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Homebuilders Hope Correction Shows Signs of Leveling Off

Roseville, MN (September 10, 2007) – Twin Cities homebuilders hope the correction that began nearly a year ago is beginning to show signs of leveling off in late summer months of 2007. After sliding downward through spring, building activity has shown consistency from month-to-month and August marked the second highest month of activity for the year.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were a total of 911 units permitted in August 2007, down slightly from 974 units permitted in July 2007. Year-to-date activity remains behind a year ago, with a total of 6,408 units permitted thus far, down from 9,402 units permitted through the same point last year.

Residential construction activity year-to-date in the Twin Cities has fallen significantly compared to a year ago, but late summer months may show a trend of leveling off. Builders remain cautiously optimistic says 2007 BATC president Michael Noonan.

“Certainly, we are pleased to see signs of leveling off but there should not be an expectation of a sudden improvement,” says Noonan. “Climbing back to a sustainable market is going to be a gradual process for our industry. Right now, we hope to begin that trend back up.”

Noonan says that buyers are aware of the market correction and doing a lot of research on the housing market before making a decision. Unfortunately, many buyers are confusing facts and opinions in their research.

“When it comes to claims about the market, the one thing we’ve found is that there are a lot of misinformed opinions out there,” says Noonan. “Anybody interested in buying a new home should seek out information and make a decision that is right for them. Individuals and families are continuing to see the benefit of purchasing a new home, notwithstanding current market conditions.”

Minneapolis continues to lead the metro in year-to-date building activity with 748 units permitted. St. Paul ranks second with 377 units permitted, followed by Woodbury with 336, Lakeville with 307, and St. Louis Park with 227.

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August 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

5-Year Comparisons

	Permits	Permitted Units	Permit Value
Aug 2003	945	1,688	280,333,300
Aug 2004	985	1,799	301,319,088
Aug 2005	795	1,438	261,591,754
Aug 2006	626	1,646	255,744,115
Aug 2007	434	911	157,413,714

	Permits	Permitted Units	Permit Value
YTD 2003	7,100	11,830	1,937,292,835
YTD 2004	7,447	12,191	2,165,316,415
YTD 2005	6,672	11,410	2,079,336,395
YTD 2006	5,492	9,402	1,878,004,244
YTD 2007	3,633	6,408	1,305,805,232

Multifamily Construction as a Percentage of Total Activity

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	YTD
62	51	33	52	36	31	60	58	49

August				Year-to-Date			
Permits		Units		Permits		Units	
Woodbury	36	Minneapolis	253	Woodbury	240	Minneapolis	748
Blaine	21	Ramsey	71	Lakeville	174	St. Paul	377
Eden Prairie	17	Woodbury	49	Otsego	153	Woodbury	336
Plymouth	16	Blaine	27	Blaine	152	Lakeville	307
Maple Grove	15	Eden Prairie	24	Maple Grove	146	St. Louis Park	227

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 35 weeks of the year 2007