

HOT SHEET

Market Indicators for the Twin Cities Home Building Industry

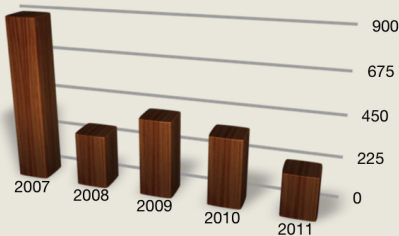
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Twin Cities Building Activity – Units Authorized April 2007-2011



Source: Keystone Report

Market Chatter

"The fact that new-home sales have now risen for two consecutive months is certainly welcome news following an all-time low sales number in February. That said, builders are still contending with a great deal of competition from foreclosed properties for sale in certain markets, and in places where this is not an issue, it remains extremely difficult to obtain credit to build new homes."

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NAHB Chief Economist David Crowe

June 1, 2011 | Volume 7, Issue 5

NAHB: New-Home Sales Rise 7.3 Percent in April

Sales of newly built, single-family homes rose 7.3 percent to a seasonally adjusted annual rate of 323,000 units in April, their best pace since December of 2010, according to figures released by the U.S. Commerce Department. The report also showed that the nationwide inventory of new homes for sale continued to fall to just 175,000 units in April, which is a new record low.

"The fact that new-home sales have now risen for two consecutive months is certainly welcome news following an all-time low sales number in February," said Bob Nielsen, chairman of the National Association of Home Builders (NAHB) and a home builder from Reno, Nev. "That said, builders are still contending with a great deal of competition from foreclosed properties for sale in certain markets, and in places where this is not an issue, it remains extremely difficult to obtain credit to build new homes."

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sale is indicative of the caution that builders are exercising with regard to new projects as well as their inability to obtain financing for new-home production."

New-home sales posted gains in every region in April. The Northeast registered a 7.7 percent gain, while the Midwest posted a 4.9

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Bob Nielsen, chairman of NAHB

percent gain, the South posted a 4.3 percent gain and the West posted a 15.1 percent gain.

Meanwhile, the inventory of new homes for sale continued downward, falling 2.8 percent to 175,000 units in April – a new record low. This represents a 6.5-month supply at the current sales pace.

Single Family Homes Continue to Dominate Twin Cities Residential Construction

With almost no large multi-family construction in the region in 2011, total residential housing units permitted have dropped to their lowest point since the housing downturn in April. However, April planned units were higher than in any other month this year. Additionally, single-family home construction continues to be stable, and at a level that is 64 percent higher than during the same period in 2009.

According to statistics compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 203 permits for a total of 230 units during four weeks in the month of April, 2011. Year-to-date, there were 758 permits issued for a total of 851 units. Of those, only 32 are in multi-family projects larger than 17 units per building.

"We expected the first quarter of 2011 to be down from 2010," said Builders Association of the Twin Cities 2011 President, Rich Riemersma. "Last spring's Federal home buyers tax credits meant a number of families moved their purchasing plans up to take advantage of the tax break.

"But while new housing nationally is expected to remain down, we have hopes that the Twin Cities will catch up and surpass last year in single-family construction," Riemersma said.

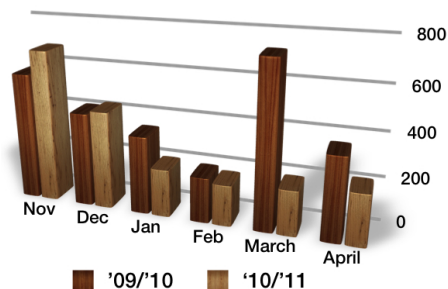
Maple Grove led the metro in building activity for the month with 28 units permitted. Blaine followed with 22 units, Plymouth had 16 units, Minneapolis 15, and Woodbury rounded out the top five at 13 units.

