

HOT SHEET



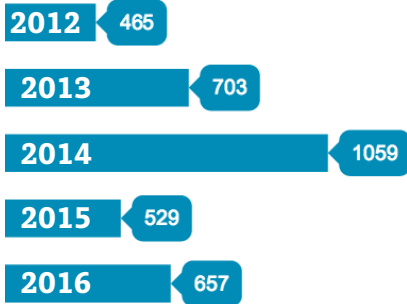
March 2016
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“Despite the modest dip in starts this month, we expect to see ongoing, gradual growth in housing production in 2016. An improving economy, solid job creation and pent-up demand for housing should keep the market moving forward.”

NAHB Chief Economist, David Crowe

Twin Cities Building Activity



Units Authorized Year-to-Date January 2012-2016

SOURCE: KEYSTONE REPORT

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[NAHB]

NAHB: Housing Starts Fall 3.8 Percent in January

Nationwide housing starts dropped 3.8 percent to a seasonally adjusted annual rate of 1.099 million units in January, according to newly released data from the U.S. Department of Housing and Urban Development and the Commerce Department. Overall permit issuance edged down 0.2 percent.

“January’s production numbers are in line with our recent HMI reading and show that builders are being cautious as they face some market uncertainties and supply side constraints,” said NAHB Chairman Ed Brady, a home builder and developer from Bloomington, Ill.

“Despite the modest dip in starts this month, we

expect to see ongoing, gradual growth in housing production in 2016,” said NAHB Chief Economist David Crowe. “An improving economy, solid job creation and pent-up demand for housing should keep the market moving forward.”

Both single- and multifamily production dropped in January. Single-family housing starts fell 3.9 percent to a seasonally adjusted annual rate of 731,000 units while multifamily starts declined 3.7 percent to 368,000 units.

Combined single- and multifamily starts fell in all four regions in January, with the West, South,

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Northeast and Midwest posting respective losses of 0.4 percent, 2.9 percent, 3.7 percent and 12.8 percent.

Multifamily permits rose 2.1 percent to a rate of 482,000 while single-family permits fell 1.6 percent to 720,000.

Regionally, the Midwest, West and South registered respective permit gains of 26.5 percent, 24.5 percent and 0.3 percent. Permits fell in the Northeast by 55.4 percent.

[BATC]

Twin Cities Residential Construction Off to a Good Start

Residential construction started the year with a significant boost in activity compared to January 2015. Month over month, January saw a four percent increase in the number of permits pulled and a 24 percent increase in the number of units, compared to 2015. Multifamily production maintained its steady course,

making up 44 percent of total activity.

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 363 permits issued for a total of 657 units during four comparable weeks in the month of January 2016.

“We’re feeling optimistic that after two flat years we will see the boost in activity that we’ve been waiting for,” said Meg Jaeger, the Builders Association of the Twin Cities 2016 President. “With the Twin Cities housing inventory at a 13-year low and other economic

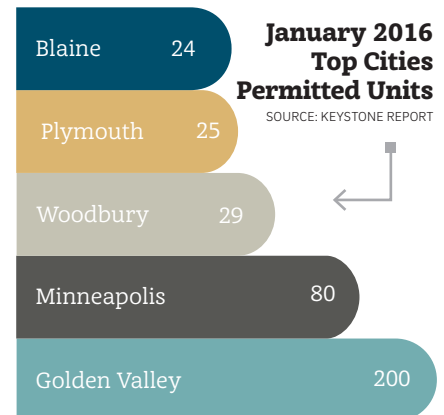
indicators looking up, this should be a good year for residential construction.”

“The regulatory burden is still pricing out many potential homebuyers, we’re working to make sure families can afford their dream home in 2016,” said Jaeger.

For the month, Golden Valley issued the most permitted units at 200, followed by Minneapolis with 80. Woodbury issued permits for 29 total units, Plymouth for 25 units and Blaine rounded out the top five with 24 units permitted.

