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Slowdown in New Residential Construction Continued in February

Roseville, MN (March 2, 2009) – As Congress debated an economic recovery package, regional builders remained cautious. According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 118 units permitted during the month of February 2009, down from the 340 units permitted in January 2009. Year-to-date planned units are down 18 percent from January and February 2008. Local builders took the appropriate steps in scaling back new building, which has directly lead to a stronger regional market than other regions in areas such as the South and Southwest.

There is a bright spot, however, especially for first-time home buyers. President Obama signed the American Recovery and Reinvestment Act on February 17th which includes a significant improvement in the available tax credit for families that have not owned a home in the previous three years. The effects of this credit will ripple across the entire market, families selling their homes will join first time homebuyers in uplifting the housing market.

“Qualifying first-time home buyers can now receive up to an \$8,000 tax credit on the purchase of their primary residence,” says BATC President Mike Swanson. “And contrary to the \$7,500 credit available since July 2008, this credit does not need to be repaid unless the home is sold within three years.”

“Plans by the administration to bring foreclosures under control should also help stop the decline in home values and long-term wealth of Americans,” explains Swanson. “The result will be much needed assistance for homeowners, and a parallel rise in consumer confidence.”

Woodbury led the metro in building activity for the month with 19 units permitted in February. Oak Grove followed with 10 units permitted, Lakeville and Minnetrista were next with 8 units each, followed by Shakopee with 6.

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February 2009 Building Activity

Past Twelve Months

	Permits	Permitted Units	Permit Value
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
September 2008	224	447	82,119,343
October 2008	212	628	116,991,808
November 2008	206	420	84,035,773
December 2008	158	223	53,916,054
January 2009	127	340	57,966,957
February 2009	107	118	34,803,836

Five-Year Comparisons

	Permits	Permitted Units	Permit Value
February 2005	472	735	152,851,160
February 2006	542	872	187,184,233
February 2007	305	580	119,839,736
February 2008	170	217	65,249,320
February 2009	107	118	34,803,836

	Permits	Permitted Units	Permit Value
YTD 2004	1,082	1,678	344,833,388
YTD 2005	1,155	1,872	390,220,972
YTD 2006	684	1,476	287,454,874
YTD 2007	405	581	157,511,260
YTD 2008	249	474	97,427,401

Multifamily Construction as a Percentage of Total Activity

Mar - 08	Apr - 08	May - 08	Jun - 08	Jul - 08	Aug - 08	Sep - 08	Oct - 08	Nov - 08	Dec - 08	Jan - 09	Feb - 09	YTD - 08
14	43	53	39	70	71	54	76	58	36	63	14	51

Top Cities for Building Activity

Feb..				2009 Year-to-Date			
Permits		Permitted Units		Permits		Permitted Units	
Woodbury	12	Woodbury	19	Woodbury	26	Inver Grove Hts	104
Oak Grove	10	Oak Grove	10	Shakopee	16	Glencoe	65
Minnetrissa	8	Lakeville	8	Maple Grove	15	Woodbury	33
Lakeville	6	Minnetrissa	8	Blaine	12	Oakdale	30
Shakopee	6	Shakopee	6	Lakeville	12	Shakopee	51

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 permits is issued per building which may include more than one housing unit). Permit value does not include the land/lot costs.