TWIN CITIES STATISTICS

TC Housing Units Authorized

Date	Total	Y-Y Change
Mar 10	733	
Mar 11	201	-73%
Apr 10	372	
Apr 11	230	-38.2%

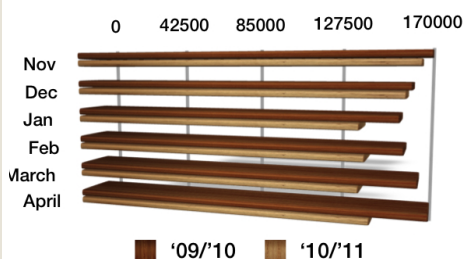
Source: Keystone Report



Twin Cities Median Home Price

Date	Total	Y-Y Change
Mar 10	\$165,000	
Mar 11	\$140,000	-15.2%
Apr 10	\$169,800	
Apr 11	\$145,000	-14.6%

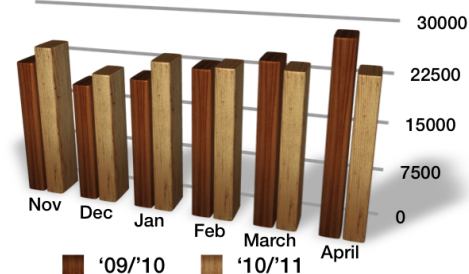
Source: MPLS Area Association of REALTORS



Twin Cities Total Active Listings

Date	Total	Months of Inventory
Mar 10	25,245	
Mar 11	24,112	7.7
Apr 10	29,074	
Apr 11	24,380	8.2

Source: MPLS Area Association of REALTORS



EMPLOYMENT

Twin Cities Unemployment Rate

*Editor's note-MN DEED began presenting NON-seasonally adjusted #'s starting February 2010

Dec 10	6.5%
Jan 11	7.0%
Feb 11	6.9%
Mar 11	6.8%
Apr 11	6.3%

Source: MN DEED

MN Seasonally Adjusted Unemployment Rate

U.S. Seasonally Adjusted Average 8.7%

Dec 10	7%
Jan 11	6.7%
Feb 11	6.7%
Mar 11	6.6%
Apr 11	6.6%

Source: MN DEED

Twin Cities Construction Employment

0.3% of Total MN Employment

Dec 10	4,390
Jan 10	4,379
Feb 10	4,349
Mar 11	4,420
Apr 11	4,489

Source: MN DEED

MN Construction Employment

0.3% of Total MN Employment

Dec 10	8,430
Jan 11	7,658
Feb 11	7,383
Mar 11	7,379
Apr 11	7,823

Source: MN DEED

Construction Weekly Wage

Production Worker, Averaged

Dec 10	1,079.23
Jan 11	1,021.44
Feb 11	976.56
Mar 11	1,031.47
Apr 11	1,086.62

Source: MN DEED

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"Consumers have not yet reached a level of confidence that is strong enough to begin lifting the housing market. The fundamentals – such as economic growth and employment – are beginning to shape up and will eventually provide enough momentum to push housing forward at a healthy pace. But until then, builders are unwilling to move forward. The issuance of housing permits, an indication of future housing activity, has remained at about the same level as the first quarter of the year." NAHB Chief Economist David Crowe.

REGIONAL/NATIONAL STATISTICS

MN Housing Units Authorized

Date	Total	Y-Y Change
Mar 10	1,038	
Mar 11	542	-47.8%
Apr 10	972	
Apr 11	747	-54%
	2011 YTD	1,841

Source: US Census Bureau

US Housing Units Authorized

Date	Total	Y-Y Change
Mar 10	62,068	
Mar 11	53,650	-13.6%
Apr 10	56,330	
Apr 11	49,872	-11.5%
	2011 YTD	176,883

Source: US Census Bureau

Remodeling Market Indices

Date	Current	Futures
1Q 10	44.5	43.1
2Q 10	42.6	38.9
3Q 10	43.4	38.1
4Q 10	43.3	39.7
1Q 11	46.1	46.8

Source: NAHB

	Framing Lumber	
	Random Lengths	CME Futures
Jan 21	\$305	\$303.4
Feb 18	\$296	\$304.9
Mar 25	\$291	\$313.1
April 29	\$264	\$232.5
May 27	\$259	\$241.5

Source: NAHB

Mortgage Rates	
From 6/1/2011	
30 Year	4.686%
30 Year Fixed FHA	5.523%
15 Year	4.069%
5 Year ARM	3.126%
30 Year Jumbo	5.138 %

