



**February 2017**  
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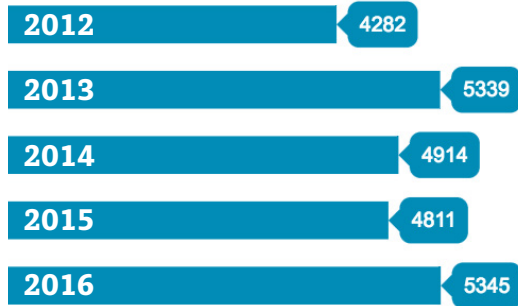
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“Despite the slight dip in single-family production, December’s rate is still the fourth highest single-family pace since the Great Recession, and single-family starts also posted solid gains for the year.”

Chairman of NAHB, Granger MacDonald

## Twin Cities Building Activity



### Permits Authorized Year-to-Date December 2012-2016

SOURCE: KEYSTONE REPORT

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[NAHB]

## NAHB: Nationwide Housing Production Up 11.3 Percent in December on Multifamily

A surge in multifamily production resulted in overall nationwide housing starts rising 11.3 percent to a seasonally adjusted annual rate of 1.23 million units, according to newly released data from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. Single-family starts dropped 4 percent to a seasonally adjusted annual rate of 795,000 units.

“Despite the slight dip in single-family production, December’s rate is still the fourth highest single-family pace since the Great Recession, and single-family starts also posted solid gains for the year,” said Granger MacDonald, chairman of the National Association of

Home Builders (NAHB) and a home builder and developer from Kerrville, Texas. “Builders remain confident and we expect further growth in the single-family market in the year ahead.”

“This report represents firm growth for housing in 2016, as single-family starts rose 9 percent and multifamily production was down slightly,” said NAHB Chief Economist Robert Dietz. “We expect that 2017 will be another year of gradual, steady improvement in the housing market. Multifamily starts have been volatile in recent months, but should level off as supply meets demand. Meanwhile, single-family production continues to gain



*“We expect that 2017 will be another year of gradual, steady improvement in the housing market.”*

NAHB Chairman,  
Granger MacDonald

momentum but is limited by supply-side headwinds.”

Multifamily production jumped 57 percent to 431,000 units in December. However, the monthly data for apartment production has exhibited strong volatility since August.

Regionally in December, combined single- and multifamily housing production rose 31.2 percent in the Midwest, 23.5 percent in the West and 18.5 percent in the Northeast. The South posted a loss of 1.4 percent.

[BATC]

## 2016 Marks Best Year for Residential Construction in a Decade

Continued growth in single-family construction in 2016 pushed the Twin Cities residential construction permit numbers to a high we haven’t seen since 2006. For the year total permits were up 11 percent over last year, while total units were up just one percent from 2015. Single-family permits ended the year with a 12 percent increase year-over-year. Multifamily construction saw a boost in

December, but ended the year down nine percent compared to 2015.

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 428 permits issued for a total of 1,289 units during four comparable weeks in the month of December 2016. Year-to-date, there were 5,345 permits issued for a total of 9,868 units.

“Owning a home is still very much a part of the American Dream and the 2016 permit numbers show that it’s becoming a reality for more families,” said Meg Jaeger, the Builders Association of the Twin Cities 2016 President. “We expect to see continued growth into

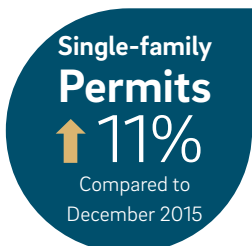
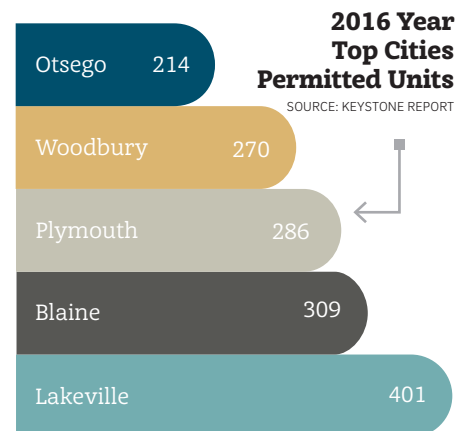
2017 as homebuilders continue to build safe, durable homes in communities families love.”

“While the growth we’ve seen in 2016 is promising we also know that we are still below what’s considered normal levels for residential construction,” said BATC Executive Director, David Siegel. “Our efforts at the capitol in 2017 will feature incentives for first time homebuyers and regulatory reform that will allow help Minnesotans afford a secure future.”

