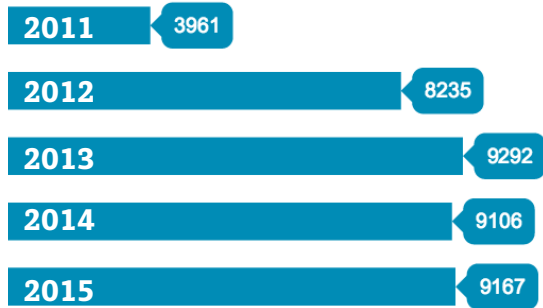




Twin Cities Building Activity



Units Authorized Year-to-Date November 2011-2015

SOURCE: KEYSTONE REPORT

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January 2016
Volume IV, Issue: 1

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“The November gains in both single- and multifamily starts show that the overall market continues to move forward. As builders anticipate more consumer demand for housing, they should continue to add inventory.”

NAHB Chairman, Tom Woods

[NAHB]

NAHB: Single-Family Starts Reach Seven-Year High in November

Nationwide housing starts rose 10.5 percent to a seasonally adjusted annual rate of 1.173 million units in November, according to newly released data from the U.S. Department of Housing and Urban Development and the Commerce Department. Single-family production increased 7.6 percent to a seasonally adjusted annual rate of 768,000 units, its highest reading since January 2008. Multifamily production rose 16.4 percent to 405,000 units.

“The November gains in both single- and multifamily starts show that the overall market continues to move forward,” said NAHB Chairman Tom Woods, a home builder from Blue

Springs, Mo. “As builders anticipate more consumer demand for housing, they should continue to add inventory.”

“Single-family production this month has reached levels last seen before the Great Recession, an indicator that we are making gradual headway back to a normal housing market,” said NAHB Chief Economist David Crowe. “As we close out the year, we can see that the housing sector has made headway in 2015, and we expect the recovery to continue at a modest pace.”

Combined single- and multifamily starts rose in the South and West, with respective gains of 21.3 and 6.3 percent. The Midwest

“As builders anticipate more consumer demand for housing, they should continue to add inventory”

NAHB Chairman,
Tom Woods

was unchanged and the Northeast fell 8.5 percent.

Overall permit issuance rose 11 percent to 1.289 million units in November. Multifamily permits rose 26.9 percent to a rate of 566,000 while single-family permits increased 1.1 percent to 723,000, the highest level since December 2007.

Regionally, the Midwest, South and West posted respective permit gains of 22 percent, 5.6 percent and 21.7 percent. Permit levels in the Northeast held steady.

[BATC]

Twin Cities Gets a Residential Construction Boost in November

Several large multi-family projects in Minneapolis gave Twin Cities residential construction a boost in November. Multi-family units accounted for 73 percent of the month's total activity and brought the total number of year to date units to the plus side (up .5 percent). Single-family activity also saw a small increase with the

number of permits up six percent from November 2014.

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 450 permits issued for a total of 1,555 units during four comparable weeks in the month of November 2015. Year-to-date, there were 4,513 permits issued for a total of 9,167 units.

“We are very happy to see a boost in permit numbers after another great fall Parade of Homes,” said Chris Contreras, 2015 BATC President. “We started the year expecting to see large gains in residential

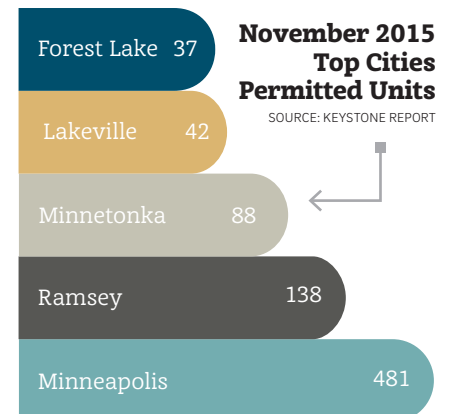
construction, but continued to be disappointed. We are hopeful that this positive trend will continue into the new-year.”

“With so many economic indicators trending up, we remain concerned that regulatory and other factors have resulted in an under-performing residential construction industry,” said Contreras.

For the month, Minneapolis issued the most permitted units at 481, followed by Ramsey with 138, and Minnetonka with 88 units. Rounding out the top five are Lakeville with 42 permitted units and Forest Lake with 37 units.

