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September Begins to Show Consistency in Residential Building Activity

Roseville, MN (October 11, 2007) – Twin Cities residential construction activity is beginning to show consistency as builders hope the market correction continues to level-off. Activity in September dipped from month-to-month but is nearly even with permitted units in the same month a year ago. Although there are signs that the residential construction market correction is leveling off, builders remain aware that a return to sustainable rates of production will be a slow process.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were a total of 732 units permitted in September 2007, down slightly from 759 units permitted in September 2006. Year-to-date activity remains behind a year ago, with a total of 7,140 units permitted thus far, down from 10,168 units permitted through the same point last year.

As the year winds down, builders are hopeful but there is not an expectation of a rapid improvement in activity says 2007 BATC president Michael Noonan.

“The local housing industry has faced a number of challenges head-on since last fall,” says Noonan. “Notably for builders, we’ve reduced inventories substantially in response to the changing market conditions. However, there are still significant challenges to be met.”

Remaining challenges include restoring buyer confidence in the Twin Cities housing market and confronting an ever changing mortgage environment says Noonan. Facing these both will take time and effort.

“Understanding and dealing with housing market fluctuations is complex,” says Noonan. “Particularly when it comes to buyer’s confidence in the housing market. Although with some research, and a little bit of historical perspective, most sellers can show buyers the long-term benefits of buying a new home. A number of resources are available, including the newly launched www.openthedoorTC.com, that provide information on the Twin Cities housing market.”

Minneapolis continues to lead the metro in year-to-date building activity with 757 units permitted. Woodbury ranks second with 403 units permitted, followed by St. Paul with 377, Lakeville with 316, and St. Paul Park with 307.

MORE

September 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

5-Year Comparisons

	Permits	Permitted Units	Permit Value
Sep 2003	1,033	1,624	273,718,219
Sep 2004	874	1,637	294,531,809
Sep 2005	814	1,445	286,976,283
Sep 2006	417	759	163,138,877
Sep 2007	298	732	117,717,331

	Permits	Permitted Units	Permit Value
YTD 2003	8,346	13,866	2,258,513,497
YTD 2004	8,444	14,028	2,502,039,672
YTD 2005	7,655	13,153	2,422,911,048
YTD 2006	5,909	10,168	2,041,143,121
YTD 2007	3,931	7,140	1,423,522,563

Multifamily Construction as a Percentage of Total Activity

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

September				Year-to-Date			
Permits	Units	Permits	Units	Permits	Units	Permits	Units
Woodbury	26	St. Paul Park	304	Woodbury	266	Minneapolis	757
Maple Grove	17	Woodbury	67	Lakeville	183	Woodbury	403
Otsego	17	Plymouth	33	Otsego	170	St. Paul	377
Blaine	15	Maple Grove	22	Blaine	167	Lakeville	316
Victoria	11	Otsego	20	Maple Grove	163	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 39 weeks of the year 2007