

Minnesota immigration crackdown hitting real estate industry

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[Business](#)

Twin Cities immigration crackdown delays home construction, slows real estate market

As immigrant workers move or stay home, a shortage of workers in the trades also is affecting the existing home market and rental owners.

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Operation Metro Surge is causing upheaval among new home construction sites and has exacerbated a worker shortage in the trades as immigrants either move or stay home because they fear ICE activity. (Glen Stubbe/The Minnesota Star Tribune)

Twin Cities home builders are falling behind schedule as the federal immigration crackdown in Minnesota has fueled a shortage of roofing, drywall and other construction workers, according to developers and real estate agents.

People are not listing their existing homes as planned because their new-build homes are not ready, said Redfin real estate agent Emily Olson.

While it's too soon to calculate the full economic impact, the shortage is further clogging the residential real estate industry, which was already facing a sales slowdown amid economic uncertainty.

Meanwhile, developers say they are losing out on rental income because they can't get contractors to finish rehab or maintenance work on units.

President Donald Trump's administration has ramped up immigration enforcement since the start of his second term a year ago.

Immigration and Customs Enforcement officers began showing up at construction sites last spring and summer, but this winter's Operation Metro Surge has intensified enforcement, and fear, at several workplaces around the Twin Cities. During the January peak, at least 3,000 agents were in Minnesota at one time.

The activity has severely decreased revenue for immigrant-owned businesses and those that serve mainly people of color in the Twin Cities and affected hotels, restaurants, and other businesses that rely on immigrant labor — including construction.

Home builders sent letters to customers in January asking for their patience, citing the crackdown as a cause for delays.

“ICE recently increased its presence in Minnesota. This is affecting the workforce for our industry and has impacted a few of our subcontractors. The decrease in skilled laborers may impact the build time for your home,” Keith Horkey, vice president of Key Land Homes in Prior Lakes, wrote in a letter. “We thank you for your support, patience and understanding as we navigate this challenge.”

Robert Thomas Homes President Paul Grabow said in a letter that ICE officers showed up “uninvited” to a Lakeville job site and demanded four roofers answer their questions. Company managers asked the officers to leave, but they remained on site for hours. The workers stayed on the roof until the ICE officers finally left after nightfall.

The incident disrupted business as false rumors flooded social media, followed by threats to workers, Grabow wrote.

Neither Grabow nor officials at Key Land Homes returned phone calls seeking further comment.

As the enforcement activity grew, many workers moved to other states or stopped showing up, according to those who represent the workers.

Officials at the Minneapolis-based labor rights group Centro De Trabajadores Unidos En La Lucha (CTUL), which has 500 members, said ICE raids of local construction sites started this summer but accelerated around the metro area with the surge starting in December.

Federal agents have been on suburban housing development sites in Shakopee, Cottage Grove, Lakeville, Monticello and Plymouth, said Lucho Gomez, CTUL director of campaign strategies.

His workers were at sites developed by large companies, including D.R. Horton, Capstone Homes, Lennar and Roers Cos., Gomez said. Representatives of those companies either declined

to comment or did not return requests to comment for this story.

Federal officials have detained both undocumented workers and U.S. citizens who are member of CTUL, he said.

“The indiscriminate nature of these actions has caused fear” and made workers afraid to leave their homes, Gomez said. CTUL members have been raising funds for those workers.

Jeff Heimerl, business manager for the International Brotherhood of Electrical Workers Local 292, said Latino and Asian electricians and apprentices have been afraid to come to work or their classes.

“So this ICE activity is definitely impacting all of us in the construction industry, but it is hitting the roofers hardest because they have a heavier Latino population,” Heimerl said.

An ICE spokesperson said, “If a U.S. citizen is arrested, it is because they have obstructed or assaulted law enforcement. Every day the men and women of ICE and CBP put their lives on the line to protect and defend the lives of American citizens.”

Real estate closings and listings, especially among so-called starter homes, have been disrupted in the Twin Cities market for awhile. A new report from Redfin says the construction delays have exacerbated the housing shortage.

Closings of some new homes are facing delays of two weeks to four months, Redfin brokers said.

Redfin Premier agent Bridgette Prew’s clients canceled plans this month to put their existing Prior

Lake home on the market to move into a larger new build.

The builder, Key Land Homes, informed the client that construction would be delayed two months because the company could not get roofers and drywall installers due to the shortage.

“It is causing a lot of stress for my client,” said Prew, noting it is not an isolated case.

Final January sales figures from the Minnesota Realtors are not out yet, but pending home sales for the Twin Cities metro fell 19.2% last month, Redfin said. New listings also fell year over year.

Nationally, pending home sales declined just 1.6%, the real estate company said.

Multifamily home developers and managers also are stressed at a time when permits were already down because of inflation-fueled higher costs.

Property developer P.J. Hill is renovating two of the four apartment buildings he owns in Minneapolis, which are blocks from where Renee Good was shot by a federal agent.

Three weeks ago, ICE officers pulled over and detained two of Hill’s contractors — both U.S.-born Latinos — while driving to his job site.

Separately, the wife of Hill’s site manager was also detained by ICE.

The wife and the two contractors are legal residents and were eventually released, but he is losing money without enough workers to complete the projects.

“I got my crew back,” said Hill, “but I lost well over \$10,000” in rent and event fees because

apartment and event space renovations were not finished on time.

Hill said three of his tenants were deported and three others, fearing detainment, abruptly abandoned their apartments.

Between lost rent over the life of the leases and the costs of revamping the apartments and finding new tenants, he estimates he could lose another \$40,000.

When asked to respond to real estate professionals' concerns, an ICE spokesperson said: "Let's be clear, if there was any correlation between rampant illegal immigration and a good economy, [President Joe] Biden would have had a booming economy. Removing these criminals from the streets makes communities safer for business owners and customers."

about the writer

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Dee DePass is an award-winning business reporter covering Minnesota small businesses for the Minnesota Star Tribune. She previously covered commercial real estate, manufacturing, the economy, workplace issues and banking.