“We are very happy to see a boost in permit numbers after another great fall Parade of Homes. We started the year expecting to see large gains in residential construction, but continued to be disappointed. We are hopeful that this positive trend will continue into the new-year.”

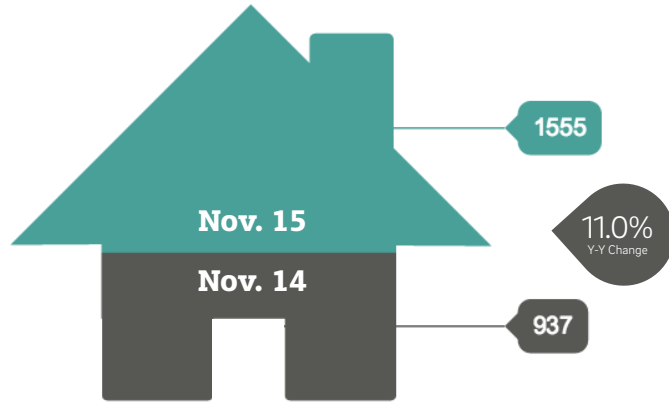
Chris Contreras, 2015 President of the Builders Association of the Twin Cities



Single-family Permits
↑ 6%
Compared to November 2014

2015 November Metro Building Activity

Several large multi-family projects in Minneapolis gave Twin Cities residential construction a boost in November. Multi-family units accounted for 73 percent of the month's total activity and brought the total number of year to date units to the plus side (up .5 percent). Single-family activity also saw a small increase with the number of permits up six percent from November 2014.

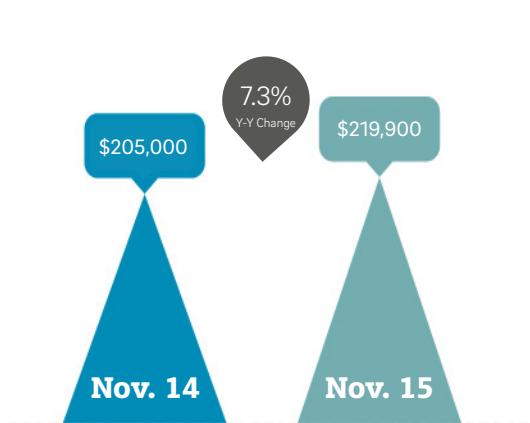


YTD:
9,167

Multi-Family
53%
of Twin Cities
Housing Units
Authorized

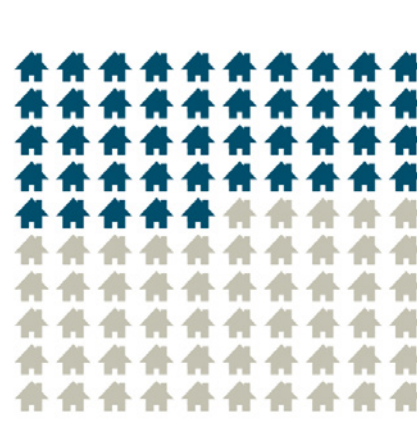
Twin Cities Housing Units Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