Source: Wells Fargo

MN Monthly Retail Gasoline Prices	
per gallon - all grades	
Jan 11	\$2.998
Feb 11	\$3.144
Mar 11	\$3.557
Apr 11	\$3.813
May 11	\$3.895

Source: Energy Information Administration

Builder Confidence Unchanged in May

Builder confidence in the market for newly built, single-family homes held unchanged at the low level of 16 in May, according to the National Association of Home Builders/Wells Fargo Housing Market Index (HMI), released today. The index has now remained at this level for six out of the past seven months.

“Builder confidence has hardly budged over the past six months as persistent concerns regarding competition from distressed property sales, lack of production credit, inaccurate appraisals, and proposals to reduce government support of housing have continued to cloud the outlook,” said NAHB Chairman Bob Nielsen, a home builder from Reno, Nev. “In addition, many builders in this month’s survey cited high gas prices as a further contributor to consumer anxiety and reluctance to go forward with a home purchase.”

“The HMI component index measuring traffic of prospective buyers increased by one point for the second time this year as prospective buyers show growing interest but remain extremely hesitant due to a number of factors,” said NAHB Chief Economist David Crowe. “Asked to identify reasons that potential customers are holding back at this time, 90 percent of builders surveyed said clients are concerned about being able to sell their existing home at a favorable price, while 73 percent said consumers think it will be difficult for them to get financing. Clearly, access to credit for both builders and buyers remains a considerable obstacle to the revival of the new-homes market.”

Derived from a monthly survey that NAHB has been conducting for more than 20 years, the NAHB/Wells Fargo Housing Market Index gauges builder perceptions of current single-family home sales and sales expectations for the next six months as “good,” “fair” or “poor.” The survey also asks builders to rate traffic of prospective buyers as “high to very high,” “average” or “low to very low.” Scores from each component are then used to calculate a seasonally adjusted index where any number over 50 indicates that more builders view sales conditions as good than poor.

Both the index gauging current sales conditions and the index gauging traffic of prospective buyers inched up one point in May, to 16 and 14, respectively. While still very low, the traffic gauge is now at its highest point since May of 2010. Meanwhile, the index gauging sales expectations in the next six months declined two points to 20 in May.

Regionally, the HMI results were mixed, with the Northeast posting a 5-point decline to 15, the Midwest posting no change at 14, the South posting a one-point gain to 16, and the West posting a two-point decline to 16.

Editor’s Note: The NAHB/Wells Fargo Housing Market Index is strictly the product of NAHB Economics, and is not seen or influenced by any outside party prior to being released to the public. HMI tables can be accessed online at: www.nahb.org/hmi. More information regarding housing statistics is also available at <http://www.housingeconomics.com/>.

worth NOTING

Time Management & Technology Program

June 9 12:00pm - 2:00pm

"FIXING ICE DAMS – MINNESOTA STYLE" :: BAM Class

June 14 3:00pm - 5:00pm

Showroom Mixer Hosted by Genz Ryan

June 21 4:30pm - 6:30pm

BATC Golf Tournament

June 22 11:30am - 8:00pm

ROMA Remodeler of Merit Award Banquett

June 23 4:30pm - 9:00pm
St. Paul Hotel

Complete information at:
batconline.org

market BRIEFS 4

Housing Affordability Rises to Record Level, Tight Financing Continues to Constrain Sales

Nationwide housing affordability during the first quarter of 2011 rose to its highest level in the more than 20 years it has been measured, according to National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) data released today.

