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Residential Construction Continues to Level-Off

Roseville, MN (December 10, 2007) – Building activity across the Twin Cities show a sustained trend towards leveling off through the month of November. While permitted units remain down compared to a year ago, activity continues to show consistency month-to-month in 2007.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 615 units permitted in November 2007, down slightly from 619 units permitted in October 2007. Year-to-date activity remains behind last year, with 8,384 units permitted thus far, down from 11,991 units permitted through the same point last year.

“We are in an industry that fluctuates through cycles,” says 2007 BATC President Michael Noonan. “As we enter 2008, it is likely that we are nearing the end of trending downward. With standing inventory drawn down, stable interest rates, and minimal new activity, the new home market should be in a position that is leveling-off from correction.”

The correction may be leveling-off but a recovery could lag due to persistent issues, including consumer confidence. However, President Bush and U.S. Treasury Secretary Henry Paulson recently announced a plan that could aid the housing market and reassure consumers. The plan seeks to limit foreclosures by working with key mortgage lenders and investment firms to freeze interest rates for five years on certain subprime mortgages.

“This plan is a key step in providing reassurance to homeowners that are struggling to stay in their homes,” says Noonan. “Our industry is supportive of these measures and the National Association of Home Builders is urging congress to take action on pending legislation.”

Minneapolis continues to lead the metro in year-to-date building activity with 844 units permitted. Woodbury ranks second with 441 units permitted, followed by St. Paul with 386, Lakeville with 366, and St. Paul Park with 307.

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November 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
June	592	773	174,981,932
July	440	974	160,329,637
August	434	911	157,413,714
September	298	732	117,717,331
October	299	619	122,686,830
November	380	615	150,337,378

5-Year Comparisons

	Permits	Permitted Units	Permit Value
Nov 2003	1,021	1,636	276,651,394
Nov 2004	816	1,449	263,520,707
Nov 2005	793	1,432	298,980,509
Nov 2006	492	866	178,135,497
Nov 2007	380	615	150,337,378

	Permits	Permitted Units	Permit Value
YTD 2003	10,393	17,328	2,842,196,038
YTD 2004	10,073	17,010	3,038,984,769
YTD 2005	9,301	16,132	3,009,608,234
YTD 2006	6,918	11,991	2,422,635,022
YTD 2007	4,613	8,384	1,698,095,061

Multifamily Construction as a Percentage of Total Activity

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	YTD
62	51	33	52	36	31	60	58	64	59	46	51

November				Year-to-Date			
Permits	Units	Permits	Units	Permits	Units	Permits	Units
Blaine	34	Minneapolis	78	Woodbury	289	Minneapolis	844
Lakeville	18	Blaine	41	Blaine	216	Woodbury	441
Maple Grove	16	Lakeville	37	Lakeville	207	St. Paul	386
Chanhassen	15	Otsego	28	Maple Grove	198	Lakeville	366
Hudson Township	14	Savage	25	Otsego	192	St. Paul Park	307

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 48 weeks of the year 2007