

HOT SHEET



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NAHB Chief Economist, David Crowe

[NAHB]

NAHB: Single-Family Housing Starts Reach Highest Level since November 2007

Nationwide housing starts rose 5.2 percent to a seasonally adjusted annual rate of 1.178 million units in February, according to newly released data from the U.S. Department of Housing and Urban Development and the Commerce Department. Single-family production increased 7.2 percent to 822,000 units—its highest level since November 2007—while multifamily starts remained virtually unchanged, inching up 0.8 percent to 356,000 units.

said NAHB Chairman Ed Brady, a home builder and developer from Bloomington, Ill.

"February's single-family gains indicate that this sector is strengthening in line with our forecast," said NAHB Chief Economist David Crowe. "As the U.S. economy firms, job creation continues and mortgage interest rates remain low, we should see further growth in housing production moving forward."

Combined single- and multifamily starts rose in three of the four regions in February, with the West, Midwest and South posting respective gains of 26.1 percent, 19.9 percent and 7.1 percent. The Northeast

"This month's report is consistent with positive builder sentiment and other economic indicators showing that the housing market continues to recover at a gradual pace,"

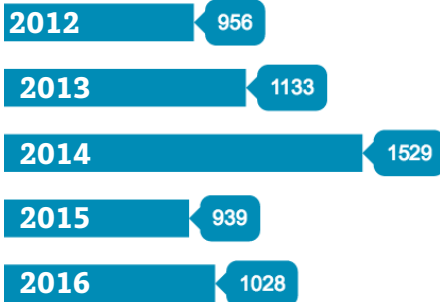
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registered a 51.3 percent loss.

A decline in the volatile multifamily sector pushed overall permit issuance down 3.1 percent in February. Multifamily permits fell 8.4 percent to a rate of 436,000 while single-family permits ticked up 0.4 percent to 731,000.

Regionally, permits increased in the Northeast by 40.4 percent. The Midwest, West and South registered respective permit losses of 11.4 percent, 7.2 percent and 4.4 percent.

Twin Cities Building Activity



Units Authorized Year-to-Date February 2012-2016

SOURCE: KEYSTONE REPORT

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[BATC]

Twin Cities Residential Construction Slows in February

Residential construction numbers dipped to a twelve month low in February, with a month over month 17 percent decrease in the number of permits pulled compared to 2015. Single-family production dropped month over month by 18 percent. Multifamily production slowed to only 24 percent of total activity.

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 286 permits issued for a total of 371 units during four comparable weeks in the month of February 2016.

"Despite a weak February, builders still have a positive outlook for 2016," said Meg Jaeger, the Builders Association of the Twin Cities 2016 President. "With new insights from our partnership with the University of St. Thomas, producing our Twin Cities Home Builders Survey, we know that builders are cautiously optimistic about the market."

"With a record low number of homes for sale in the Twin Cities,

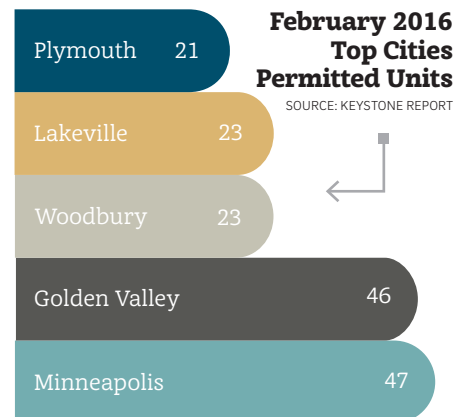
you would think new home production would be set to grow dramatically. The challenge is to make sure that the regulatory burden is diminished so that first-time home buyers can enter the market," said Jaeger.

For the month, Minneapolis issued the most permitted units at 47, followed by Golden Valley with 46. Woodbury and Lakeville both issued permits for 23 total units, and Plymouth rounded out the top five with 21 units permitted.

A slight correction has been made in the permit and unit numbers for the past four months. The new data removes Rochester from our numbers.

