

HOT SHEET



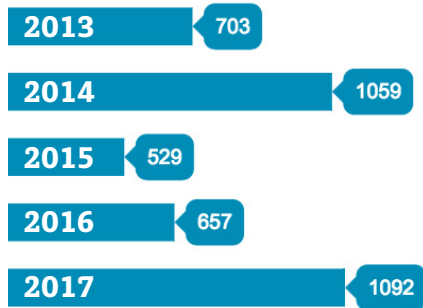
March 2017
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“Some pull back in housing production is unsurprising after an overly strong multifamily reading last month. As we move forward in 2017, we can expect the multifamily sector to continue to stabilize and single-family production to move forward at a gradual but consistent pace.”

NAHB Chief Economist Robert Dietz

Twin Cities Building Activity



Permits Authorized Year-to-Date January 2013-2017

SOURCE: KEYSTONE REPORT

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[NAHB]

NAHB: Housing Production in January Levels Off After Multifamily Surge

Housing starts returned to trend, dropping 2.6 percent to a seasonally adjusted annual rate of 1.246 million units, according to newly released data from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. Multifamily production fell 10.2 percent to 423,000 units after an unusually high December 2016 reading, whereas single-family starts ticked up 1.9 percent to 823,000 units.

“A settling of housing production is in line with what we are hearing from builders — that they are largely optimistic about current market conditions but still face supply-side headwinds and regulatory hurdles,” said Granger MacDonald, chairman of

the National Association of Home Builders (NAHB) and a home builder and developer from Kerrville, Texas.

“Some pull back in housing production is unsurprising after an overly strong multifamily reading last month,” said NAHB Chief Economist Robert Dietz. “As we move forward in 2017, we can expect the multifamily sector to continue to stabilize and single-family production to move forward at a gradual but consistent pace.”

Regionally in January, combined single- and multifamily housing production rose 55.4 percent in the Northeast and 20 percent in the South. Starts fell by 17.9 percent in the Midwest

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NAHB Chairman,
Granger MacDonald

and 41.3 percent in the West.

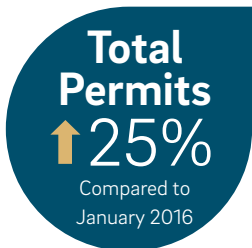
Overall permit issuance rose 4.6 percent in January to 1.285 million units. Single-family permits fell 2.7 percent to 808,000 units. Meanwhile, multifamily permits increased 19.8 percent to 477,000 units.

Regionally, permits rose 29.6 percent in the Northeast, 9.9 percent in the South and 5.3 percent in the Midwest. The West registered a decline of 13.2 percent.

[BATC]

Twin Cities Residential Construction Starts Strong in 2017

Coming off of a strong 2016, residential construction continued to grow for the first month of the new year. January total permits were up 25 percent over this month last year, while total units were up 66 percent from January 2016 -- this is the highest number of single-family permitted units and multi-family permitted units since January 2007.



According to data compiled by the Keystone Report for the Builders Association of the Twin Cities (BATC), there were 455 permits issued for a total of 1,092 units during four comparable weeks in the month of January.

“Twin Cities homebuilders are definitely feeling optimistic about 2017,” said Bob Michels, the Builders Association of the Twin Cities 2017 President. “There is a serious need for housing in the Twin Cities; we are focused on building strong communities at a price families can afford.”

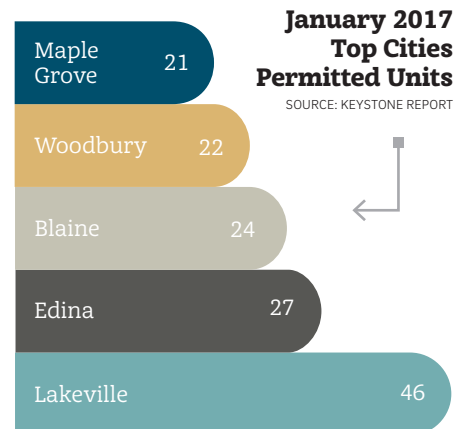
“Homeownership strengthens communities and provides stability for families, yet there are major

road blocks for home buyers right now,” said BATC Executive Director, David Siegel. “We are working with lawmakers at the Capitol this year to create incentives for first-time homebuyers and regulatory reform that will help our industry build more entry level housing.”