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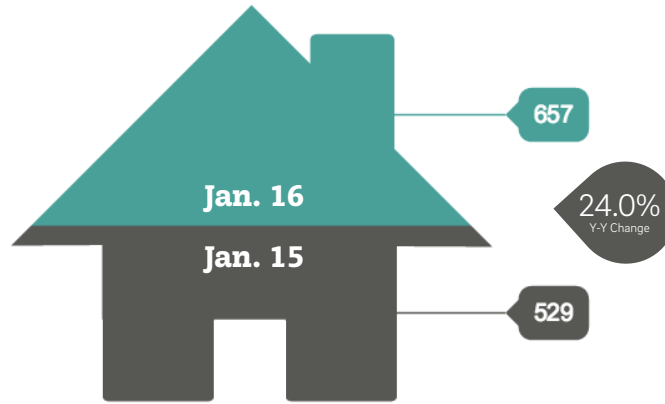
Meg Jaeger, 2016 President of the Builders Association of the Twin Cities



Single-family Permits
↑ 4%
Compared to January 2015

2016 January Metro Building Activity

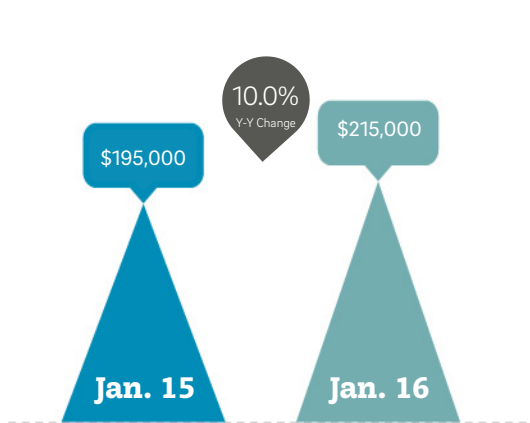
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YTD: 657
Multi-Family 44%
of Twin Cities Housing Units Authorized

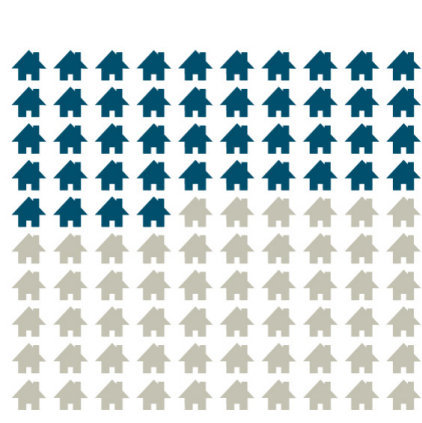
Twin Cities Housing Units Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

