

# HOT SHEET



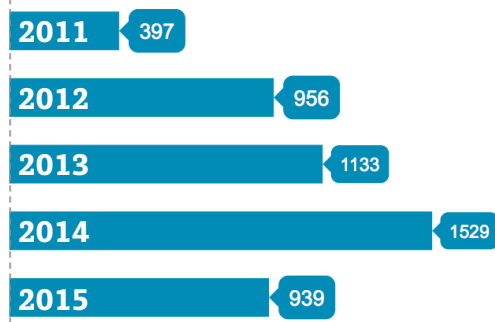
**April 2015**  
Volume III, Issue: 4  
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“The drop in builder confidence is largely attributable to supply chain issues, such as lot and labor shortages as well as tight underwriting standards. These obstacles notwithstanding, we are expecting solid gains in the housing market this year, buoyed by sustained job growth, low mortgage interest rates and pent-up demand.”

NAHB Chief Economist David Crowe.

## Twin Cities Building Activity



### Units Authorized Year-to-Date February 2011-2015

SOURCE: KEYSTONE REPORT

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[NAHB]

## Housing Starts Fall 17 Percent in February

Nationwide housing starts dropped 17 percent to a seasonally adjusted annual rate of 897,000 units in February, according to newly released data from the U.S. Commerce Department.

“This drop is not surprising based on our recent surveys, but our builders continue to show cautious optimism in the months ahead,” said NAHB Chairman Tom Woods, a home builder from Blue Springs, Mo.

“February’s numbers indicate that wavering consumer confidence continues to impact the housing recovery,” said NAHB Chief Economist David Crowe. “Buyers are waiting for a stronger,

more reliable economy before making a home purchase, and builders are responding to their reluctance. Even with this month’s drop in production, we expect the housing market to move forward this year in step with an improving economy.”

Single-family housing production fell 14.9 percent to a seasonally adjusted annual rate of 593,000 in February while multifamily starts dropped 20.8 percent to 304,000 units.

Combined single- and multifamily starts decreased in all regions of the country, with the Northeast, Midwest, South and West posting respective declines of 56.5

“...our builders continue to show cautious optimism in the months ahead.”

NAHB Chairman  
Tom Woods, a home builder from Blue Springs, Mo.

percent, 37 percent, 2.5 percent and 18.2 percent.

Overall permit issuance was up 3 percent in February to a rate of 1.092 million. Single-family permits decreased 6.2 percent to 620,000 units while multifamily permits rose 18.3 percent to a rate of 472,000 units.

Regionally, the Midwest, South and West registered permit gains of 6.1 percent, 7.3 percent and 2.2 percent, respectively, while the Northeast posted a 17.4 percent loss.

[BATC]

## Single Family Permits Spike in Rush to Avoid Code Changes

As expected, there was a spike in residential construction permits as many rushed to beat the new residential building codes taking effect over the past several weeks. Single-family permits were up 47 percent compared to February 2014, while multifamily permits have completely dropped off this year, down more than 70 percent from this time last year.

According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 347 permits issued for a total of 357 units during four comparable weeks in the month of February 2015.

“We’re always happy to see an increase, but with the new residential building code taking effect this month we have concerns over what the numbers really mean,” said Chris Contreras, 2015 BATC President. “We know that builders across the region have seen a rush to get permits filed before the new expensive codes take effect.

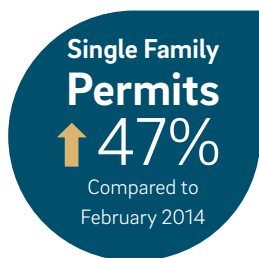
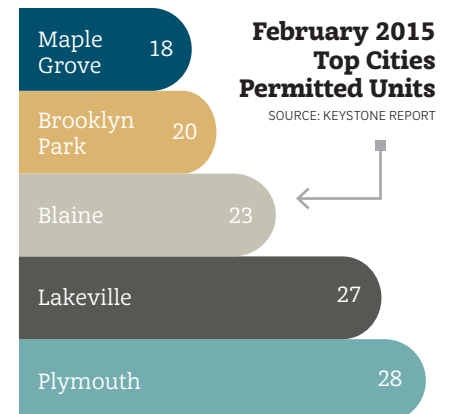
We are concerned that these new regulations will stifle the industry.”

