (6)

Pending Sales:

The number of properties on which contracts have been accepted in a given month was 3,492 in October 2011. This was up 34.6% from October 2010 but still down 11.5% from October 2009. (6)

Housing Permits:

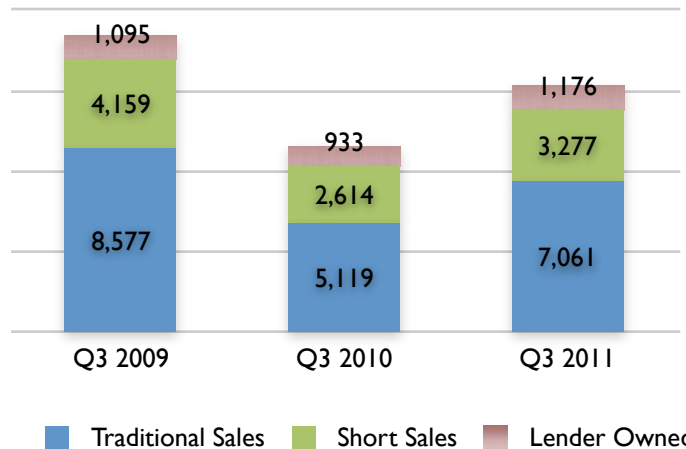
Permits were issued for 1,505 units in the 11-county metro area during the 3rd quarter of 2011. This is a 9.3% increase from the 1,376 issued in the same period last year. (8)

Housing

Key Trends

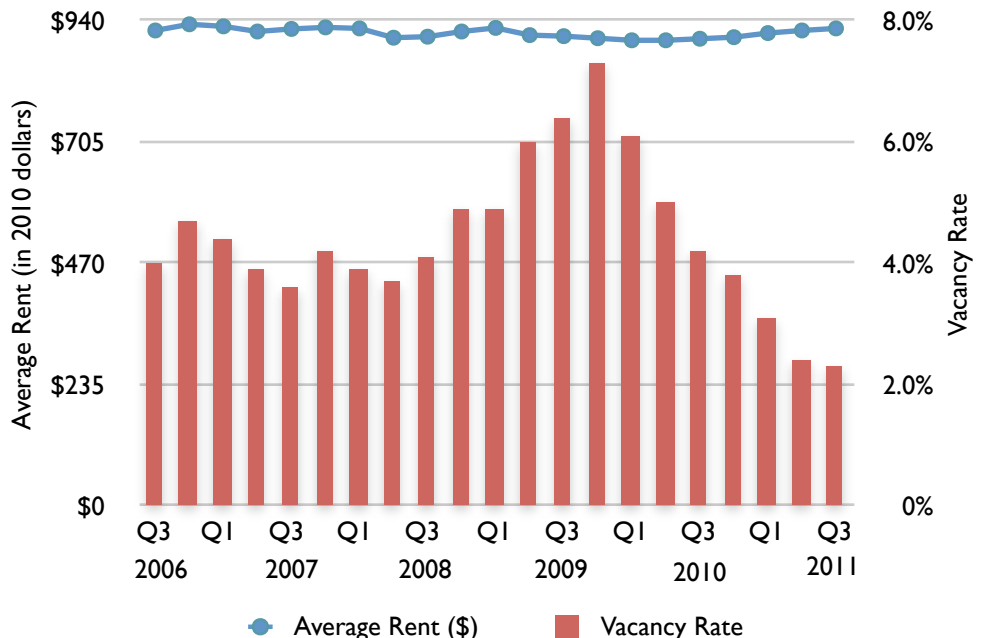
TOTAL CLOSED SALES, METRO AREA

Lender-mediated sales include homes in foreclosure or sold through "short sales" where lenders allow mortgage holders to sell prior to foreclosure. Lender-owned and short sales made up 39% of all sales in the 3rd quarter of 2011. (6)



METRO AREA AVERAGE RENT AND VACANCY RATE

In the 7-county Twin Cities region, rents remain steady even as the vacancy rate drops. However, they are expected to increase as demand exceeds supply. Vacancy rates have been steadily decreasing since they peaked at 7.3% in the 4th quarter of 2009. Currently at 2.3%, this is half of what it was a year ago, and greatly outpaces the national vacancy rate of 6%. Five percent is typically considered a healthy vacancy rate reflecting a balanced market. (9)



At A Glance

The demand for assistance with basic needs appears to have moderated somewhat, although needs remain high.

Basic Needs Referrals:

United Way 2-1-1 made more than 120,000 referrals in the first three quarters of 2011 in the areas of basic needs (food, shelter, transportation, utility assistance, etc.). This was down 11% from the same period in 2010. (10)

Supplemental Poverty Measure:

According to the SPM, it is estimated that 48% of the U.S. population is now low income (below 200% poverty). Hispanics have the highest levels among all racial/ethnic groups at 73%, followed by, in order, African Americans, Asians, and non-Hispanic whites. (8)

Minnesota's Safety Net:

October 2011 caseloads for governmental support programs for low-income individuals include:

▶25,987 families in Minnesota Family Investment Program (MFIP), including Diversionary Work Program; 3.1% lower than a year ago.

