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May Shows Slight Increase in Home Building Activity

Roseville, MN (June 6, 2008) – While Twin Cities residential builders remain cautious, May marked an increase in permit activity, especially in multi-family residential construction. The total is still less than half of where it stood last year, but does continue a trend that suggests the residential market is stabilizing.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 498 units permitted during the month of May 2008, up from 293 units permitted in April 2008. Year-to-date activity in 2008 trails 2007, with 1,637 units permitted thus far, compared to 3,750 units permitted through the same point last year.

The correction in the housing market, felt locally since 2005, reached a low point in new permitted units in February of 2008. May's increase was most evident in a rise in multi-family from 43 to 53 percent of the total units permitted.

"Even though multi-family units permitted in May rose to a higher degree," says BATC President KC Chermak. "Single-family permits were also inching upwards."

While this may not spell the beginning of a sustained recovery, there are reasons to believe we may have passed the low point says Chermak.

"Like most businesses in today's more competitive economy, managing inventory is becoming key to business success," says Chermak. "Today, builders are very carefully weighing every single permit they pull."

Minneapolis led the metro in building activity for the month with 89 units permitted in May. Bloomington followed with 50 units permitted, Hastings with 36 units permitted, Hugo with 31 and Rosemount rounded out the top five with 14.

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May 2008 Building Activity

Past Twelve Months

	Permits	Permitted Units	Permit Value
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
April 2008	180	293	62,510,134
May 2008	255	498	98,695,290

Five-Year Comparisons

	Permits	Permitted Units	Permit Value
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
May 2008	255	498	98,695,290

	Permits	Permitted Units	Permit Value
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
YTD 2008	1,073	1,637	395,271,728

Multifamily Construction as a Percentage of Total Activity

Jun - 07	Jul - 07	Aug - 07	Sep - 07	Oct - 07	Nov - 07	Dec - 07	Jan - 08	Feb - 08	Mar - 08	Apr - 08	May - 08	YTD - 08
31	60	58	64	59	46	55	43	29	14	43	53	40

Top Cities for Building Activity

May				2008 Year-to-Date			
Permits		Permitted Units		Permits		Permitted Units	
Maple Grove	22	Minneapolis	89	Maple Grove	100	Minneapolis	239
Lakeville	20	Bloomington	50	Blaine	67	Maple Grove	111
Woodbury	19	Hastings	36	Lakeville	67	Blaine	83
Blaine	17	Hugo	31	Woodbury	66	Woodbury	82
Rosemount	14	Rosemount	25	Brooklyn Park	49	Brooklyn Park	79
				Rosemount	41		

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.