“The codes are unnecessarily expensive for homeowners, and building officials around the state need more time to get ready for enforcement. We need to send the codes back, and get it right,” Contreras said.

For the month, Plymouth issued the most permitted units at 28, followed by Lakeville with 27, and Blaine for third with a total of 23 units. Rounding out the top five is Brooklyn Park with 20 units and Maple Grove with 18.

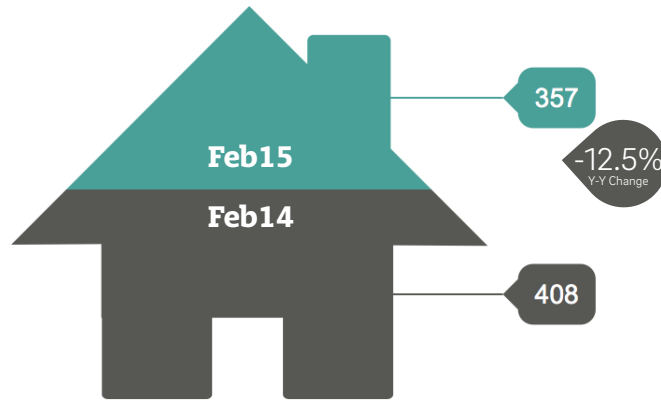
“We know that builders across the region have seen a rush to get permits filed before the new expensive codes take effect,”

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



# 2015 February Metro Building Activity

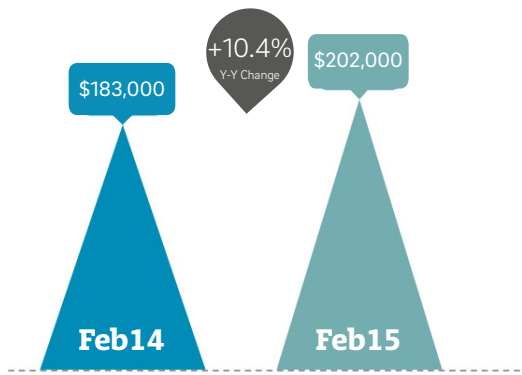
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**YTD: 939**  
**Multi-Family 15%**  
of Twin Cities Housing Units Authorized

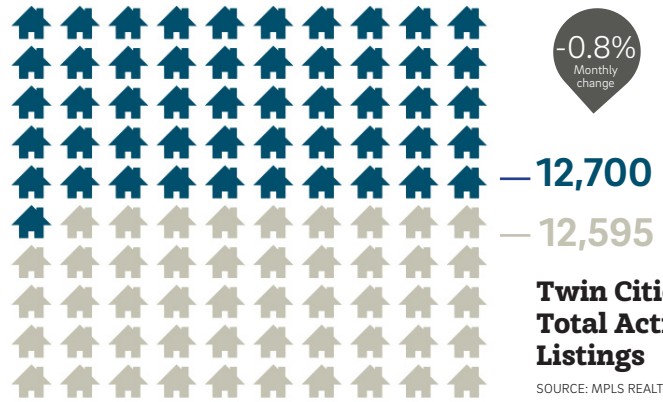
**Twin Cities Housing Units Authorized**