For January, Lakeville took the top spot with 46 permits pulled. Edina came in next with 27 permits, followed by Blaine with 24 permits, Woodbury with 22 permits, and Maple Grove with 21 permits pulled.

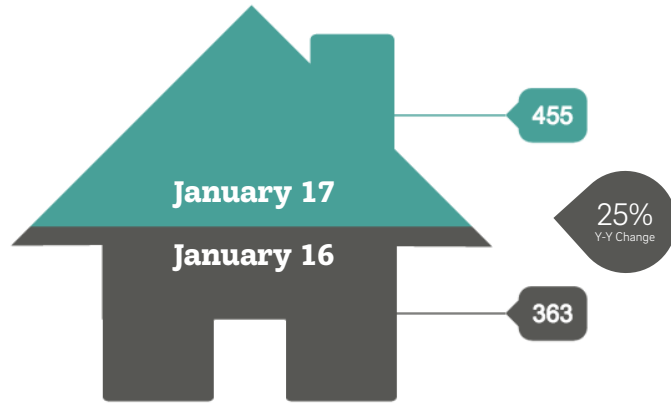
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BATC Executive Director, David Siegel



2017 January Metro Building Activity

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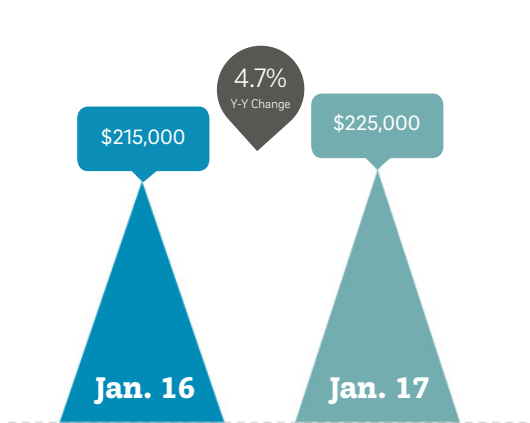


Units YTD: 1,092

Multi-Family 61%
of Twin Cities Housing Units Authorized

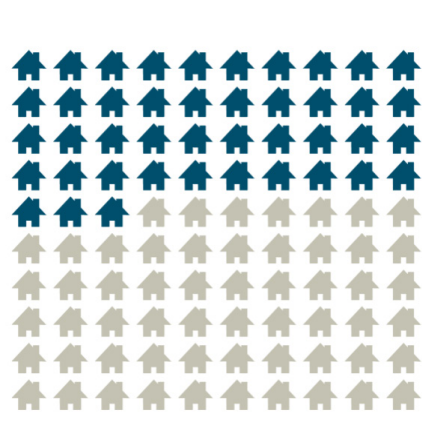
Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT



Twin Cities Median Home Price

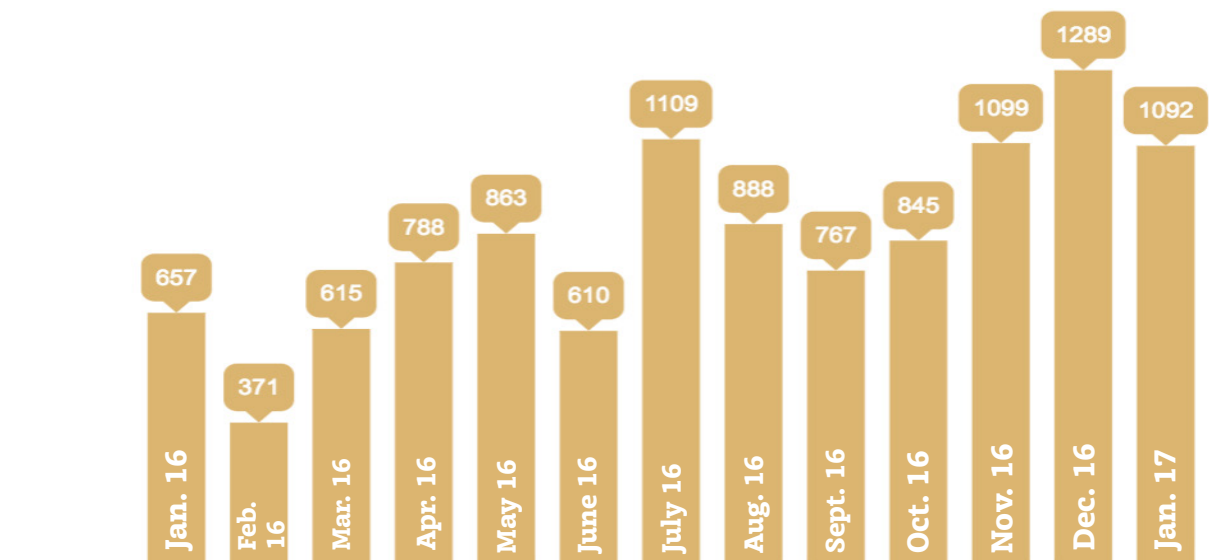
SOURCE: MPLS REALTORS



-25% Monthly change

Twin Cities Total Active Listings

SOURCE: MPLS REALTORS

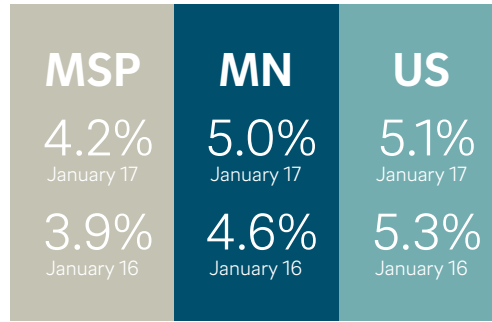


Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

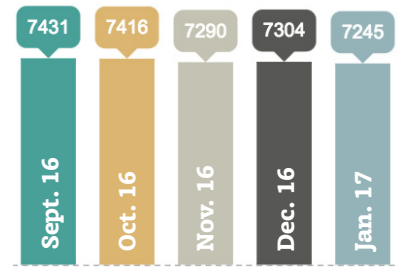
Employment

While Minnesota's unemployment rate remained steady, the state's employers cut 8,300 jobs in January, with the transportation and utilities industries among the hardest hit.



