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Builders Continue to Hold Back New Activity

Roseville, MN (March 8, 2007) – Two months into 2007, metro-area builders are still holding back new activity as inventory clears out. Even after a slow start to 2007, builders are optimistic that this year will gradually return to a sustainable market performance.

Winter weather during the last month may have had an effect on building activity in the region. According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were a total of 580 permitted units in February 2007, down from 872 permitted units in the same month a year ago. Year-to-date activity continues to lag last year, with a total 1,476 units permitted thus far, down from 1,872 units permitted through the same month in 2006.

The Twin Cities market has not completely leveled-off from a recent correction but should do so later this year. A continued slow-down followed by a gradual rebound is consistent with industry expectations says Division President of Toll Brothers and 2007 BATC President Michael Noonan.

“We’re optimistic about returning to a healthy market in the Twin Cities, but the notion that it’s going to be an immediate rebound is simply incorrect,” said Noonan. “The Twin Cities housing market is just not very combustible in that regard. It was a steady build up, it is a slowly tapering correction, and it will be a gradual return. Local market fundamentals such as unemployment and job growth are still strong, and will aid this return.”

Recent news has focused on the national housing market’s role in the economy, but it’s important to understand the local market as well .

“The housing market is local by nature, even down to a single property,” he said. “Each property is unique and will sell on its own merit. Homebuyers will respond to a product that is at the right place, the right price, and the right opportunity.”

Minneapolis leads the metro area in construction for the year with 318 units permitted. St. Paul ranks second with 139 permitted units, followed by Chaska with 136, Woodbury with 67, and Vadnais Heights with 47.

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February 2007 Building Activity

	Permits	Permitted Units	Permit Value
January	379	896	167,615,138
February	305	580	119,839,736

5-Year Comparisons

	Permits	Permitted Units	Permit Value
Feb 2003	621	1,042	168,217,557
Feb 2004	597	905	176,687,436
Feb 2005	472	735	152,851,160
Feb 2006	542	872	187,184,233
Feb 2007	305	580	119,839,736

	Permits	Permitted Units	Permit Value
YTD 2003	1,348	2,472	370,419,581
YTD 2004	1,385	2,410	419,979,818
YTD 2005	1,082	1,678	344,833,388
YTD 2006	1,155	1,872	390,220,972
YTD 2007	684	1,476	287,454,874

Multifamily Construction as a Percentage of Total Activity

Jan	Feb	YTD
62	51	58

February				Year-to-Date			
Permits		Units		Permits		Units	
1.	Woodbury	29	189	1.	Woodbury	49	318
2.	Maple Grove	16	35	2.	Maple Grove	33	139
3.	Lakeville	14	31	3.	Blaine	26	136
3.	Blaine	14	19	4.	Otsego	25	67
4.	Brooklyn Park	13	18	5.	Brooklyn Park	23	47

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 8 weeks of the year 2007*