SOURCE: KEYSTONE REPORT



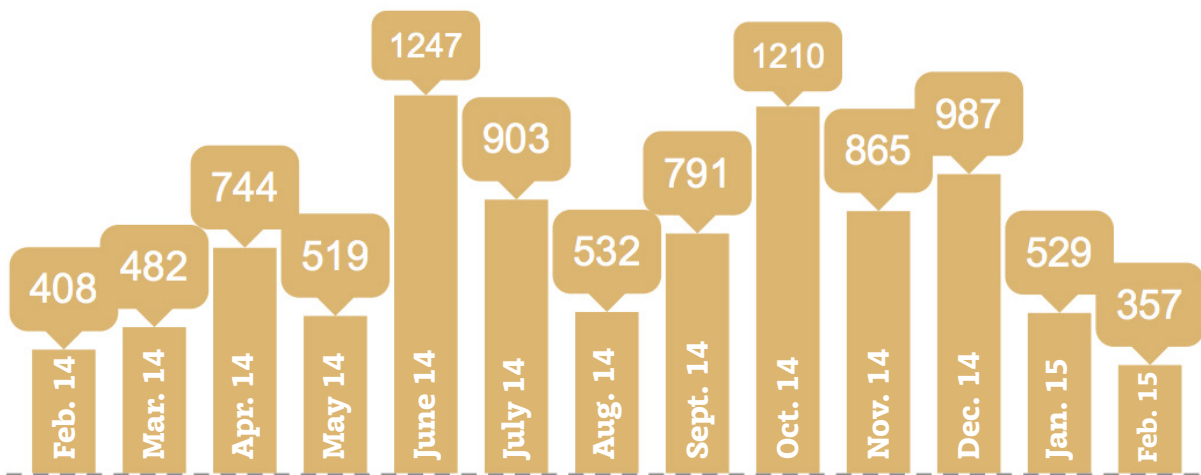
**Twin Cities Median Home Price**

SOURCE: MPLS REALTORS



**Twin Cities Total Active Listings**

SOURCE: MPLS REALTORS

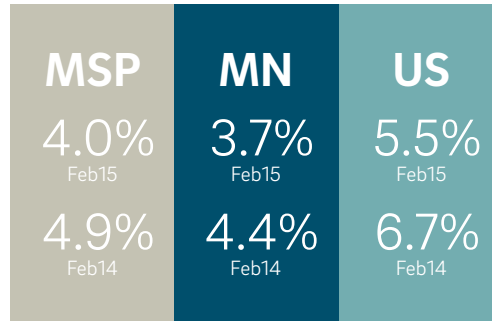


**Metro Building Units - Past 12 Months**

SOURCE: KEYSTONE REPORT

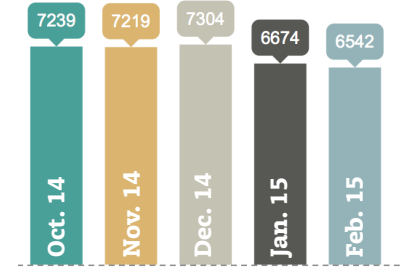
# Employment

Metro and state employment remained strong in February and paced a full 1.5% better than the US Average, which is down to 5.5%. Homebuilding industry employment remains steady both on employment and weekly wage measures.



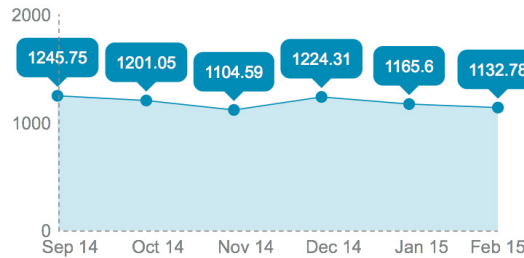
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