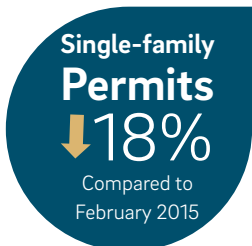
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Meg Jaeger, 2016 President of the Builders Association of the Twin Cities



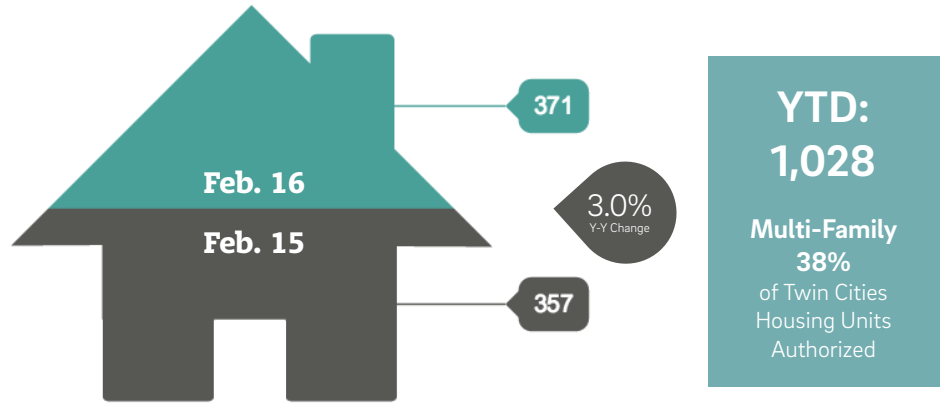
February 2016 Top Cities Permitted Units

SOURCE: KEYSTONE REPORT



2016 January Metro Building Activity

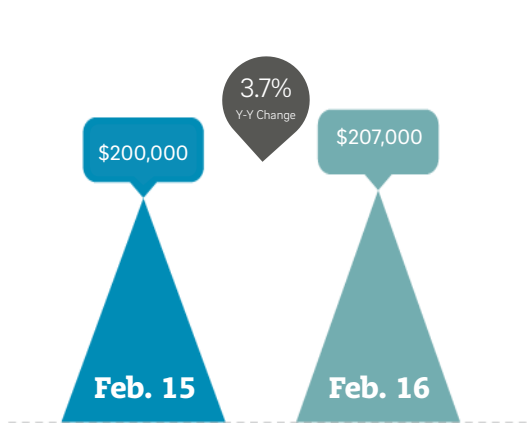
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YTD: 1,028
Multi-Family 38%
of Twin Cities Housing Units Authorized

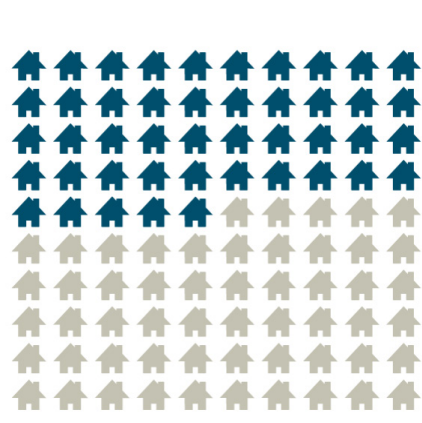
Twin Cities Housing Units Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