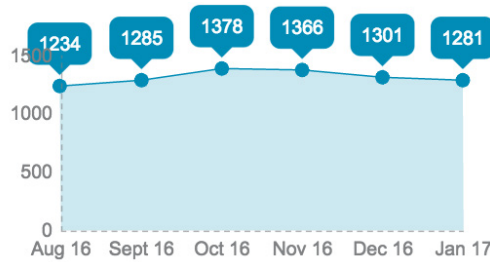
Unemployment Rate Snapshot

SOURCE: DEED-MN



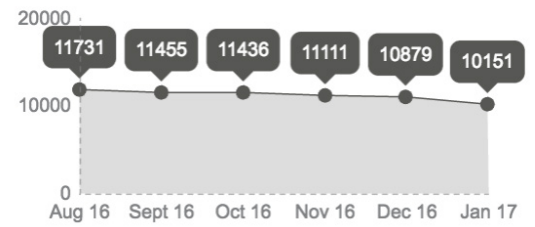
Twin Cities Construction Employment

SOURCE: DEED-MN



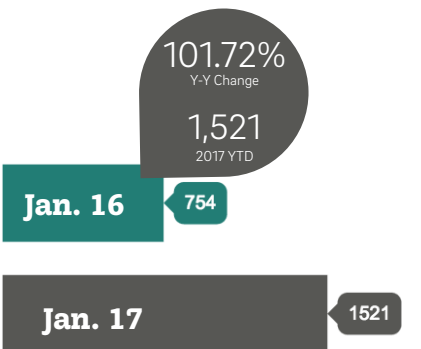
Twin Cities Construction Weekly Wage

SOURCE: DEED-MN



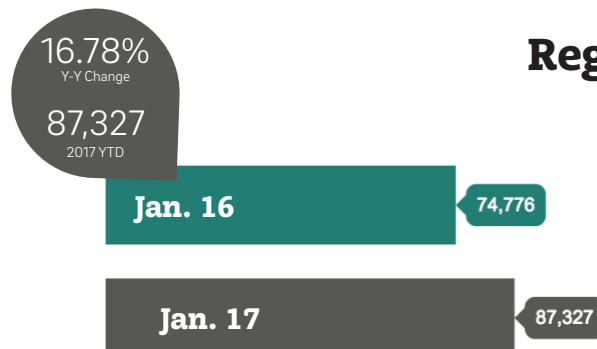
MN Construction Employment

SOURCE: DEED-MN



MN Housing Units Authorized

SOURCE: US CENSUS

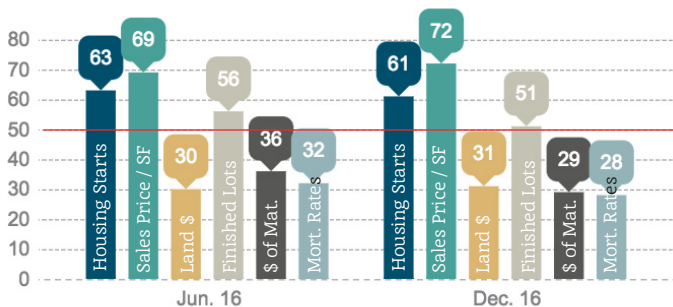


US Housing Units Authorized

SOURCE: US CENSUS

Regional/National Statistics

Overall permit issuance rose 4.6 percent in January to 1.285 million units. Regionally in January, combined single- and multifamily housing production rose 55.4 percent in the Northeast and 20 percent in the South. Starts fell by 17.9 percent in the Midwest and 41.3 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)

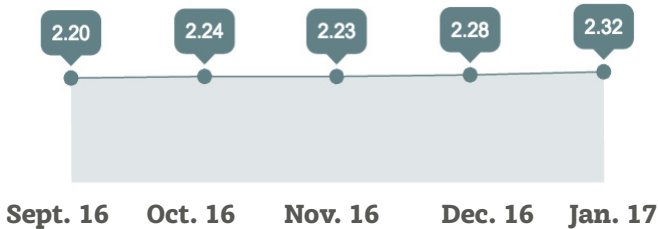


Remodeling Market Indices

SOURCE: NAHB

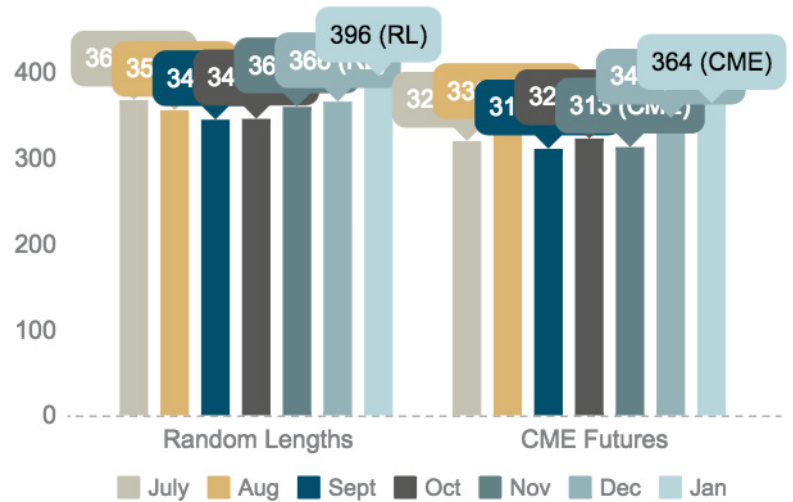
Key Indicators

According to NAHB, in the three weeks between January 27th and February 17th, lumber prices increased by 5% per week, on average. To put that in perspective, consider that the average weekly price change over the course of 2016 was +0.2%. The Federal Reserve raised its benchmark interest rates consumers and businesses will feel it – if not immediately, then over time.



MN Monthly Retail Gasoline Prices

SOURCE: ENERGY INFORMATION ADMIN



Framing Lumber

SOURCE: NAHB

Mortgage Rates

FROM MARCH 20, 2017
SOURCE: ASSOCIATED BANK



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