SOURCE: MPLS REALTORS

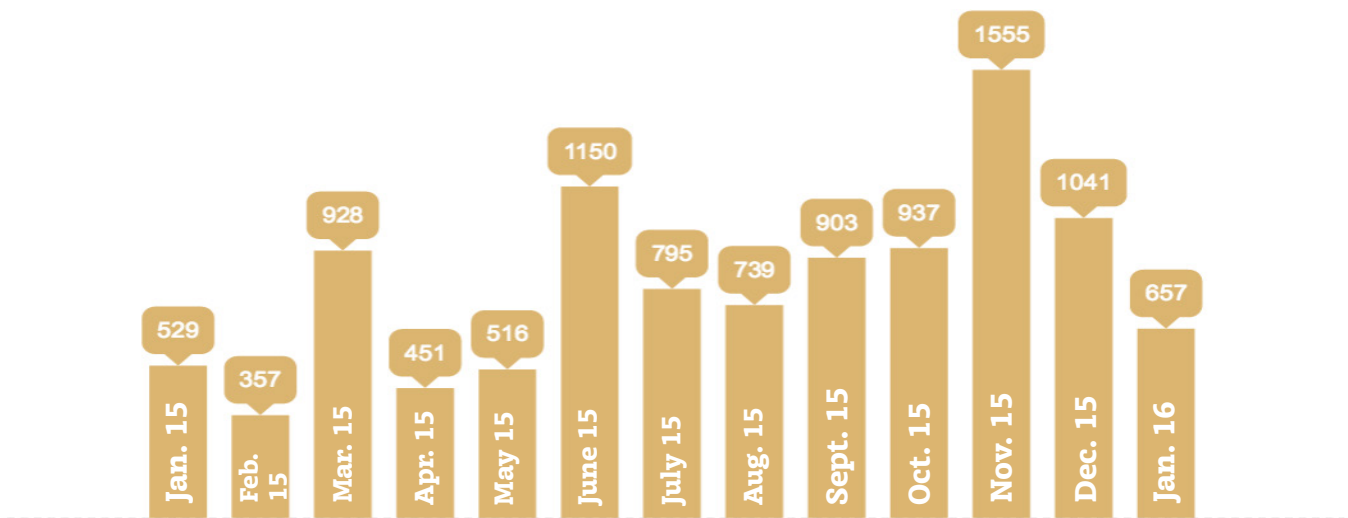


-22.0%
Monthly change

10,065
12,936

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

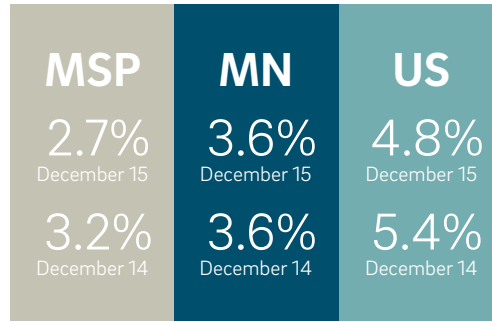


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

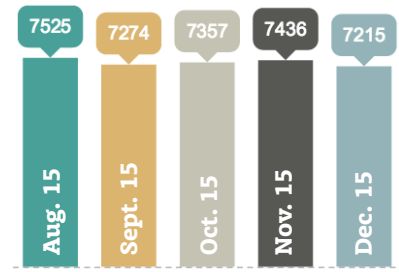
Employment

Nationally both the number of unemployed persons, at 7.8 million, and the unemployment rate, at 4.9 percent, changed little in January. Over the past 12 months, the number of unemployed persons and the unemployment rate were down by 1.1 million and 0.8 percentage point.



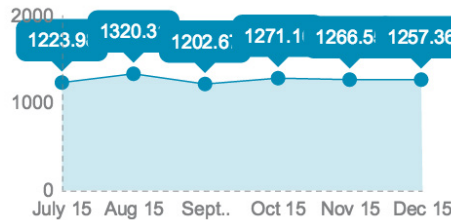
Unemployment Rate Snapshot

SOURCE: DEED-MN



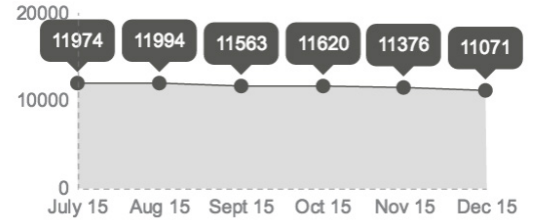
Twin Cities Construction Employment

SOURCE: DEED-MN



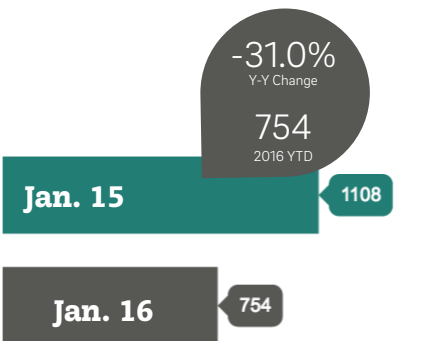
Twin Cities Construction Weekly Wage

SOURCE: DEED-MN



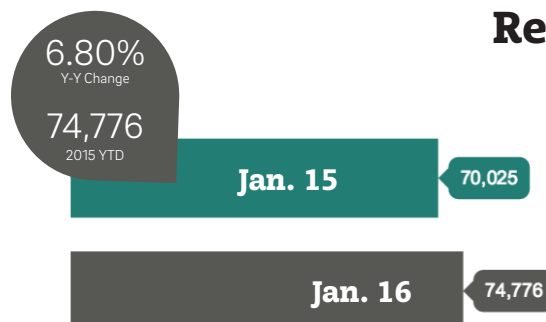
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS

