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Twin Cities Housing Outlook

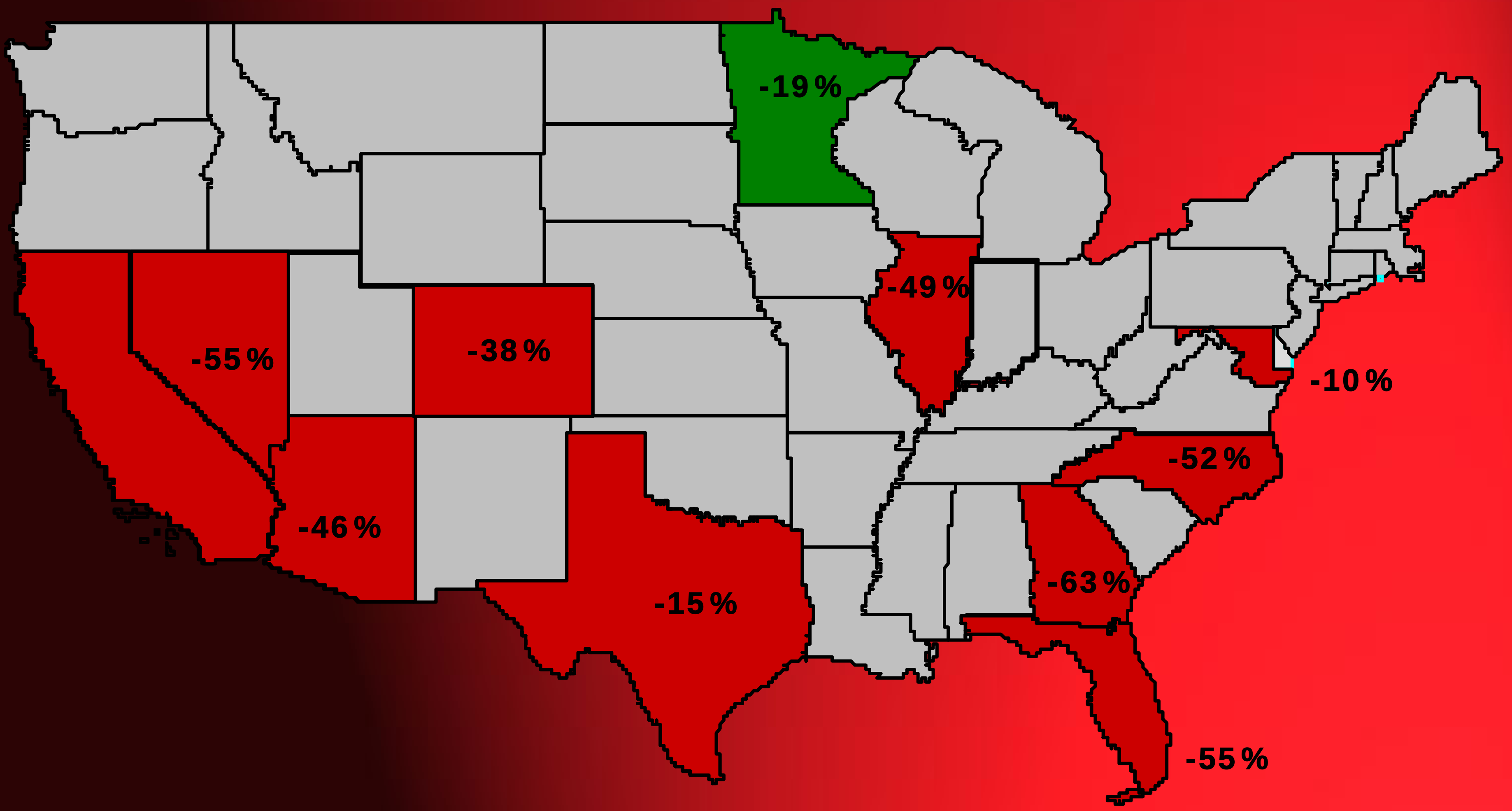
Metropolitan Council

March 24, 2010

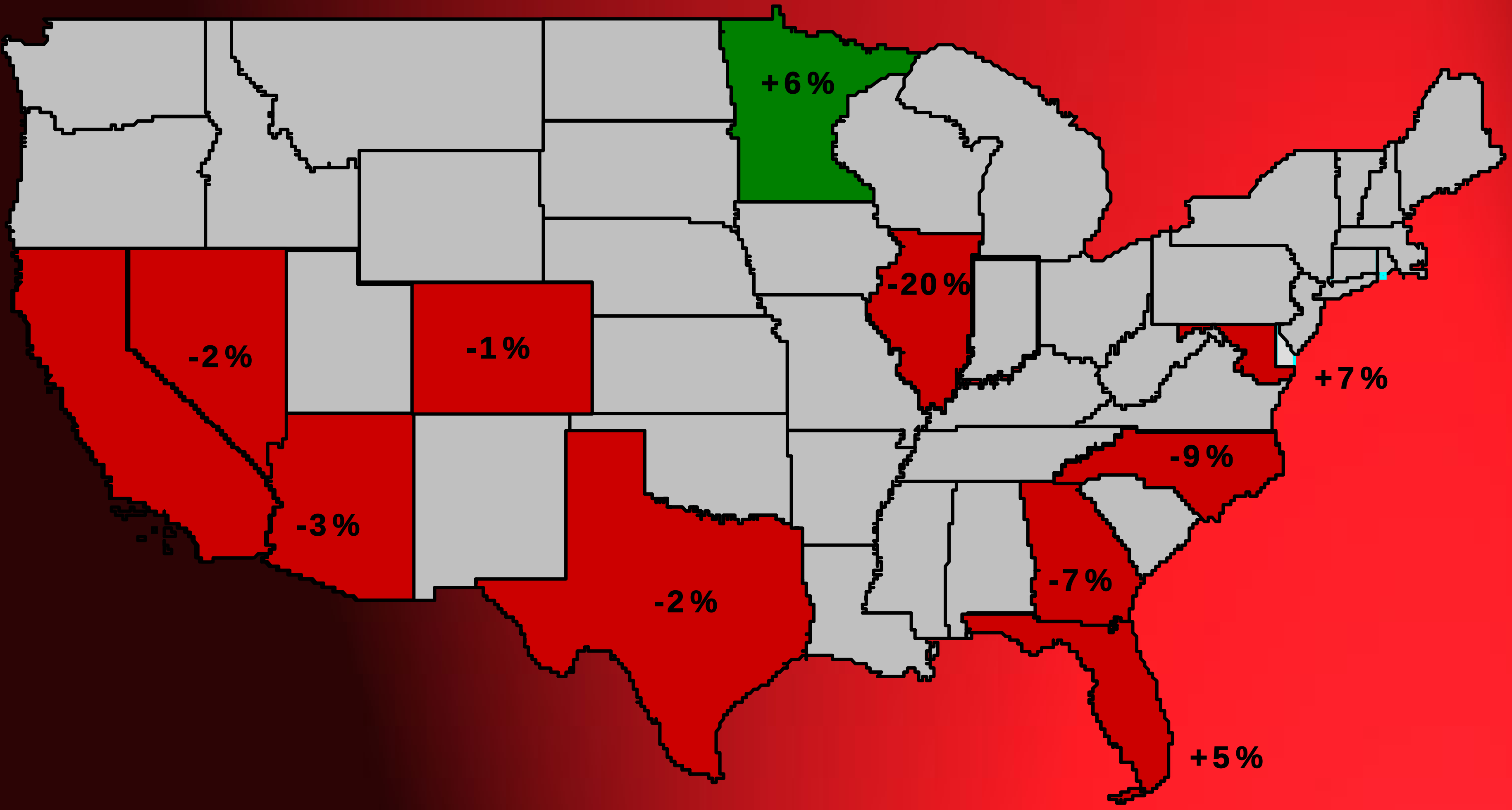
The Good Stuff…

- Economy Growing
- Job Losses Easing
- Confidence Slowly Improving
- Personal Savings Growing
- Initial Unemployment Claims Falling
- Home Prices Stabilizing
- First Time Homebuyers Are Active
- Twin Cities Unemployment Steady 7.3%
- Employers Thinking About Hiring
- Forbes: Twin Cities #4 Cities Recession Easing
- Forbes: Twin Cities America's Best Housing Markets