For 2016 as a whole, Lakeville took the top spot with 401 permits pulled. Blaine came in next with 309 permits, followed by Plymouth with 286 permits, Woodbury with 270 permits, and Otsego with 214 permits pulled.

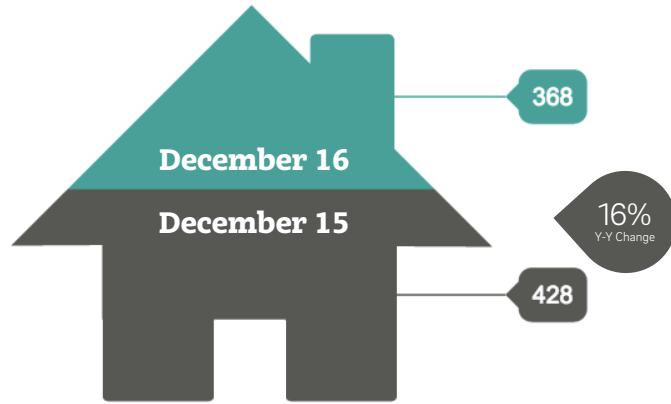
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# 2016 December Metro Building Activity

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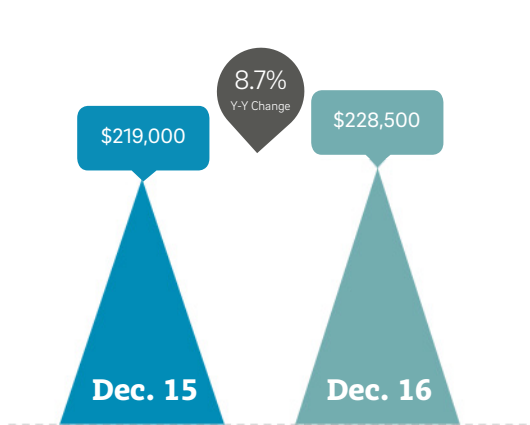


**Units YTD: 9,868**

**Multi-Family 48%**  
of Twin Cities Housing Units Authorized

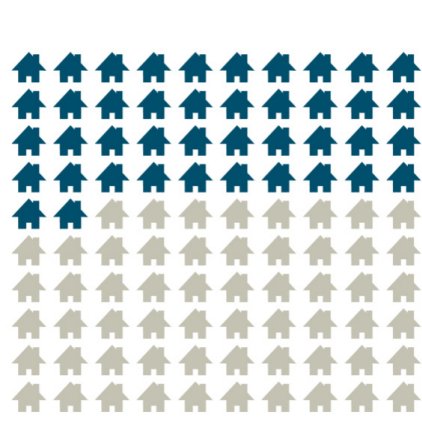
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



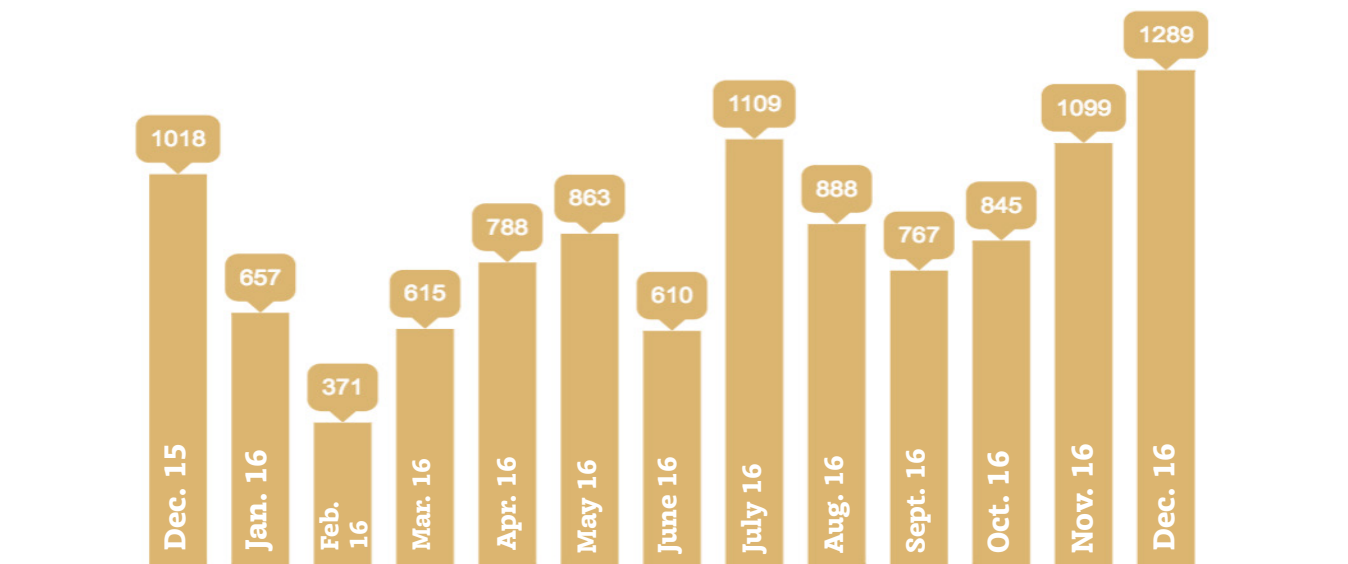
## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



## Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

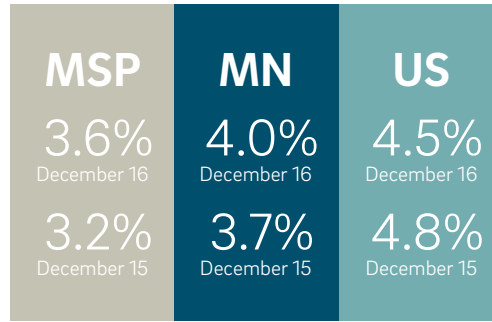


## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

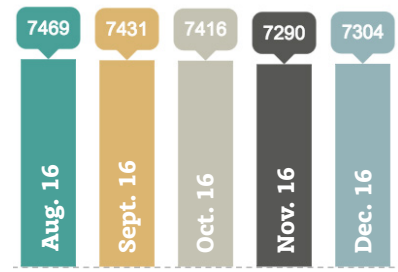
# Employment

Minnesota added 11,900 jobs in December and the unemployment rate rose to 3.9 percent. For the year, the state added 37,102 jobs, an increase of 1.3 percent. U.S. job growth in 2016 was 1.4 percent.



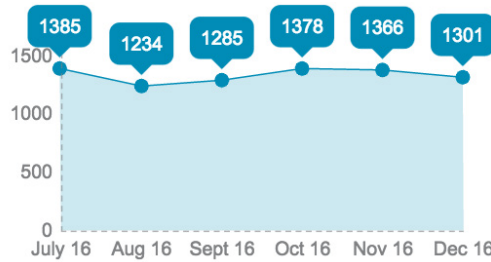
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