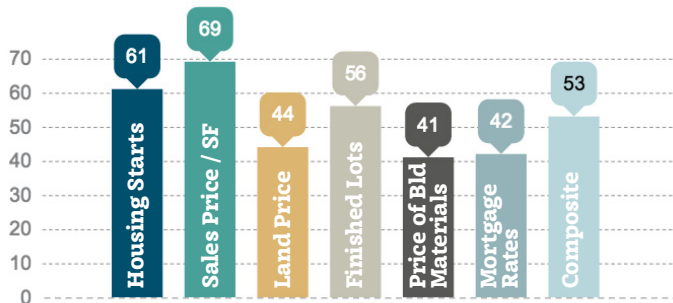


US Housing Units Authorized

SOURCE: US CENSUS

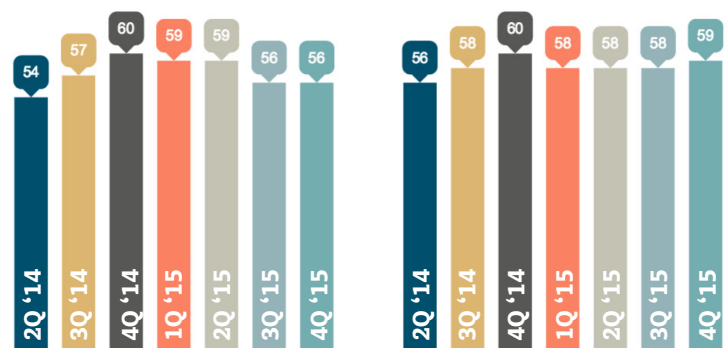
Regional/National Statistics

In January, single-family housing starts fell 3.9 percent to a 731,000-unit pace. Single-family starts tumbled 14.1 percent in Northeast and fell 3.8 percent in Midwest. Groundbreaking on single-family projects was unchanged in the South, where most home building takes place. Single-family starts in the West slipped 0.4 percent.



Home Builder Confidence Index

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

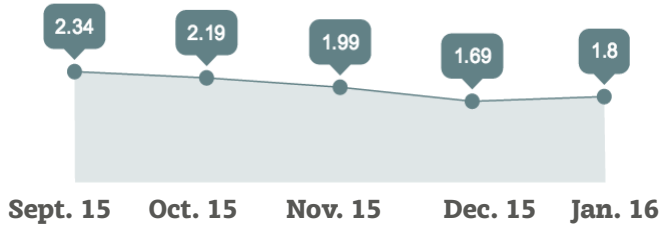


Remodeling Market Indices

SOURCE: NAHB

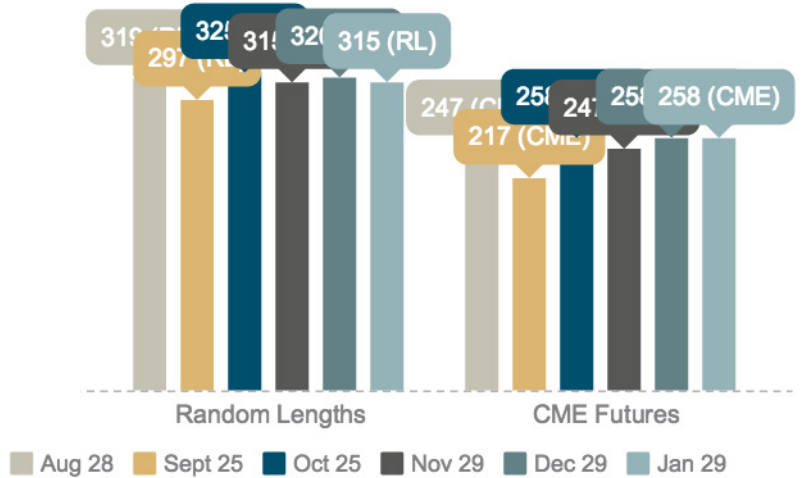
Key Indicators

Every year at this time refineries have to stop for maintenance and then switch to more expensive summer blends causing a slight rise in gas prices. Most experts say gas prices are likely to stay low for a long while, noting that even with the recent uptick, the average gallon is more than 50 cents lower than it was a year ago.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM MARCH 2, 2016
SOURCE: WELLS FARGO



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