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Homebuilding Remains Slow but Steady

Roseville, MN (May 8, 2008) – Residential builders throughout the Twin Cities continue to wait out the housing market correction before beginning new work. While building activity remains at a slower pace than the past several years, a steadiness is showing through the first months of 2008.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 293 units permitted during the month of April 2008, up from 229 units permitted in March 2008. Year-to-date activity in 2008 trails 2007, with 1,104 units permitted thus far, compared to 2,883 units permitted through the same point last year.

Since 2005, downward movement in the housing market has challenged the entire industry but local trends have remained flat throughout the past several months. While building activity is not at levels comparable to past years, there is steadiness in recent months says 2008 BATC President KC Chermak.

“For builders in the Twin Cities, our market peak was over two years ago – a lot of people don’t realize how long it’s been,” says Chermak. “During that time, we’ve all adjusted output and reduced inventory. So while we’re steady beginning this year, it’s still going to be a slower pace back toward recovery.”

The slower pace is causing many builders to search for resources to improve their business, which is where a trade association such as BATC is valuable says Chermak.

“No one is working like it’s the boom-days anymore,” says Chermak. “It takes more diligence in finding business leads, networking, and improving your business. That’s really where an association like BATC is an asset to our industry.”

Minneapolis led the metro in building activity for the month with 81 units permitted in April. Blaine followed with 16 units permitted, Eden Prairie with 15 units permitted, and Chanhassen and Maple Grove with 14 each.

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April 2008 Building Activity

Past Twelve Months

	Permits	Permitted Units	Permit Value
April 2007	486	895	188,770,051
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

Five-Year Comparisons

	Permits	Permitted Units	Permit Value
Apr 2004	903	1,283	238,594,579
Apr 2005	717	1,142	217,361,790
Apr 2006	670	1,177	223,216,758
Apr 2007	486	895	188,770,051
Apr 2008	180	293	62,510,134

	Permits	Permitted Units	Permit Value
YTD 2004	3,115	5,019	904,281,233
YTD 2005	2,539	4,184	818,246,573
YTD 2006	2,535	4,247	856,504,141
YTD 2007	1,552	2,883	615,266,840
YTD 2008	793	1,104	288,731,911

Multifamily Construction as a Percentage of Total Activity

May - 07	Jun - 07	Jul - 07	Aug - 07	Sep - 07	Oct - 07	Nov - 07	Dec - 07	Jan - 08	Feb - 08	Mar - 08	Apr - 08	YTD - 08
36	31	60	58	64	59	46	55	43	29	14	43	34

Top Cities for Building Activity

April				2008 Year-to-Date			
Permits		Permitted Units		Permits		Permitted Units	
Blaine	16	Minneapolis	81	Maple Grove	78	Minneapolis	150
Maple Grove	14	Blaine	16	Blaine	50	Maple Grove	89
Woodbury	12	Eden Prairie	15	Lakeville	47	Brooklyn Park	65
Lakeville	10	Chanhassen	14	Woodbury	47	Blaine	61
Brooklyn Park	8	Maple Grove	14	Brooklyn Park	38	Woodbury	60
Prior Lake	8						
Rosemount	8						

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.