

HOT SHEET



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NAHB Chief Economist, Robert Dietz

Twin Cities Building Activity



Permits Authorized Year-to-Date September 2012-2016

SOURCE: KEYSTONE REPORT

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[NAHB]

NAHB: Housing Recovery Continues at Modest Pace

Markets in 162 of the approximately 340 metro areas nationwide returned to or exceeded their last normal levels of economic and housing activity in the third quarter of 2016, according to the National Association of Home Builders/First American Leading Markets Index (LMI) released today. This represents a year-over-year net gain of 73 markets.

The index's nationwide score ticked up to .98, meaning that based on current permit, price and employment data, the nationwide average is running at 98 percent of normal economic and housing activity. Meanwhile, 91% of markets have shown an improvement year over

year.

“Ongoing job growth, low mortgage rates and rising incomes are contributing to a firming housing market and economy,” said NAHB Chairman Ed Brady. “Though some areas are recovering faster than others, the overall trend is positive.”

“House prices continue to show the strongest recovery among the LMI components, with 327 markets, or 97 percent, returning to or exceeding their last normal levels. Meanwhile, 92 metros have reached or exceeded normal employment activity,” said NAHB Chief Economist Robert Dietz. “Single-family permits have edged up to 51% of normal activity, but

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Baton Rouge, La., continues to top the list of major metros on the LMI, with a score of 1.68—or 68 percent better than its last normal market level. Other major metros leading the list include Austin, Texas; Honolulu; San Jose, Calif.; and Provo, Utah. Rounding out the top 10 are Spokane, Wash.; Nashville, Tenn.; Houston; Charleston, S.C.; and Los Angeles.

[BATC]

Twin Cities See Another Surge in Single-Family Construction

Due to a significant boost in single-family production, the Twin Cities saw the highest number of permits pulled in the month of September since September 2006. Month-over-month single-family construction increased by nearly 40 percent, while year-to-date single family permits are up 11 percent compared to 2015. So far this year the total number of permits pulled is outpacing 2015 by 10

percent.

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 526 permits issued for a total of 767 units during four comparable weeks in the month of September 2016.

“Our builders are reporting high quality traffic during this Fall’s Parade of Homes, and we’re happy to see the permit numbers reflect that,” said Meg Jaeger, the Builders Association of the Twin Cities 2016 President. “With one more week left of the Parade of Homes we’re confident more homebuyers will find that our builders are providing more home choices in vital

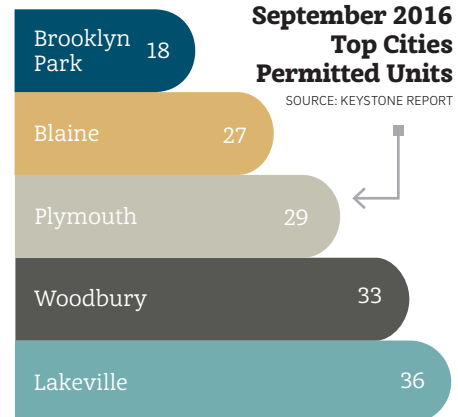
communities at a price they can afford.”

“We’re very excited to see this year’s permit numbers outpace 2015, but we know that we still have a ways to go to get back to normal market levels,” said BATC Executive Director, David Siegel. “There are still several obstacles facing the home building industry, including increased regulation, the labor shortage and land supply.”

For the month, Lakeville took the top spot with 36 permits pulled, followed by Woodbury with 33 and Plymouth with 29. Rounding out the top five were Blaine with 27 permits and Brooklyn Park with 18 permits.

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



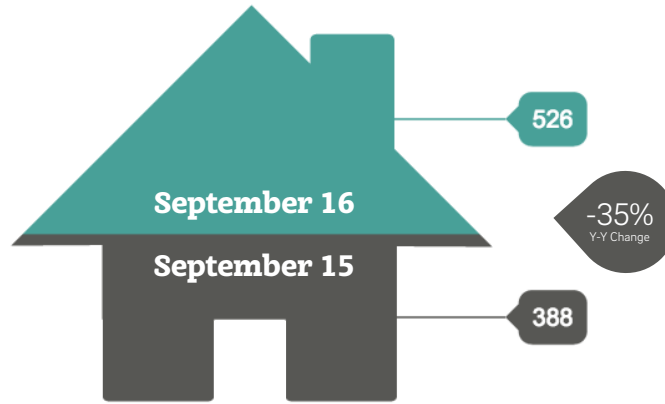
September 2016 Top Cities Permitted Units

SOURCE: KEYSTONE REPORT

Single-family Permits
↑ 11%
Compared to September 2015

2016 September Metro Building Activity

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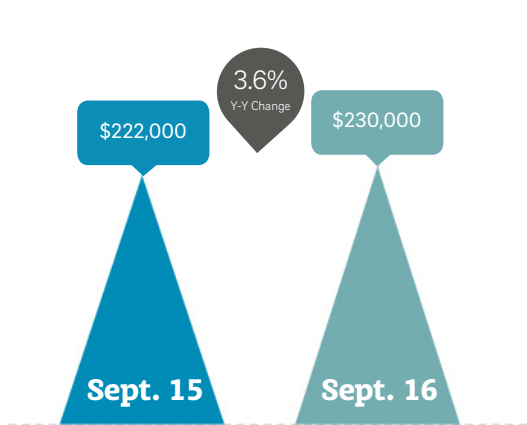


YTD:
3,978

Multi-Family
40%
of Twin Cities
Housing Units
Authorized

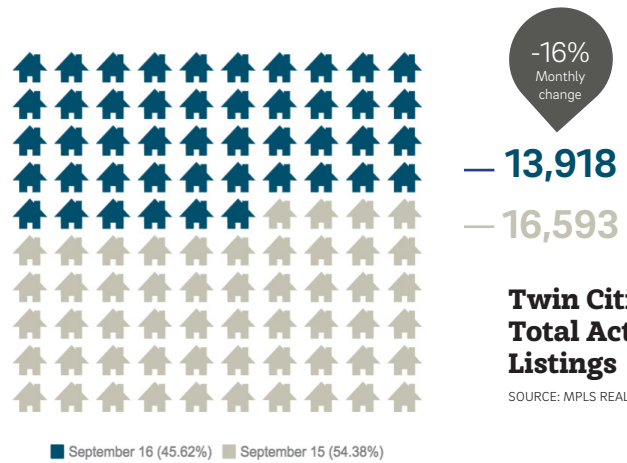
Twin Cities Housing Units Authorized

SOURCE: KEYSTONE REPORT



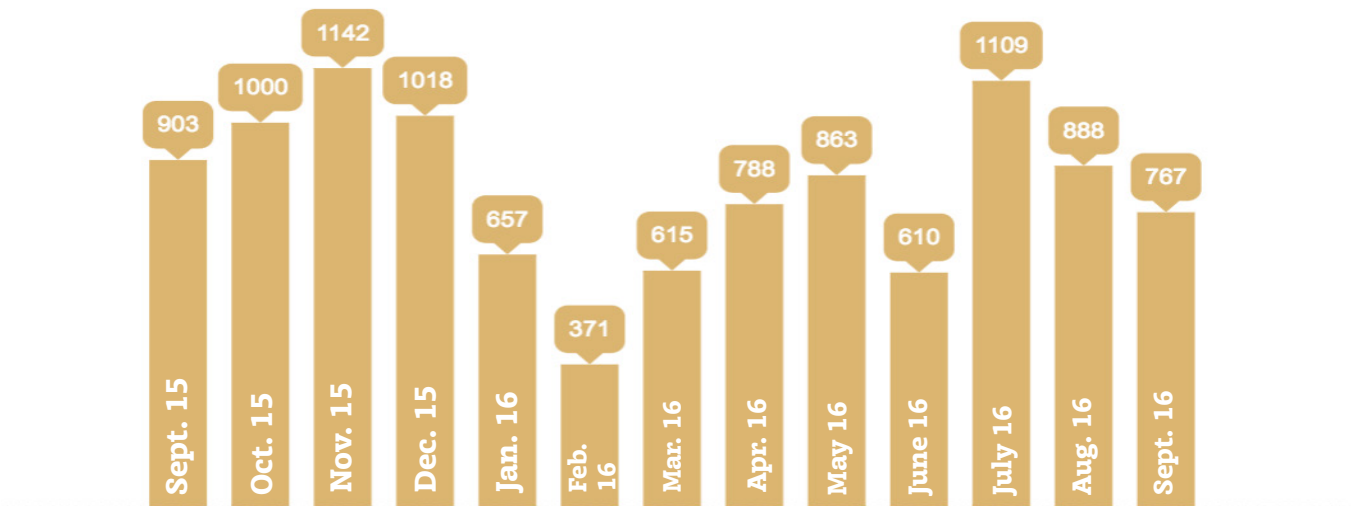
Twin Cities Median Home Price

SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

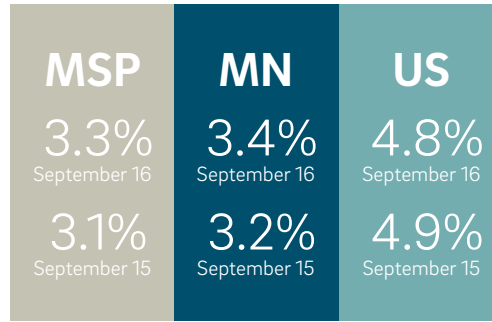


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

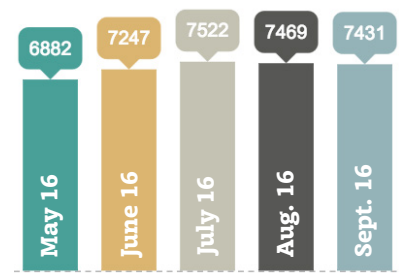
Employment

The state unemployment rate remained at 4 percent in September. While Minnesota continues to beat the U.S. unemployment rate of 5 percent, the state's 4 percent mark continues to be the highest on record in more than two years.



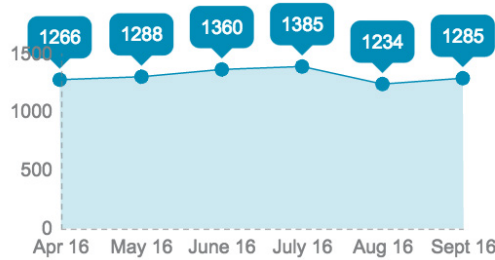
Unemployment Rate Snapshot

SOURCE: DEED-MN



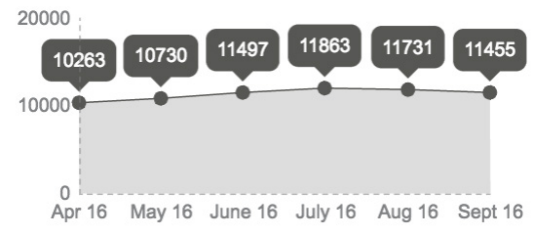
Twin Cities Construction Employment

SOURCE: DEED-MN



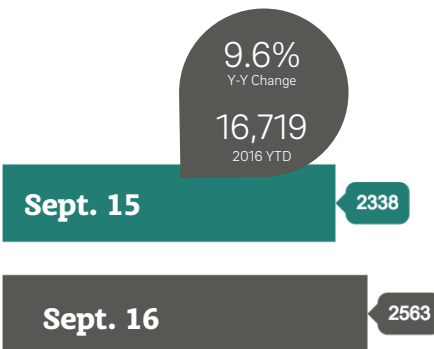
Twin Cities Construction Weekly Wage

SOURCE: DEED-MN



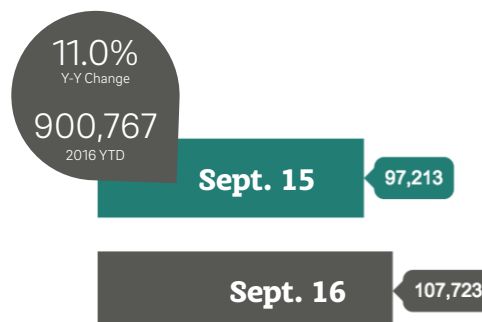
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS

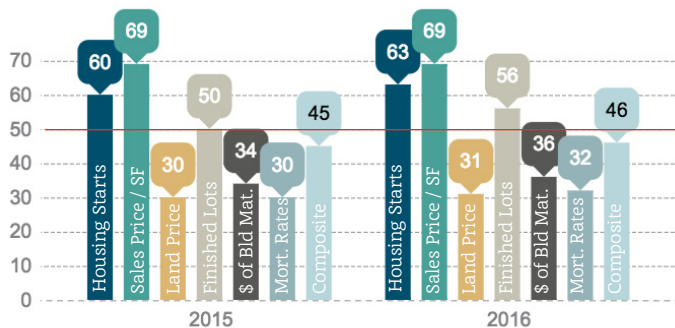


US Housing Units Authorized

SOURCE: US CENSUS

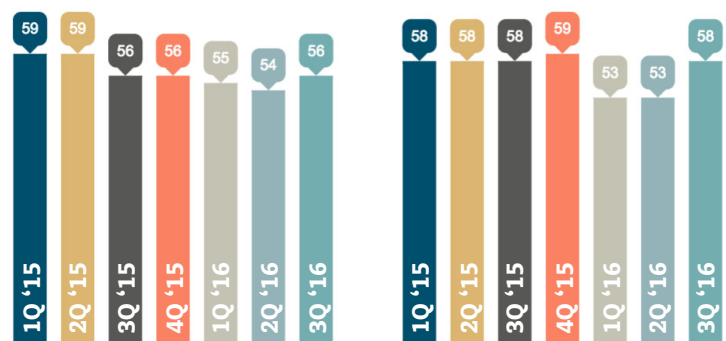
Regional/National Statistics

Single-family home construction jumped 20 percent in the Northeast. Starts in the South, which accounts for the bulk of home building, vaulted 12.1 percent. Groundbreaking on single-family housing projects shot up 6.3 percent in the Midwest, but fell 2.2 percent in the West.



Twin Cities Home Builders Survey

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



Current

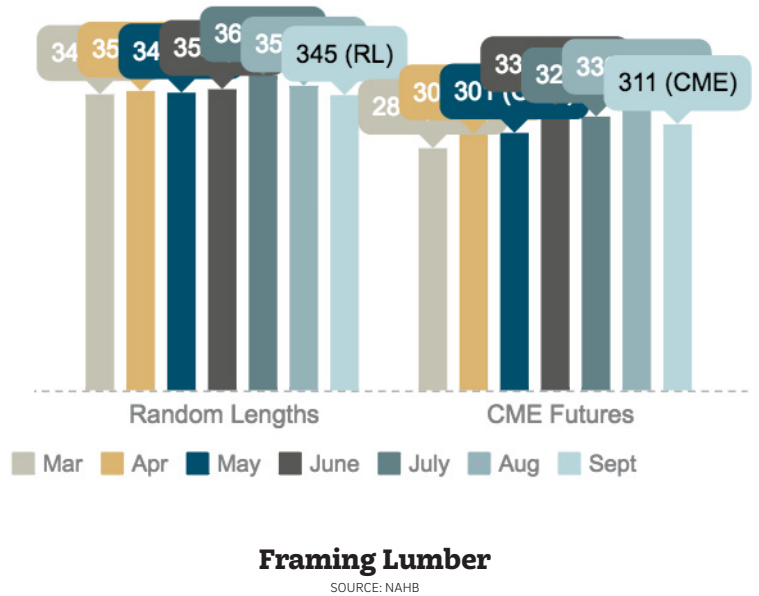
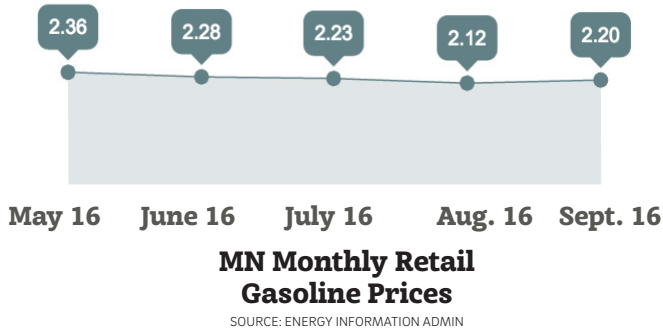
Futures

Remodeling Market Indicies

SOURCE: NAHB

Key Indicators

The national average price of regular unleaded gasoline remained relatively stable in September. Mortgage rates are trending up, and wood products markets are in a holding pattern caused by the elections and the trade dispute between Canada and the United States.



Mortgage Rates

FROM NOVEMBER 11, 2016
SOURCE: WELLS FARGO



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