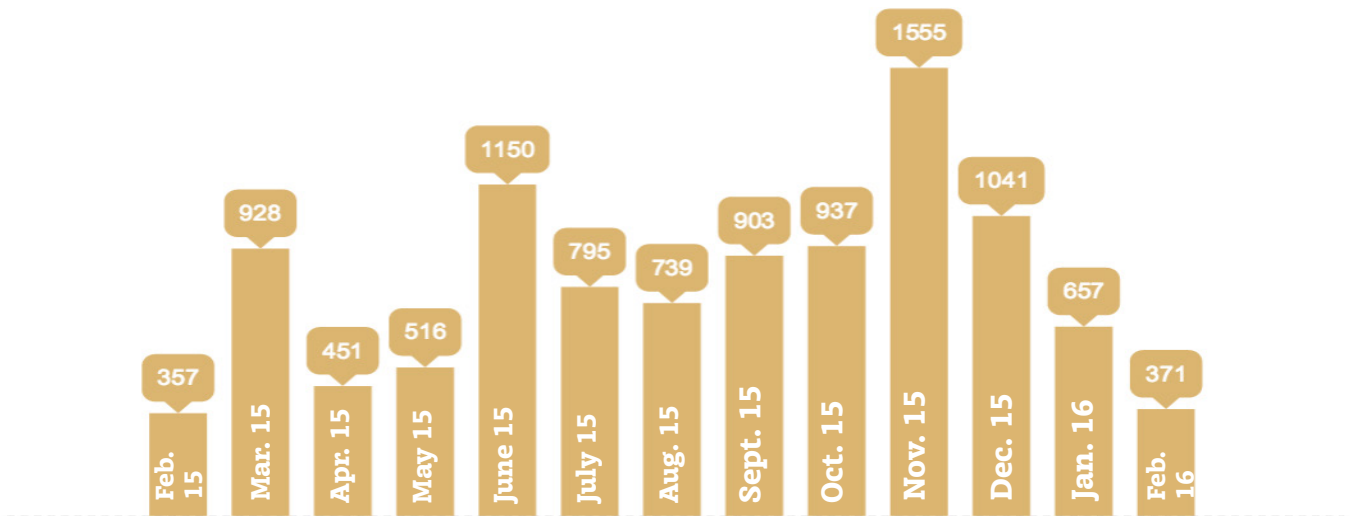
SOURCE: MPLS REALTORS



-19.0% Monthly change
10,953
13,581

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

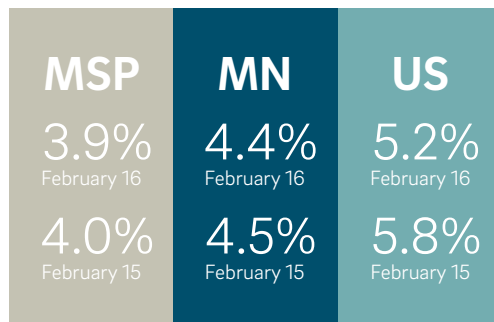


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

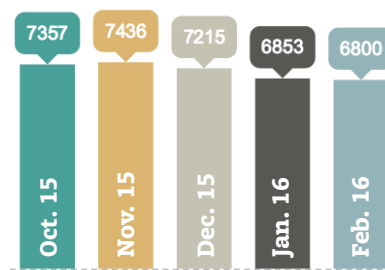
Employment

Minnesota's unemployment rate continues to beat the nation by a wide margin. The Department of Employment and Economic Development said employers added 9,000 jobs in February, boosting the yearly total to more than 42,000. While education, health services and construction added jobs, leisure and hospitality and business service sectors lost workers in February.



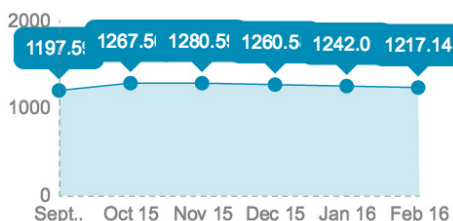
Unemployment Rate Snapshot

SOURCE: DEED-MN



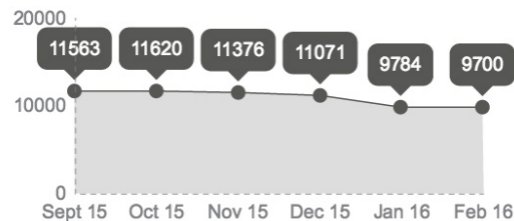
Twin Cities Construction Employment

SOURCE: DEED-MN



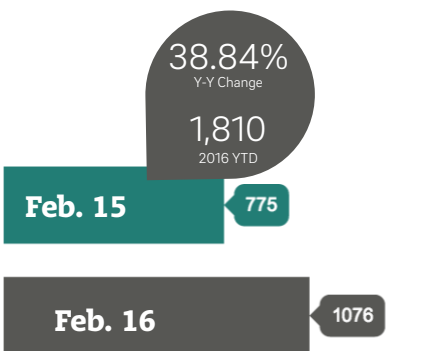
Twin Cities Construction Weekly Wage

SOURCE: DEED-MN



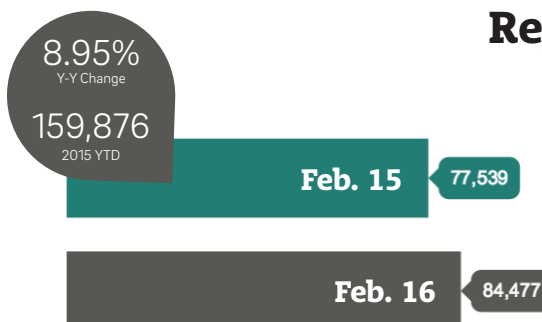
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