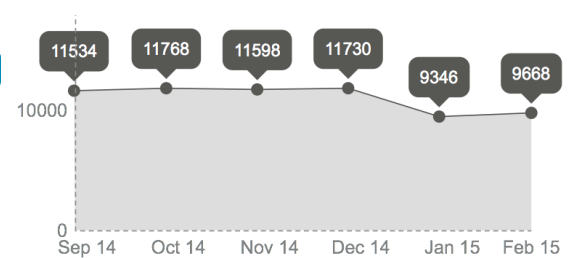
**Twin Cities Construction Employment**

SOURCE: DEED-MN



**Twin Cities Construction Weekly Wage**

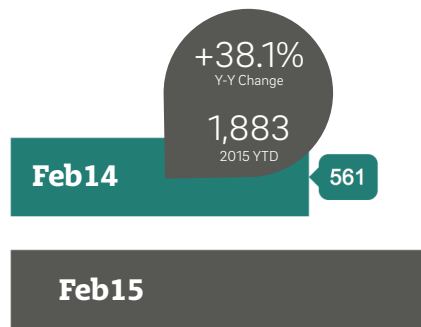
SOURCE: DEED-MN



**MN Construction Employment**

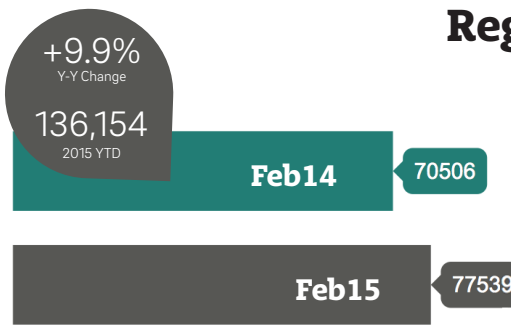
SOURCE: DEED-MN

# Regional/National Statistics



**MN Housing Units Authorized**

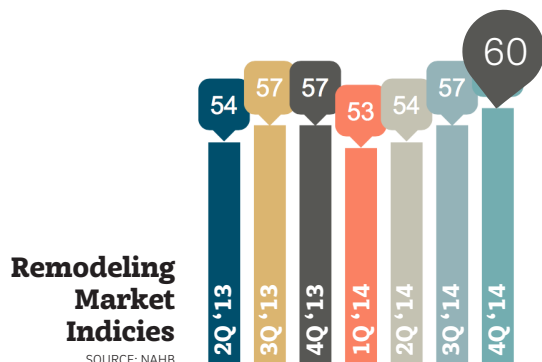
SOURCE: US CENSUS



**US Housing Units Authorized**

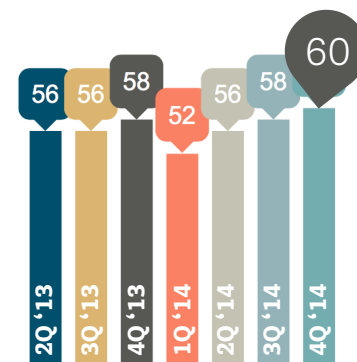
SOURCE: US CENSUS

Like last month, the US and Minnesota numbers continued to out-perform the February activity of 2014. Strong multi-family in greater Minnesota has pushed the year-to-date activity to 57% higher than the same two-month period in 2014.



**Remodeling Market Indices**

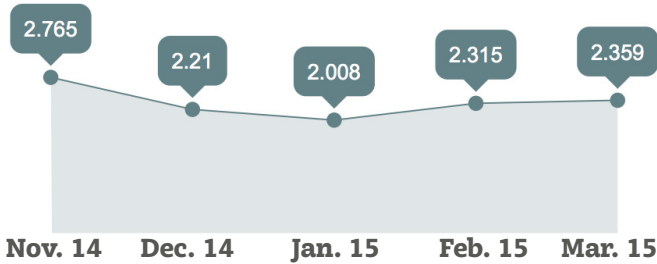
SOURCE: NAHB



**Futures**

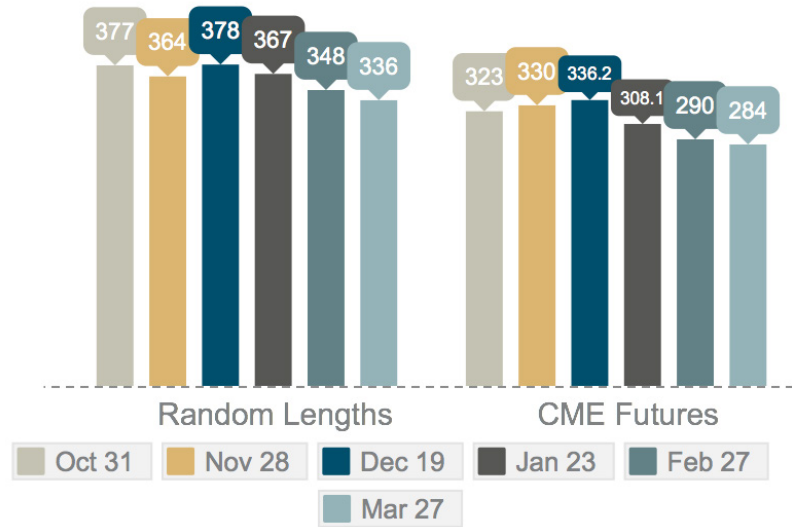
# Key Indicators

Gas continues a slow rise in prices while remaining comfortably below the historic prices of the past five years. Framing lumber prices continue their four-month moderation in both the random lengths and CME futures indices.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

## Mortgage Rates

FROM MARCH 31, 2015  
SOURCE: WELLS FARGO

30 Year	3.915%
30 Year Fixed FHA	4.758%
15 Year	3.319%
5 Year ARM	3.467%
30 Year Jumbo	3.891%

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