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Market Concerns Made Slight Impact on September Home Building Activity

Roseville, MN (October 10, 2008) – The recent stability of the Twin Cities residential construction was reinforced by only a slight decline in permits during the volatile month of September. Planned units ran 39 percent behind September 2007, but remained almost twice as many as issued in February 2008, the recent low.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 447 units permitted during the month of September 2008, down from the 794 units permitted in August 2008. Year-to-date activity in 2008 is down 42 percent from 2007, with 4,126 units permitted thus far, compared to 7,140 units permitted through the same point last year.

Even while the financial markets were in melt-down, local Parade of HomesSM builders overwhelmingly reported a renewed interest in new housing by Twin Cities families.

“While we know the current economic situation will have an impact on buying decisions,” says BATC President KC Chermak. “The substantial increase in visitors and sales we saw over the past five weeks during our 60th Fall Parade of HomesSM tour is evidence that families are continuing to live their lives and look to the future with some optimism.”

Home ownership remains a great investment for families to make, and financing for homeowners is still available at excellent rates, says Chermak.

“The local median sales price has dropped about 15 percent over the past two years,” explains Chermak. “But when you factor in savings from rent and tax benefits, in comparison, today’s stock market isn’t an attractive alternative.”

Lakeville led the metro in building activity for the month with 169 units permitted in September. Woodbury followed with 30 units permitted, Prior Lake was next with 29 units permitted, followed by Blaine with 19 and Chaska and St. Michael at 11 each.

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September 2008 Building Activity

Past Twelve Months

	Permits	Permitted Units	Permit Value
September 2007	298	732	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
June 2008	289	444	103,103,450
July 2008	255	650	111,957,805
August 2008	281	794	133,619,108
September 2008	224	447	82,119,343

Five-Year Comparisons

	Permits	Permitted Units	Permit Value
September 2004	874	1,637	294,531,809
September 2005	814	1,445	286,976,283
September 2006	417	759	163,138,877
September 2007	298	732	117,717,331
September 2008	224	447	82,119,343

	Permits	Permitted Units	Permit Value
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
YTD 2008	2,223	4,126	858,167,083

Multifamily Construction as a Percentage of Total Activity

Oct - 07	Nov - 07	Dec - 07	Jan - 08	Feb - 08	Mar - 08	Apr - 08	May - 08	June - 08	July - 08	Aug - 08	Sept - 08	YTD - 08
59	46	55	43	29	14	43	53	39	70	71	54	51

Top Cities for Building Activity

Sept.				2008 Year-to-Date			
Permits		Permitted Units		Permits		Permitted Units	
Woodbury	18	Lakeville	169	Maple Grove	176	Bloomington	369
Blaine	16	Woodbury	30	Blaine	144	Minneapolis	315
Prior Lake	15	Prior Lake	29	Woodbury	143	Woodbury	308
Lakeville	14	Blaine	19	Lakeville	120	Lakveille	285
St Michael	11	Chaska	11	Plymouth	76	Maple Grove	260
		St. Michael	11				

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.