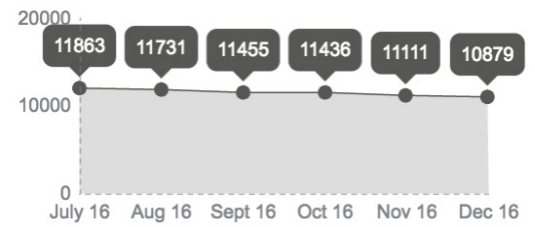
**Twin Cities Construction Employment**

SOURCE: DEED-MN



**Twin Cities Construction Weekly Wage**

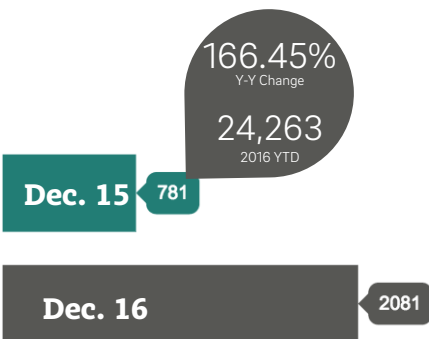
SOURCE: DEED-MN



**MN Construction Employment**

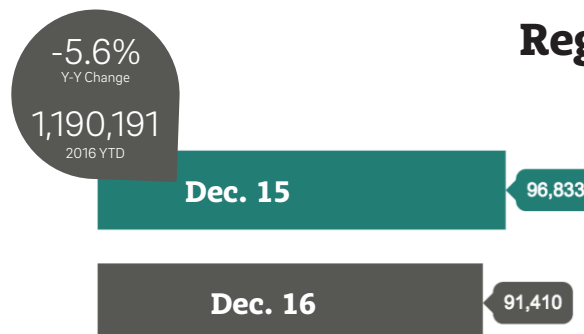
SOURCE: DEED-MN

# Regional/National Statistics



**MN Housing Units Authorized**

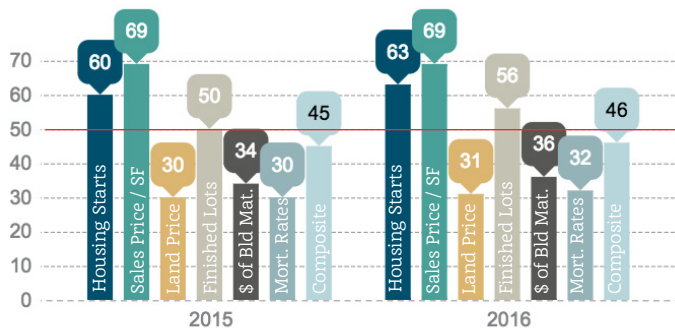
SOURCE: US CENSUS



**US Housing Units Authorized**

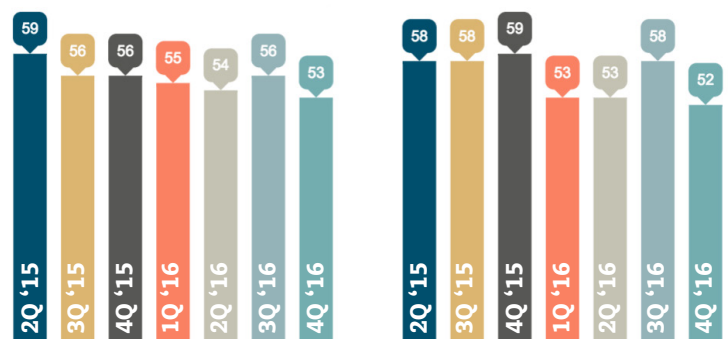
SOURCE: US CENSUS

Overall permit issuance edged 0.2 percent lower in December to 1.21 million units. Regionally, permits rose 3.3 percent in the West, 2.7 percent in the Northeast and 0.5 percent in the Midwest. The South registered a decline of 2.9 percent.



**Twin Cities Home Builders Survey**

SOURCE: UNIVERSITY OF ST. THOMAS & BUILDERS ASSOCIATION OF THE TWIN CITIES  
(OVER 50 IS POSITIVE, BELOW 50 IS NEGATIVE)

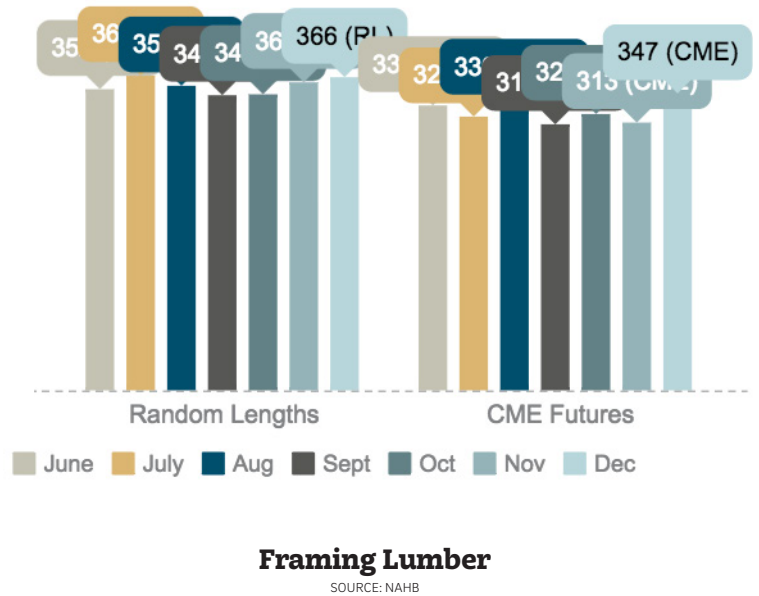
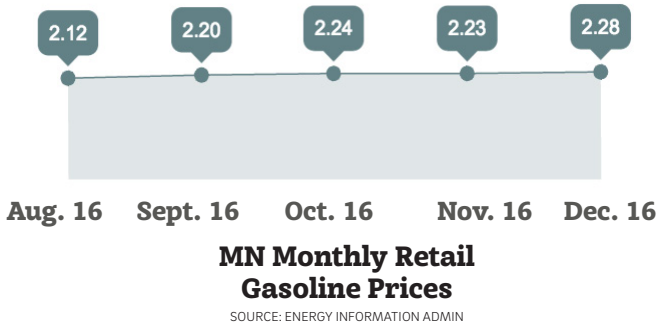


**Remodeling Market Indicies**

SOURCE: NAHB

# Key Indicators

Lumber prices leapt the fences of normal seasonal increases at the end of 2016, and a labor shortage is already stressing input costs, on top of that interest rate increases are starting to concern potential buyers. All of this leaves home builders caught in the middle and probably looking at increased costs.



## Mortgage Rates

FROM FEBRUARY 27, 2017  
SOURCE: ASSOCIATED BANK



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