SOURCE: US CENSUS

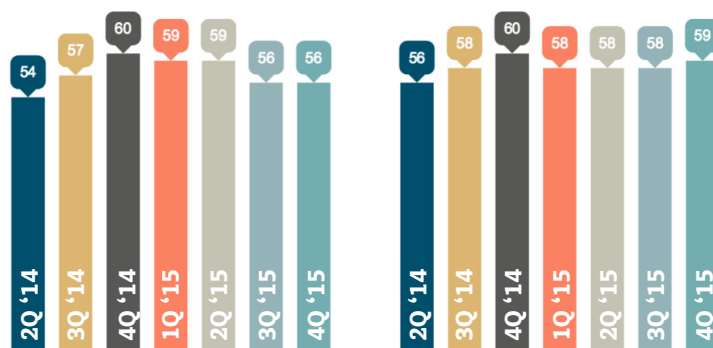
Regional/National Statistics

February's national housing numbers could indicate a shift back to single-family home building. Single-family housing starts rose 7.2% to a (seasonally adjusted, annual) rate of 822,000 in February. On a year-over-year basis, single-family starts were up a dramatic 37%. Locally, multifamily construction made up just 24 percent of total activity in February.



Twin Cities Home Builders Survey

SOURCE: UNIVERSITY OF ST. THOMAS & BUILDERS ASSOCIATION OF THE TWIN CITIES

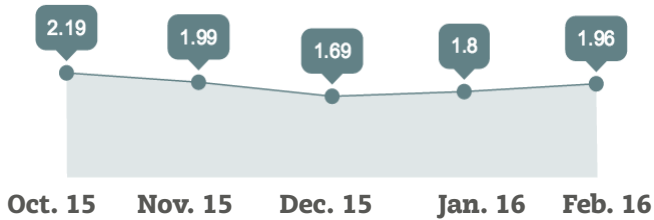


Remodeling Market Indicies

SOURCE: NAHB

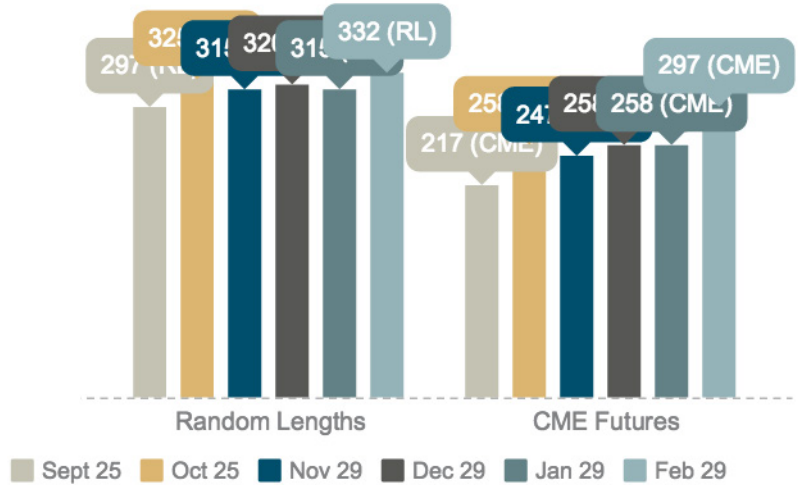
Key Indicators

Gas prices started 2016 at a 12-year low, saving Americans billions of dollars. It made for the cheapest three-month period for gas prices since the start of 2004, and AAA believes Americans will continue to pay relatively low prices this year. Framing lumber prices were unaffected by the pickup in U.S. housing starts in 2015, and have substantially dropped year-over-year.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM MARCH 31, 2016
SOURCE: WELLS FARGO



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