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Builders Keep New Activity Back as Spring Approaches

Roseville, MN (April 8, 2008) – With spring approaching, homebuilders across the Twin Cities continued to slow down new activity. In March, residential building increased from the previous month, although there were fewer units permitted than the same time a year ago due to a slight dip in multifamily construction. Through the first quarter of 2008, homebuilding was down compared to the first quarter 2007.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 229 units permitted during the month of March 2008, up from 217 units permitted in February 2008. Year-to-date activity in 2008 trails 2007, with 811 units permitted thus far, compared to 1,988 units permitted through the same point last year.

The region's builders have refocused their business and adjusted to a changed environment. Many builders are rediscovering their true passion and setting themselves up for future success says 2008 BATC President KC Chermak.

“As the local housing market has adjusted, so have builders’ business strategies,” says Chermak. “We’ve had to re-evaluate our marketing, our designs, and our homes to ensure that we’re providing a product that differentiates itself.”

To that end, trade associations offer the resources necessary for the homebuilding industry. “There are a lot of builders getting back to basics like training and building relationships within the industry,” says Chermak. “Trade associations like BATC are key to making this all happen for our industry.”

Brooklyn Park led the metro in building activity for the month with 25 units permitted in March. Lakeville and Maple Grove followed with 16 units permitted each city, Woodbury with 15 units permitted, and Blaine and Plymouth with 14 each.

MORE

March 2008 Building Activity

Past 12 Months

| | Permits | Permitted Units | Permit Value |
|----------------|---------|-----------------|--------------|
| March 2007 | 330 | 443 | 122,163,105 |
| April 2007 | 486 | 895 | 188,770,051 |
| May 2007 | 534 | 753 | 172,815,704 |
| June 2007 | 592 | 773 | 174,981,932 |
| July 2007 | 440 | 974 | 160,329,637 |
| 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 |

5-Year Comparisons

| | Permits | Permitted Units | Permit Value |
|----------|---------|-----------------|--------------|
| Mar 2004 | 690 | 1,052 | 195,555,955 |
| Mar 2005 | 627 | 1,208 | 219,854,269 |
| Mar 2006 | 619 | 955 | 196,851,667 |
| Mar 2007 | 330 | 443 | 122,163,105 |
| Mar 2008 | 207 | 229 | 68,710,517 |

| | Permits | Permitted Units | Permit Value |
|----------|---------|-----------------|--------------|
| YTD 2004 | 2,231 | 3,689 | 658,430,768 |
| YTD 2005 | 1,822 | 3,042 | 600,884,784 |
| YTD 2006 | 1,865 | 3,070 | 633,287,383 |
| YTD 2007 | 1,066 | 1,988 | 426,496,789 |
| YTD 2008 | 613 | 811 | 226,491,777 |

Multifamily Construction as a Percentage of Total Activity

| Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 52 | 36 | 31 | 60 | 58 | 64 | 59 | 46 | 55 | 43 | 29 | 14 |

| March | | | | 2008 Year-to-Date | | | |
|---------------|----|---------------|----|-------------------|----|---------------|----|
| Permits | | Units | | Permits | | Units | |
| Brooklyn Park | 16 | Brooklyn Park | 25 | Maple Grove | 64 | Maple Grove | 75 |
| Lakeville | 16 | Lakeville | 16 | Lakeville | 37 | Minneapolis | 69 |
| Maple Grove | 15 | Maple Grove | 16 | Woodbury | 35 | Brooklyn Park | 57 |
| Woodbury | 12 | Woodbury | 15 | Blaine | 34 | Woodbury | 48 |
| Blaine | 11 | Blaine | 14 | Brooklyn Park | 30 | Blaine | 45 |
| Plymouth | 11 | Plymouth | 14 | | | | |

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.