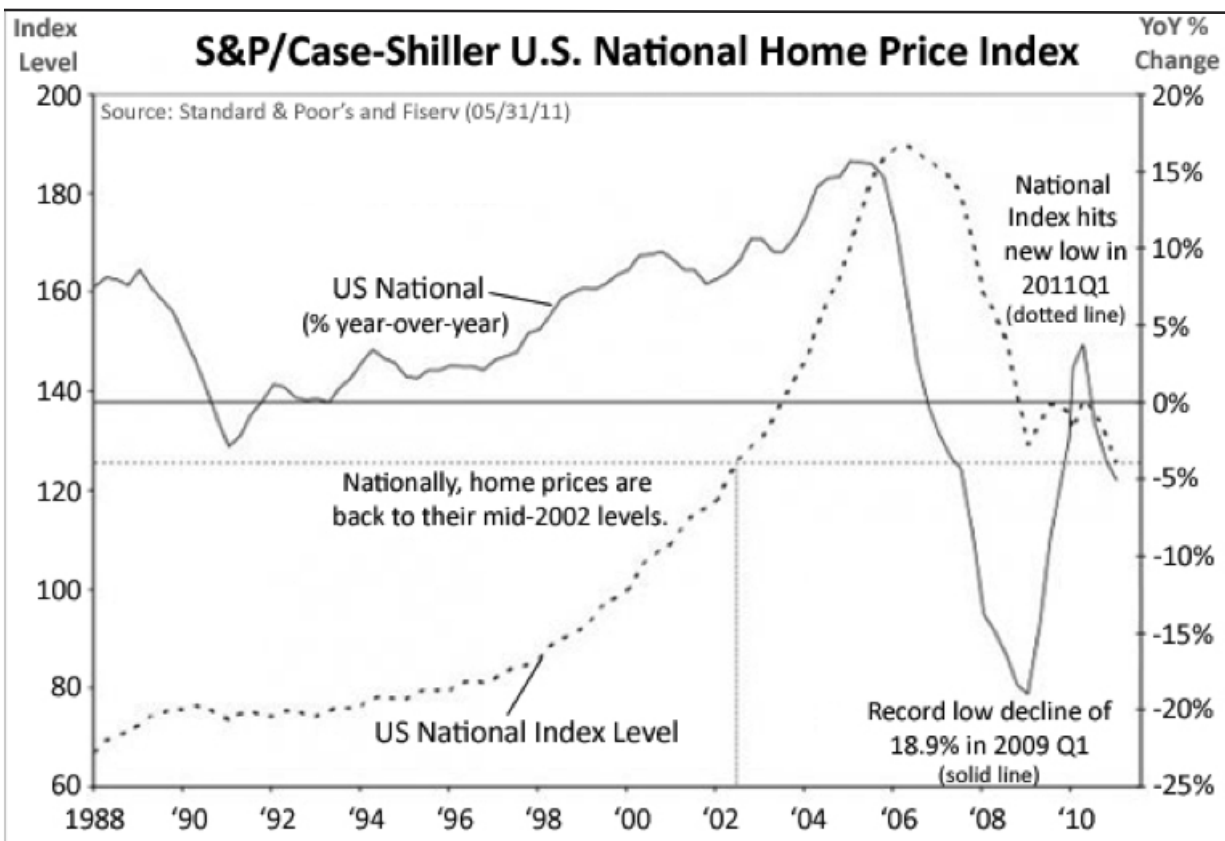
The HOI indicated that 74.6 percent of all new and existing homes sold in the first quarter of 2011 were affordable to families earning the national median income of \$64,400. This eclipsed the previous high of 73.9 percent set during the fourth quarter of 2010 and marked the ninth consecutive quarter that the index has been above 70 percent. Until 2009, the HOI rarely topped 65 percent and never reached 70 percent.

"With interest rates remaining at historically low levels, today's report indicates that homeownership is within reach of more households than it has been for more than two decades," said Bob Nielsen, chairman of the National Association of Home Builders (NAHB) and a home builder from Reno, Nev. "While this is good news for consumers, home buyers and builders continue to confront extremely tight credit conditions, and this remains a significant obstacle to many potential home sales."

Syracuse, N.Y., was the most affordable major housing market in the country during the first quarter of the year. In Syracuse, 94.5 percent of all homes sold were affordable to households earning the area's median family income of \$64,300.

Also ranking near the top of the most affordable major metro housing markets were Youngstown-Warren-Boardman, Ohio-Pa.; Indianapolis-Carmel, Ind.; Warren-Troy-Farmington Hills, Mich.; and Toledo, Ohio.

Source: NAHB



Source: Standard and Poor's and Fiserv