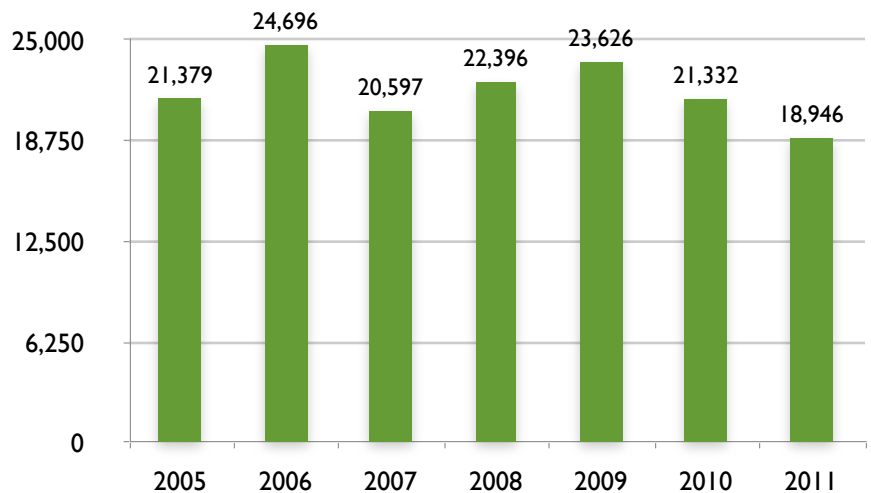
▶733,254 eligible cases on Minnesota Medical Assistance; 13.8% higher than a year ago. Eligibility for MA was expanded in March 2011, when the MGAMC program ended.

▶242,840 households using Food Support (formerly known as Food Stamps); 13.6% higher than a year ago. This increase is due, at least in part, to an expansion of eligibility in November 2010. (12)

Basic Needs Key Trends

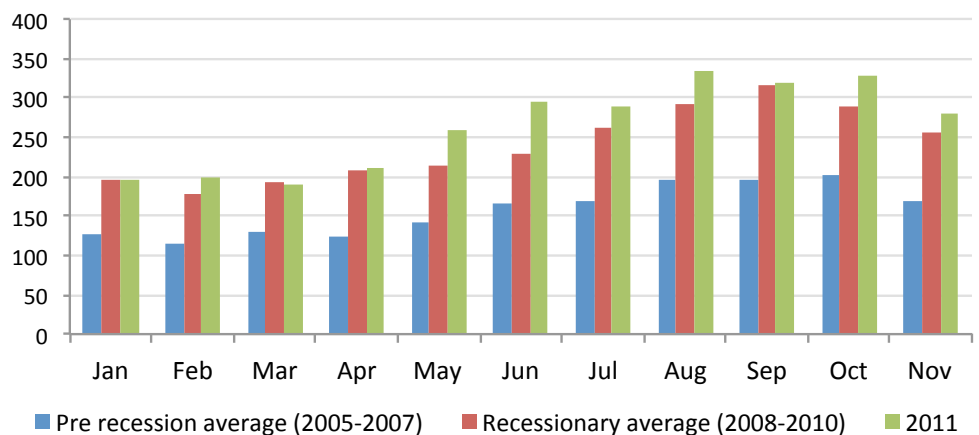
FOOD SHELF REFERRALS

Food shelf referrals are at their lowest level since tracking began in 2005, matching the 11% decline seen in basic needs referrals. The number of emergency food shelf referrals for the first three quarters of 2011 is 15% below the average for the years 2005-2010. (10)



HOMELESSNESS

Shelter space continues to be in record high demand, suggesting that the increases caused by the recession are threatening to become permanent. For example, the number of families staying in Hennepin County-paid emergency shelter has remained significantly higher than even the previous three years ever since the tornados hit north Minneapolis in May of 2011. (11)



Outlook and Implications

According to the most recent (2nd Qtr. 2011) survey of community development and service providers done by the Federal Reserve Bank of Minneapolis, across the region the increasing level of consumer debt, foreclosures, and unemployment have led to an increasing demand for financial counseling in low to moderate income households over the last 12 months. However, despite the growing demand, the resources available for financial counseling appear to be in decline.

The state's November Forecast estimates a projected \$876 million surplus for the current two-year budget cycle (FY2012-13). By state law the first \$255 million will refill the state's cash flow account and the remaining \$621 million will go toward refilling the state's budget reserve. According to Minnesota Management and Budget, this is good news for the schools, as it will allow the state to fulfill its promise to pay back what was borrowed.

Recent research from Pew Research Center shows that in the depths of the Great Recession, record numbers of Americans moved in with relatives. This resulted in the largest increase in modern history in the number of Americans living in multigenerational households: from 2007 to 2009 the total increased from 46.5 to 51.4 million.

The Brookings Institution referred to 2011 as "the year that income inequality captured the public's attention." The recently released report from the Congressional Budget Office reported that the after tax income for the top 1% had more than tripled since 1979, while the incomes of the bottom 80 percent increased by only one-third.

While food shelf referrals at 2-1-1 have declined over the last year, food shelves continue to report steady and increasing needs. This could be a saturation effect, meaning most people in need are now aware of their local food shelf: They no longer need to call 2-1-1 to obtain this information, though they continue to rely on the food shelf to meet their needs.

The Quarterly Economic Pulse is intended to provide the most recent information on a few key indicators that gauge the current economic climate. For more in-depth information, and long-term trends affecting the region's overall well-being go to:

Twin Cities Compass

(tccompass.org)

Greater Twin Cities United Way

(unitedwaytwincities.org).

For questions and comments

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Sources:

1. Institute for Supply Management
2. The U.S. Bureau of Labor Statistics
3. U.S. Bureau of Economic Analysis
4. Minnesota Department of Employment and Economic Development
5. The U.S. Bureau of Labor Statistics
6. Minneapolis Area Association of Realtors (MAAR)
7. Minnesota Housing Partnership
8. U.S. Census Bureau
9. GVA Marquette Advisors
10. Greater Twin Cities United Way 2-1-1 Referral Statistics
11. Hennepin County and Wilder Research
12. Minnesota Department of Human Services

This quarterly update is co-produced by:

