



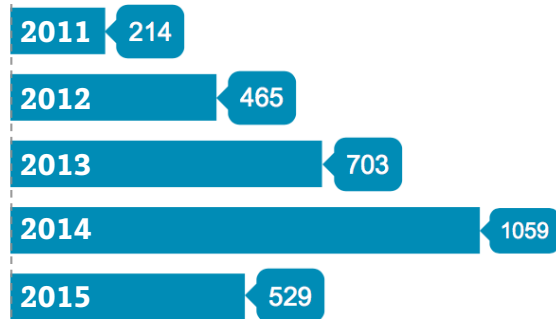
March 2015
Volume III, Issue: 3
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“Affordable home prices, historically low mortgage rates and an improving job market will release pent-up demand and help keep the housing market moving forward in the year ahead,”

NAHB Chief Economist David Crowe.

Twin Cities Building Activity



Units Authorized Year-to-Date January 2011-2015

SOURCE: KEYSTONE REPORT

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[NAHB]

New Home Sales Hold Steady in January

Sales of newly built, single-family homes dropped 0.2 percent in January to a seasonally adjusted annual rate of 481,000 units from an elevated December reading, according to newly released data by the U.S. Department of Housing and Urban Development and the U.S. Census Bureau.

“The fact that January sales numbers maintained the gains we made in December is encouraging news, especially considering harsh weather affecting certain parts of the country,” said Tom Woods, chairman of the National Association of Home Builders (NAHB) and a home builder from Blue Springs, Mo.

“In a promising sign, new home sales have been trending at post-recession highs for the past two months,” said NAHB Chief Economist David Crowe. “As the economy strengthens and mortgage rates remain low, we can expect continued upward movement in the housing market this year.”

The inventory of new homes for sale was at 218,000 in January, which is a 5.4-month supply at the current sales pace.

Regionally, new home sales rose 19.2 percent in the Midwest and 2.2 percent in the South. Sales dropped 0.8 percent in

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the West and 51.6 percent in the Northeast, most likely due to adverse weather conditions in that geographic area.

[BATC]

Slow Start to 2015 for Twin Cities Residential Construction

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 308 permits issued for a total of 529 units during four comparable weeks in the month of January 2015.

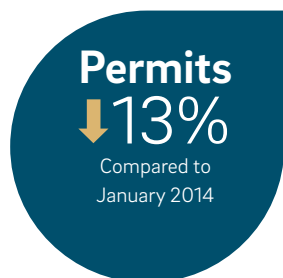
“After a tough 2014 for single-family construction, we had hoped to see a much stronger start to this year,” said Chris Contreras, 2015 President of the Builders Association of the Twin Cities. “We are still hopeful that we’ll see the numbers pick up, but it’s concerning as the new residential building code takes effect this month. Home builders are feeling the full effects of this expensive new code as it will unnecessarily raise the price of new homes in Minnesota.”

“We can’t afford the wrong code, we strongly believe we need to send the code back and get it right,” Contreras said.

For the month, Apple Valley issued the most permitted units at 111, followed by Rosemount with 97, and Plymouth and Lakeville tied for third with a total of 32 units. Rounding out the top five is Chanhassen with 18 units and Blaine with 16.

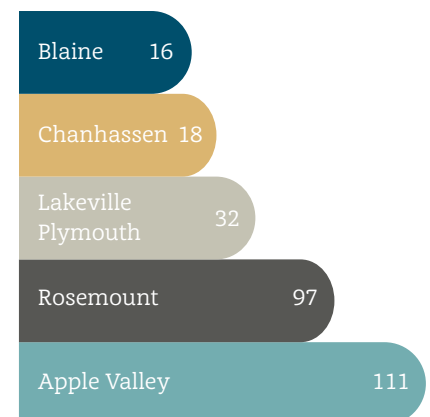
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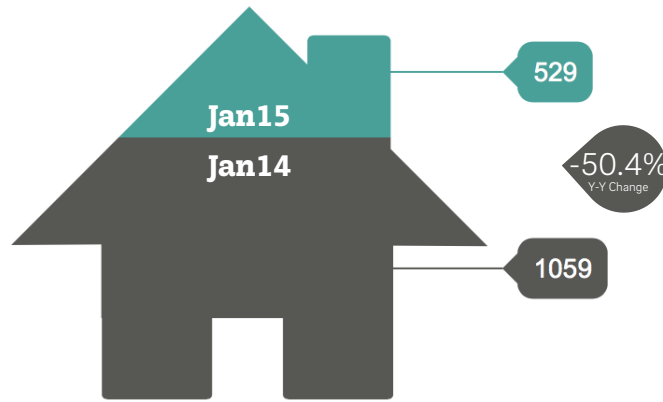
January 2015 Top Cities Permitted Units

SOURCE: KEYSTONE REPORT



2015 Metro Building Activity

Residential construction activity has not started the year as strong as builders had hoped. Compared to January 2014 permits are down 13 percent. There was also a decrease in the number of units, mainly due to a decrease in large multi-family projects.

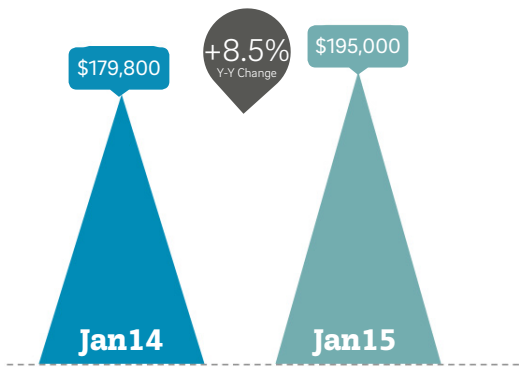


YTD: 529

Multi-Family 41%
of Twin Cities Housing Units Authorized

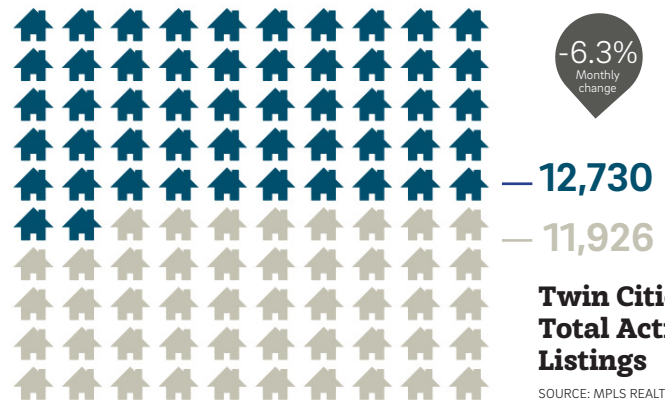
Twin Cities Housing Units Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

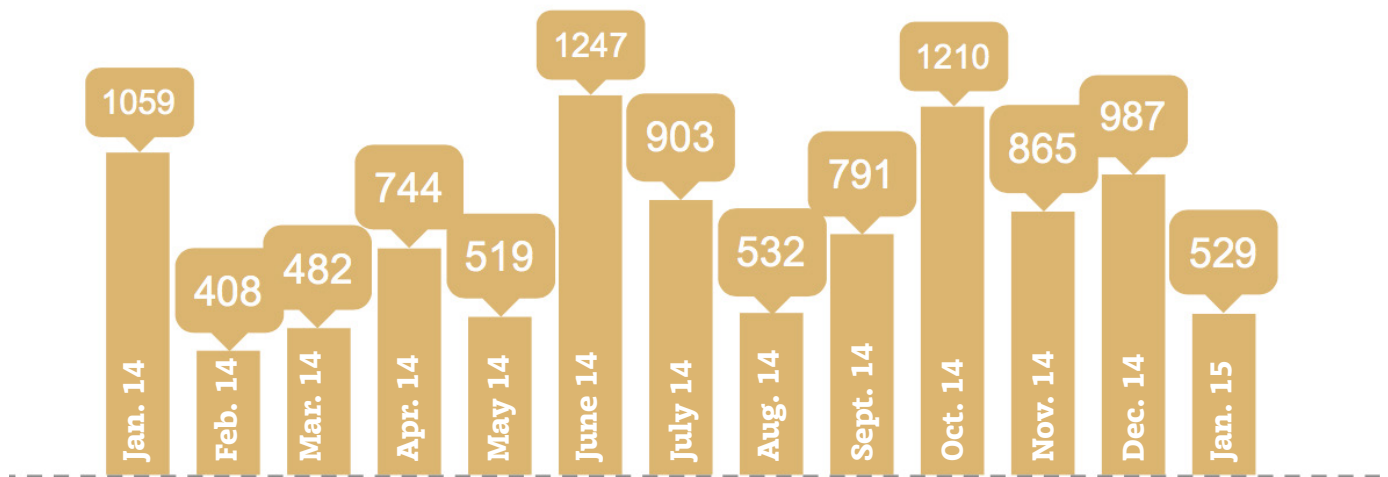
SOURCE: MPLS REALTORS



Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

■ Jan15 ■ Dec14

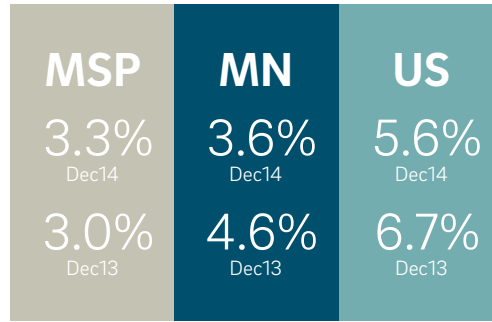


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

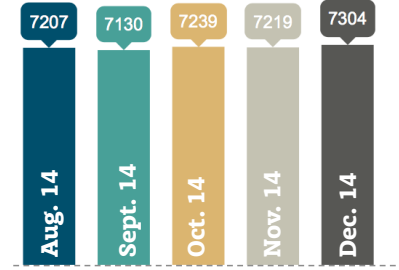
Employment

Employment in the metro and statewide continues to be very strong as we closed 2014 with extremely low regional and state unemployment rates. Minnesota's unemployment rate of 3.6 percent continues to track lower than the national average of 5.7 percent. Minnesota's unemployment rate is even lower than during the last economic expansion in 2007. The data release calendar includes two releases in the month of March, which will show January and February data – look for those next month.



