

FOR IMMEDIATE RELEASE

Contact:

Nate Duoss
Public Affairs Messaging & Research Coordinator
651.697.7577
nate@batc.org

James Vagle
Senior Public Affairs Representative
651.697.7578
james@batc.org

Building Activity Remains On-Track for Correction to Flatten

Roseville, MN (November 14, 2007) – Residential construction activity in the Twin Cities continues to maintain levels that show a flattening of the recent market correction. Compared to previous years, construction activity is down substantially while the market corrects. However, builders hope that the correction continues to flatten out in this final quarter of 2007.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 619 units permitted in October 2007, down from 871 units permitted in October 2006. Year-to-date activity remains behind last year, with 7,761 units permitted thus far, down from 11,039 units permitted through the same point last year.

Building activity remains down but buyers continue to show interest. According to many builders, the most recent Parade of HomesSM event was very strong for foot traffic through models. That relative strength of interest is a sign that the market may be able to return to sustainable rates of production after the correction says 2007 BATC President Michael Noonan.

“We’re finding that buyers in the new-home market are still interested,” says Noonan. “However, in our market, there is some purchaser hesitation because these buyers must also face the task of selling their current home in the existing market. Restoring consumer confidence is a critical first-step in returning the market to sustainability.”

Builders have significantly decreased inventory over the past year and many are well situated to face the current market. Most agree that, at this point, the market correction may shakeout unstable elements over the next several months. It is a needed development for the market to come back strong and healthy says Noonan.

“From a recent report by the National Association of Home Builders, their economists expect the housing market to begin recovery in mid-2008,” says Noonan. “We hope that right now is just a case of leveling out before recovery.”

Minneapolis continues to lead the metro in year-to-date building activity with 766 units permitted. Woodbury ranks second with 425 units permitted, followed by St. Paul with 380, Lakeville with 329, and St. Paul Park with 307.

MORE

October 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

5-Year Comparisons

	Permits	Permitted Units	Permit Value
Oct 2003	1,007	1,732	283,907,266
Oct 2004	813	1,533	273,424,390
Oct 2005	853	1,547	287,716,677
Oct 2006	455	871	180,069,028
Oct 2007	299	619	122,686,830

	Permits	Permitted Units	Permit Value
YTD 2003	9,553	15,598	2,542,420,763
YTD 2004	9,257	15,561	2,775,464,062
YTD 2005	8,508	14,700	2,734,310,012
YTD 2006	6,364	11,039	2,221,212,149
YTD 2007	4,232	7,761	1,546,817,683

Multifamily Construction as a Percentage of Total Activity

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

October				Year-to-Date			
Permits		Units		Permits		Units	
Maple Grove	19	Shakopee	105	Woodbury	282	Minneapolis	766
Woodbury	16	Rosemount	35	Lakeville	189	Woodbury	425
Blaine	15	Ramsey	33	Blaine	182	St. Paul	380
Elk River	13	Blaine	29	Maple Grove	182	Lakeville	329
Shakopee	12	Maple Grove	29	Otsego	180	St. Paul Park	307
		Otsego	27				

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 43 weeks of the year 2007*