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Homebuilders Scale Back New Activity to Focus on Selling

Roseville, MN (October 4, 2006) – Twin Cities building activity remained slow over the last month, as many builders continue to concentrate on inventory reduction. Coming off a sizeable build-up of new homes over the past five years, this summer has seen builders switching focus from building to selling.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), 759 units were permitted last month, down from 1,445 in September 2005. Year-to-date activity remains behind 2005, with a total of 10,168 units permitted thus far, down from 13,153 units permitted to the same point last year.

As the regional housing market matured from recent record years, builders began shifting towards managing inventory and selling existing stock early this year. This practice is a natural progression in the market and is ultimately good for homebuyers says President of Swanson Homes and 2006 BATC President Curt Swanson.

“We are at a point where there hasn’t been a better time to buy a home in quite a while,” Swanson said. “Today’s buyer has an outstanding opportunity to not only select a new home, but a new lifestyle.”

Swanson said that buyers will find alternatives on the market that may not have been available in recent years. From urban condominiums to suburban homes and everything in between, buyers have a number of affordable options in one of the most desirable metro regions of the country.

“The current market has a greater selection of home choices than any recent years with interest rates that are still very comparable to past lows,” he said. “Not only are buyers in at a great time, but they have a great opportunity to take advantage of financing incentives and make an investment in an exceptional metro area that continues to grow and prosper.”

Minneapolis leads the metro area in construction year-to-date with 1,432 units permitted. Woodbury ranks second with 567, followed by Hugo with 371, Brooklyn Park with 366, and Otsego with 350.

MORE

September 2006 Building Activity

	Permits	Permitted Units	Permit Value
January	613	1,000	203,036,739
February	542	872	187,184,233
March	619	955	196,851,667
April	670	1,177	223,216,758
May	769	1,052	237,280,427
June	763	1,176	264,691,133
July	636	1,047	215,034,953
August	626	1,646	255,744,115
September	417	759	163,138,877

5-Year Comparisons

	Permits	Permitted Units	Permit Value
Sep 2002	837	1,413	209,413,497
Sep 2003	1,033	1,624	273,718,219
Sep 2004	874	1,637	294,531,809
Sep 2005	814	1,455	286,976,283
Sep 2006	417	759	163,138,877

	Permits	Permitted Units	Permit Value
YTD 2002	7,885	12,653	1,988,175,274
YTD 2003	8,346	13,866	2,258,513,497
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

Multifamily Construction as a Percentage of Total Activity

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	YTD
47	46	48	50	35	41	45	66	52	48

September				Year-to-Date			
Permits		Units		Permits		Units	
1.	Otsego	21	133	1.	Woodbury	315	1,432
2.	Woodbury	20	78	2.	Brooklyn Park	285	567
3.	Minneapolis	17	38	3.	Otsego	247	371
4.	Maple Grove	13	35	4.	Lakeville	226	366
5.	Shakopee	12	22	5.	Shakopee	207	350
1.	Woodbury	133		1.	Minneapolis		
2.	Minneapolis	78		2.	Woodbury		
3.	St. Paul	38		3.	Hugo		
4.	Otsego	35		4.	Brooklyn Park		
5.	Plymouth	22		5.	Otsego		

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 39 weeks of the year 2006.