SOURCE: MPLS REALTORS

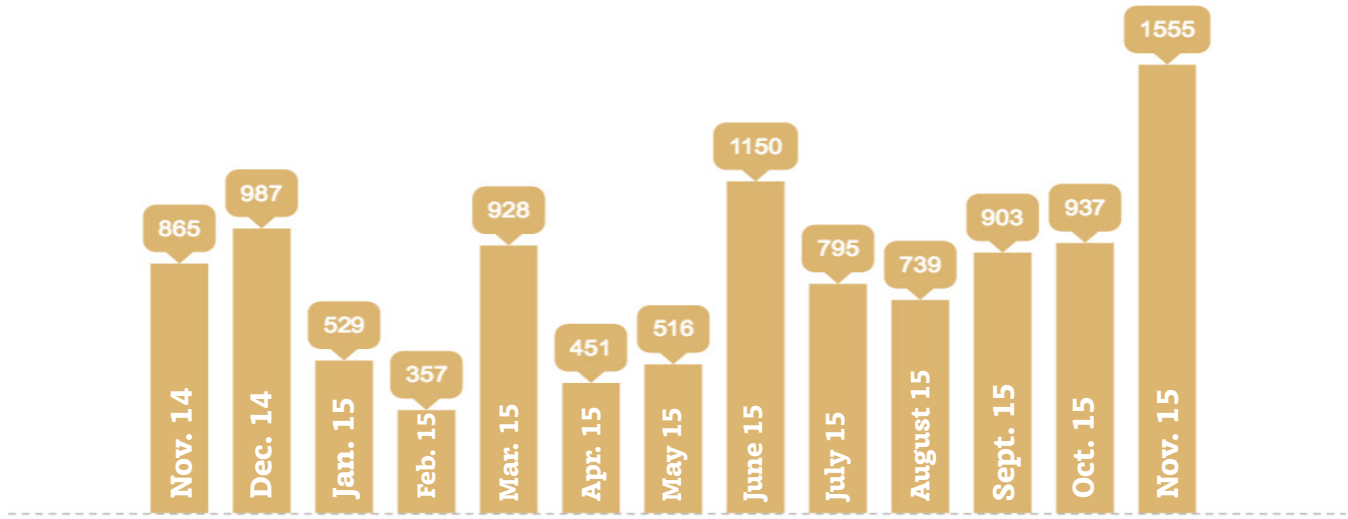


-18.5%
Monthly
change

— 12,984
— 15,931

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

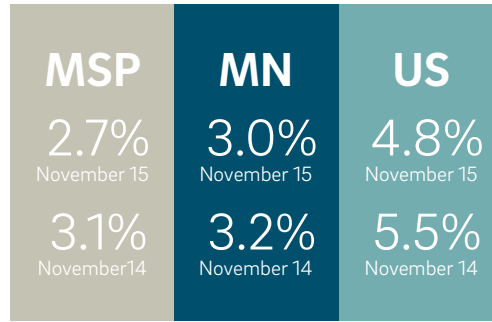


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

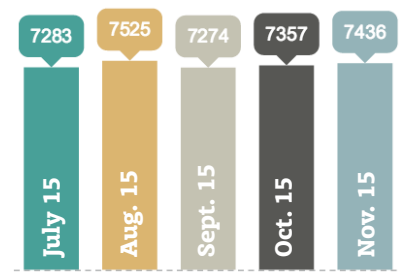
Employment

Minnesota had a strong job report for November, with construction leading the way by adding 3,300 seasonally-adjusted jobs. Government added 1,000 positions and professional and business services added 900. Wages also rose in November. Average private sector hourly pay rose to \$26.49 per hour, compared to \$25.88 per hour in November 2014.



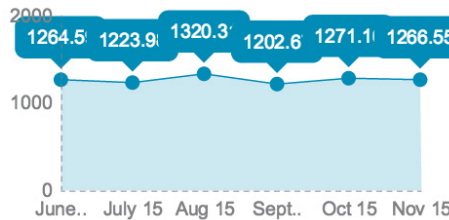
Unemployment Rate Snapshot

SOURCE: DEED-MN



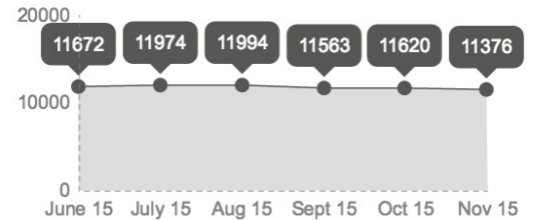
Twin Cities Construction Employment

SOURCE: DEED-MN



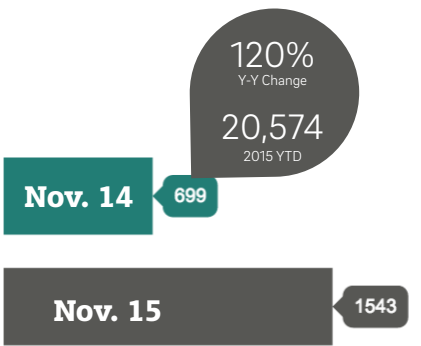
Twin Cities Construction Weekly Wage

SOURCE: DEED-MN



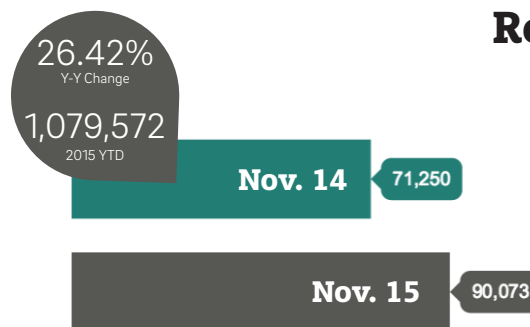
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS

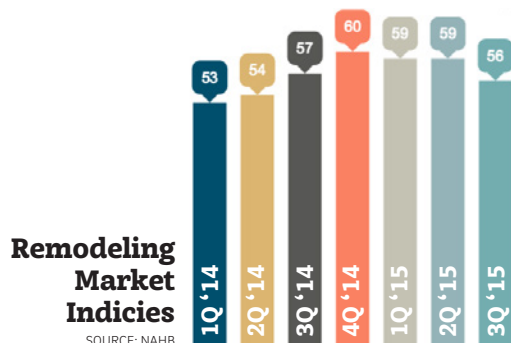


US Housing Units Authorized

SOURCE: US CENSUS

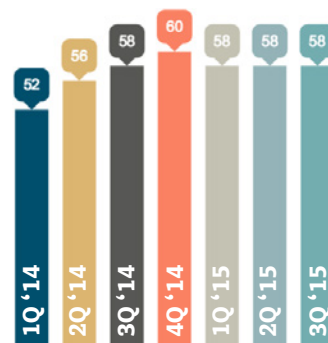
Regional/National Statistics

Building permits increased 11 percent in November to a 1.29 million annualized rate, the most since June. They were projected to rise to 1.15 million. Regionally, the Midwest, South and West posted respective permit gains of 22 percent, 5.6 percent and 21.7 percent. Permit levels in the Northeast held steady.



Remodeling Market Indices

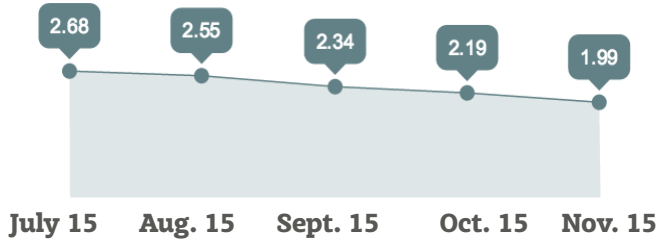
SOURCE: NAHB



Futures

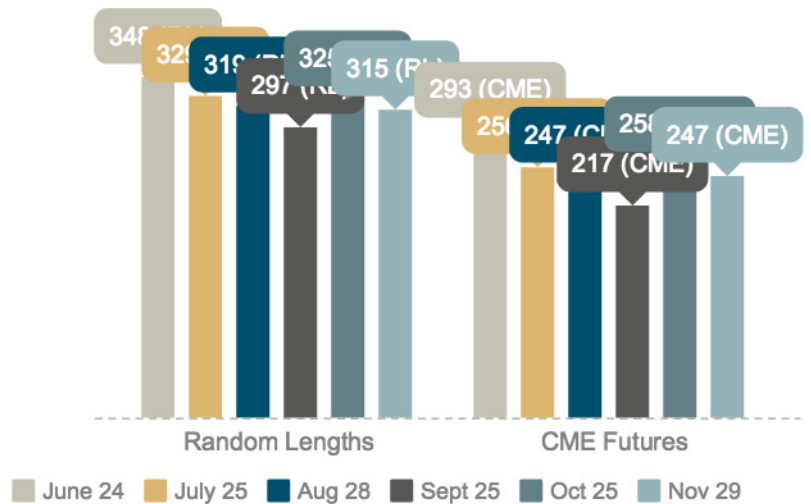
Key Indicators

The current worldwide surplus of crude oil, has led to dramatic drops in price -- to roughly \$37 a barrel. In 2015, crude oil prices dropped 35%. Since oil experts believe the cost of crude oil will remain low, AAA predicts gas will continue to be cheaper for much of this year. Lumber prices continue to trend downwards. Right now Random Lengths prices are down about 15% from a year ago, and CME futures are down around 26% year-over-year.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM JANUARY 2, 2016
SOURCE: WELLS FARGO



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