

FOR IMMEDIATE RELEASE

Contact:

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

Homebuilding Remained Curbed Through 2007

Market Correction Continued from 2006 Through 2007

Roseville, MN (January 8, 2008) – Twin Cities homebuilders continued to curb activity in 2007 as the region’s residential building declined compared to the previous year. Coming off a 2003 peak, 2007 sustained the market correction that began in late 2006.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 8,660 units permitted in 2007, down from 12,644 units permitted in 2006. There were 557 units permitted in the month of December 2007, compared to 615 units permitted in November 2007.

Even after reducing inventory a year ago, builders again experienced a continued regional market correction throughout 2007. After scaling back activity again this past year, builders are eager to enter another year says 2007 BATC President Michael Noonan.

“The past year significantly tested consumers’ resiliency and confidence in the housing market,” Says Noonan. “Consumer confidence is the foundation of our market and, although eroded, it remains standing for us to rebuild moving forward.”

Confidence among industry professionals also eroded throughout the year, yet recent data from the National Association of Home Builders shows that builder confidence across the country remains unchanged for the third straight month.

“The immediate market conditions are challenging, but our industry is in a much better position than even just a year ago,” says 2008 BATC President KC Chermak. “Much of our speculative inventory is reduced, activity is proceeding as appropriate, and industry expectations are tempered from our peak years.”

Minneapolis led the metro in building activity with 1,012 units permitted in 2007. Woodbury ranks second with 459, followed by St. Paul with 409, Lakeville with 374, and St. Paul Park with 308.

MORE

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	433	117,717,331
October	299	619	122,686,830
November	380	615	150,337,378
December	275	557	112,192,768

5-Year Comparisons

	Permits	Permitted Units	Permit Value
Dec 2003	877	1,402	236,547,744
Dec 2004	782	1,149	262,662,409
Dec 2005*	877*	2,121*	346,974,792*
Dec 2006	479	776	176,581,901
Dec 2007	275	557	112,192,768

	Permits	Permitted Units	Permit Value
2003 Year-End	11,472	19,000	3,100,984,175
2004 Year-End	10,942	18,591	3,330,401,924
2005 Year-End	10,178	18,255	3,380,265,313
2006 Year-End	7,325	12,644	2,572,860,160
2007 Year-End	4,888	8,660	1,810,287,829

Multifamily Construction as a Percentage of Total Activity

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2007
62	51	33	52	36	31	60	58	64	59	46	55	51

December				2007 Year-End			
Permits		Units		Permits		Units	
Maple Grove	18	Minneapolis	168	Woodbury	301	Minneapolis	1,012
Hugo	14	Inver Grove Heights	63	Blaine	226	Woodbury	459
Otsego	14	Plymouth	24	Maple Grove	216	St. Paul	409
Plymouth	14	Hugo	23	Lakeville	215	Lakeville	374
Woodbury	12	St. Paul	23	Otsego	206		

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.

*Due to a reporting discrepancy, BATC combined part of November 2005 data with December 2005 to better report year-end information in 2005