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Twin Cities Home Builders Enter Summer at Tepid Pace

Roseville, MN (June 14, 2007) – Fewer new homes are going up this year than a year ago as builders continue to hold back new activity while the market adjusts to a sustainable rate of production, consumer confidence returns, excessive inventory rates reduce, and resale housing activity solidifies. Permitted units are down from a month ago, and show a decline from the same month a year ago as well.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 753 permitted units last month, down from 1,052 in May 2006. Year-to-date activity continues to lag 2006, with 3,750 permitted units thus far, compared to 5,299 permitted through the same month a year ago.

As rainy spring days come to an end and the weather heats up, usually home building does likewise. With 2007 activity remaining flat, many builders are optimistic for the future but revising near-term expectations says Division President of Toll Brothers and 2007 BATC President Michael Noonan.

“Home builders are positive about growth in the long-term for the Twin Cities, however, it is evident that it will be a gradual return,” says Noonan. “Continuing through this adjustment, our industry remains concentrated upon market fundamentals.”

During the past few years, many buyers purchased a home without ever seeing it. 2007 has led builders to analyze marketing strategies and utilize sales techniques to make an unforgettable impression during the buying experience says Noonan.

“We are finding that our builders are revamping their sales and marketing. They are creatively marketing their product and paying attention to details, such as properly staging the home,” Noonan said. “In the end, our buyers are beneficiaries of this improved experience.”

Minneapolis continues to lead the metro area in construction year-to-date with 396 permitted units. St. Paul ranks second with 396, followed by Woodbury with 232, Lakeville with 156, and Chaska with 155.

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May 2007 Building Activity

	Permits	Permitted Units	Permit Value
January	379	896	167,615,138
February	305	580	119,839,736
March	330	443	122,163,105
April	486	895	188,770,051
May	534	753	172,815,704

5-Year Comparisons

	Permits	Permitted Units	Permit Value
May 2003	990	1,423	244,563,026
May 2004	1,018	1,524	284,885,096
May 2005	1,050	1,894	314,135,598
May 2006	769	1,052	237,280,427
May 2007	534	753	172,815,704

	Permits	Permitted Units	Permit Value
YTD 2003	3,968	6,781	1,089,213,953
YTD 2004	4,133	6,543	1,189,166,329
YTD 2005	3,589	6,078	1,132,382,172
YTD 2006	3,304	5,299	1,093,784,568
YTD 2007	2,167	3,750	813,079,949

Multifamily Construction as a Percentage of Total Activity

Jan	Feb	Mar	Apr	May	YTD
62	51	33	52	36	48

May				Year-to-Date			
Permits		Units		Permits		Units	
Lakeville	45	Hugo	67	Woodbury	163	Minneapolis	396
Woodbury	28	Lakeville	57	Lakeville	122	St. Paul	360
Maple Grove	25	Maple Grove	43	Blaine	92	Woodbury	232
Otsego	22	Brooklyn Park	41	Maple Grove	87	Lakeville	156
Blaine	21	Woodbury	41	Otsego	76	Chaska	155

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.

**The reporting period for each month compares statistics over four weeks, while year-to-date statistics cover the first 22 weeks of the year 2007*