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Home Building Activity in August Remains Stable

Roseville, MN (September 5, 2008) – Twin Cities residential construction has continued to stabilize over the summer months, with nominal increases since May. In August, planned units rose to their highest point in a year, just 13 percent behind August of 2007, with a total of 71 percent of those permits were for multi-family dwellings.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 794 units permitted during the month of August 2008, up from the 650 units permitted in July 2008. Year-to-date activity in 2008 trails 2007, with 3,596 units permitted thus far, compared to 6,408 units permitted through the same point last year.

Builders are cautiously optimistic about the prospects for the industry over the next year. The move by the Federal Reserve Board over the weekend is expected to help boost confidence in the market. As Chairman Ben S. Bernanke said, "I strongly endorse both the decision by FHFA Director Lockhart to place Fannie Mae and Freddie Mac into conservatorship and the actions taken by Treasury Secretary Paulson to ensure the financial soundness of those two companies. These necessary steps will help to strengthen the U.S. housing market and promote stability in our financial markets. I also welcome the introduction of the Treasury's new purchase facility for mortgage-backed securities, which will provide critical support for mortgage markets in this period of unusual credit-market uncertainty."

"The move by the Fed is welcome news," says BATC President KC Chermak. "Reducing the uncertainty surrounding the mortgage industry is one more step in bringing stability back to the housing industry."

Builders are anticipating the Parade of Homes Fall ShowcaseSM will stimulate interest in new homes as well, says Chermak.

"Our Parade of HomesSM has long been where Twin Cities families first get excited about a new home," Chermak says. "They see the value and benefits of new construction with their improved technology and products so that when they are ready to buy, whether they have a home to sell or are worried about the economy, they will be back."

Woodbury led the metro in building activity for the month with 143 units permitted in August. St. Paul followed with 136 units permitted, Maple Grove was next with 100 units permitted, followed by Maplewood with 73 and Blaine at 42.

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August 2008 Building Activity

Past Twelve Months

	Permits	Permitted Units	Permit Value
August 2007	434	911	157,413,714
September 2007	298	433	117,717,331
October 2007	299	619	122,686,830
November 2007	380	615	150,337,378
December 2007	275	557	112,192,768
January 2008	235	364	92,261,940
February 2008	170	217	65,249,320
March 2008	207	229	68,710,517
April 2008	180	293	62,510,134
May 2008	255	498	98,695,290
June 2008	289	444	103,103,450
July 2008	255	650	111,957,805
August 2008	281	794	133,619,108

Five-Year Comparisons

	Permits	Permitted Units	Permit Value
August 2004	985	1,799	301,319,088
August 2005	795	1,438	261,591,754
August 2006	626	1,646	255,744,115
August 2007	434	911	157,413,714
August 2008	281	794	133,619,108

	Permits	Permitted Units	Permit Value
YTD 2004	7,447	12,191	2,165,316,415
YTD 2005	6,672	11,410	2,079,336,395
YTD 2006	5,492	9,402	1,878,004,244
YTD 2007	3,633	6,408	1,305,805,232
YTD 2008	1,944	3,596	1,050,110,969

Multifamily Construction as a Percentage of Total Activity

Sept - 07	Oct - 07	Nov - 07	Dec - 07	Jan - 07	Feb - 08	Mar - 08	Apr - 08	May - 08	June - 08	July - 08	Aug - 08	YTD - 08
64	59	46	55	43	29	14	43	53	39	70	71	51

Top Cities for Building Activity

August				2008 Year-to-Date			
Permits		Permitted Units		Permits		Permitted Units	
Maple Grove	36	Woodbury	143	Maple Grove	166	Bloomington	369
Blaine	24	St. Paul	136	Blaine	128	Minneapolis	313
Woodbury	18	Maple Grove	100	Woodbury	125	Woodbury	278
Maplewood	14	Maplewood	73	Lakeville	106	Maple Grove	250
Cottage Grove	12	Blaine	42	Plymouth	69	Blaine	170
Hugo	12						

The Builders Association of the Twin Cities has contracted with Keystone Report, a local research firm, to maintain a database with information about new residential construction permits around the metropolitan area. After a builder has picked up the permit from a city, Keystone Report compiles and updates weekly residential housing permits by city for 70 percent of the metropolitan-area municipalities in the greater 13-county region. Planned units are the total number of housing units planned to be built under the permits issued (one permit is issued per building which may include more than one housing unit). Permit value does not include the land/lot costs.