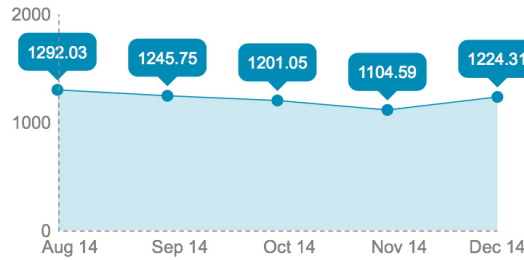
Unemployment Rate Snapshot

SOURCE: DEED-MN



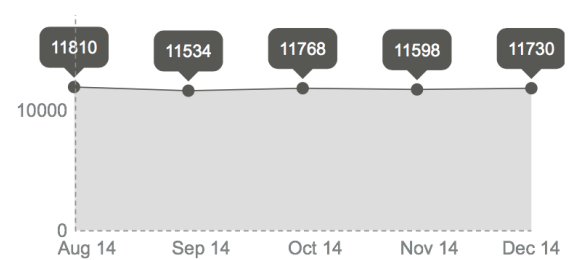
Twin Cities Construction Employment

SOURCE: DEED-MN



Twin Cities Construction Weekly Wage

SOURCE: DEED-MN

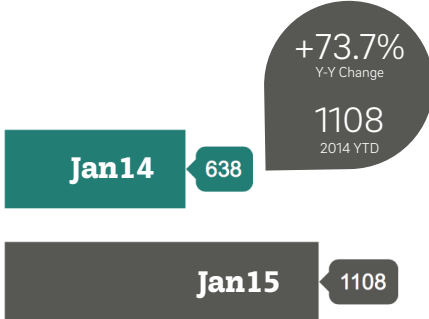


MN Construction Employment

SOURCE: DEED-MN

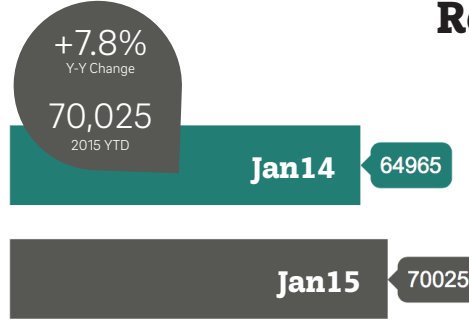
Regional/National Statistics

While the MSP region started off to a slow start, both the statewide and national numbers out-performed the January production from a year ago. With multi-family projects down in the metro this month, statewide there were over 32 structures with 5 units or more, elevating the total units to an increase of over 70% compared to January 2014.



MN Housing Units Authorized

SOURCE: US CENSUS



US Housing Units Authorized

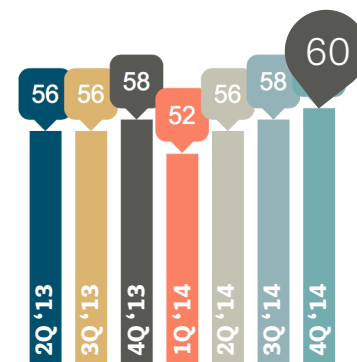
SOURCE: US CENSUS



Remodeling Market Indices

SOURCE: NAHB

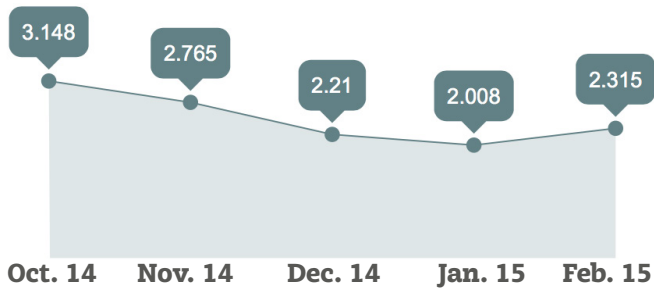
Current



Futures

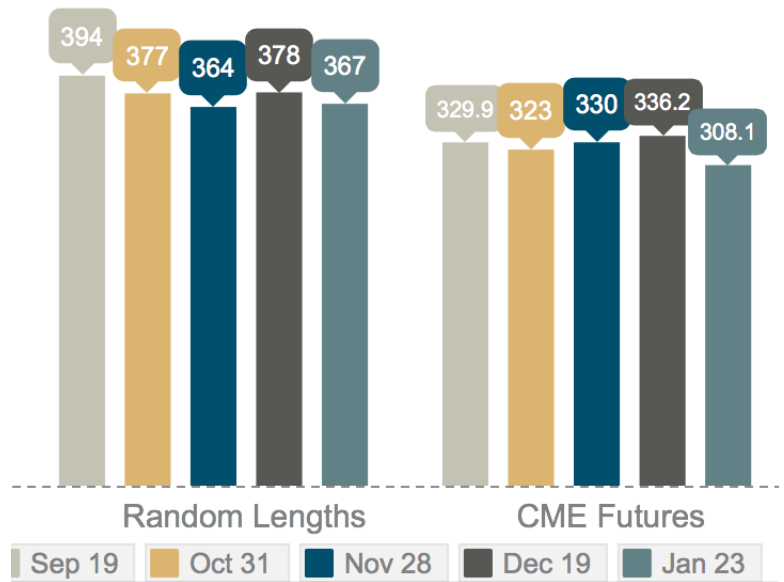
Key Indicators

Gas prices crept up after falling for the past five months. Mortgage rates also inched forward in February, while framing lumber dipped lower than the trendline over the past several months.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM FEB. 26, 2015
SOURCE: WELLS FARGO

30 Year	4.025%
30 Year Fixed FHA	4.759%
15 Year	3.463%
5 Year ARM	3.514%
30 Year Jumbo	3.891%

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