



NEWS RELEASE

Home Builders Association of Fargo-Moorhead

1802 32nd Ave. S. • Fargo, ND 58103 • (701) 232-5846 • Fax: (701) 280-1108
www.hbafm.com • info@hbafm.com

For Immediate Release

Home Builders Association releases 2011 building permit report, news about Fargo's position on Improving Markets Index

Fargo, N.D. - The Home Builders Association of Fargo-Moorhead released its 2011 year-end building permit report for Dilworth, Fargo, Moorhead and West Fargo during a press conference Feb. 2.

Total value of all construction activity in the F-M area saw an increase of \$37 million dollars in 2011, an 11 percent increase over 2010. Total residential construction values also saw a 10 percent increase; this includes all single-family, multi-family and residential remodeling.

Along with the increase in total construction value, three of the four metro cities saw increases in single-family construction. Total housing starts for the F-M area fell by 14 percent, due to a large drop in twin home construction.

Multi-family permits saw a significant increase of 50 percent over 2010. This can be attributed to three factors:

- It was difficult in 2010 to get financing for large projects like multi-family developments; 2011 reflected the market "catching up" as financing requirements loosened.
- The apartment vacancy rate for December 2011 was at 4.3 percent, its lowest rate in years.
- The area is a hub for prosperous universities and colleges as well as regional healthcare.

HBA President Terry Becker, Terry Becker Construction, LLC, said, "Year-end housing permit numbers at a glance may look low when compared to previous years, but we must remember that we have not been able to reach full potential as an industry because of the repeated flooding, extremely short building season and national economic woes."

He pointed out that our community is doing well compared to others, but it could be doing much better, "It is time to act swiftly to provide permanent flood protection that allows our community to grow and create jobs. Just because it's drier this year doesn't mean permanent flood protection isn't needed. It is not just a yearly goal. A long-term plan needed."

Each quarter, the HBA compiles the building permits from Dilworth, Fargo, Moorhead and West Fargo into a uniform report for the industry's and media's use. It includes summaries for each city, types of construction, valuations and comparisons to the past four years, as well as comparisons to five-year and 20-year averages.

Improving Markets Index

Becker also addressed the National Association of Home Builders' First American Improving Markets Index. Fargo was named for the first time to the index that now includes 76 improving markets, up from 41 in December, with 31 states and the District of Columbia represented by at least one entry.

The index identifies metropolitan areas that have shown improvement from their respective troughs in housing permits, employment and house prices for at least six consecutive months.

The three indicators analyzed are

- employment growth from the Bureau of Labor Statistics,
- house price appreciation from Freddie Mac,
- and single-family housing permit growth from the U.S. Census Bureau.

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NAHB uses the latest available data from these sources to generate a list of improving markets. A metropolitan area must see improvement in all three areas for at least six months following their respective troughs before being included on the improving markets list.

Overall, the substantial gain in the number of improving housing markets in January shows that more consumers are looking favorably at a home purchase in light of today's historically low interest rates and attractive prices, particularly in areas where job growth has picked up.

The HBA of F-M is a non-profit trade association of over 800 members that has been in existence since 1956. Its mission is to provide quality services, benefits and education to members and the community while representing the collective interests of the home building industry.

NAHB is a Washington, D.C.-based trade association whose mission is to enhance the climate for housing and the building industry. Chief among NAHB's goals is providing and expanding opportunities for all consumers to have safe, decent and affordable housing. As "the voice of America's housing industry," NAHB helps promote policies that will keep housing a national priority. Founded in 1942, NAHB is a federation of more than 800 state and local associations.

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For any questions regarding this release, please contact Krista Mund at (701) 232-5846 or kristam@hbafm.com.