2009 Annual Starts vs. 2008 Annual Starts



4^{th} Quarter vs. 3^{rd} Quarter Annual Starts



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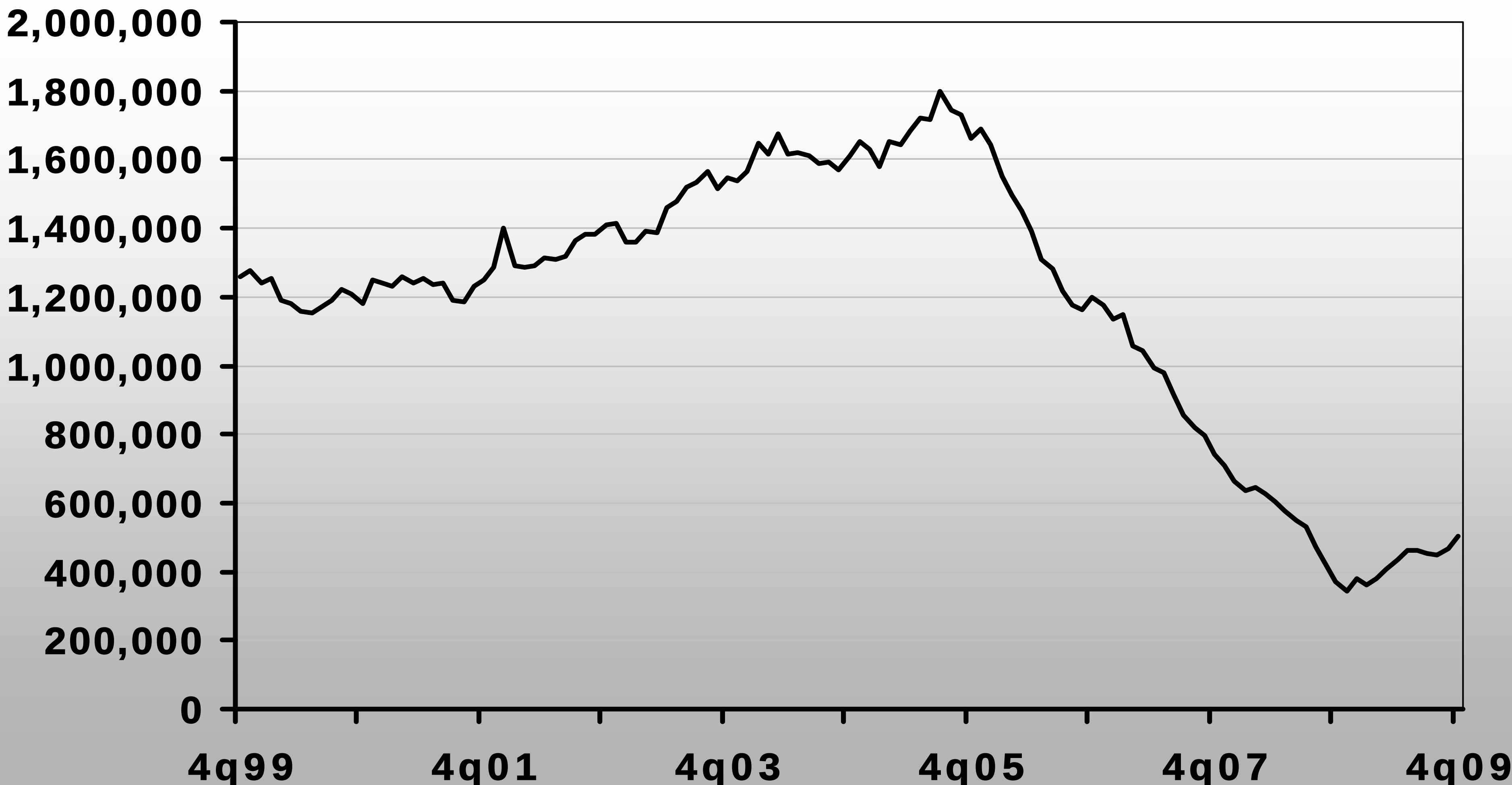
U.S. Annual Single Family Housing Starts



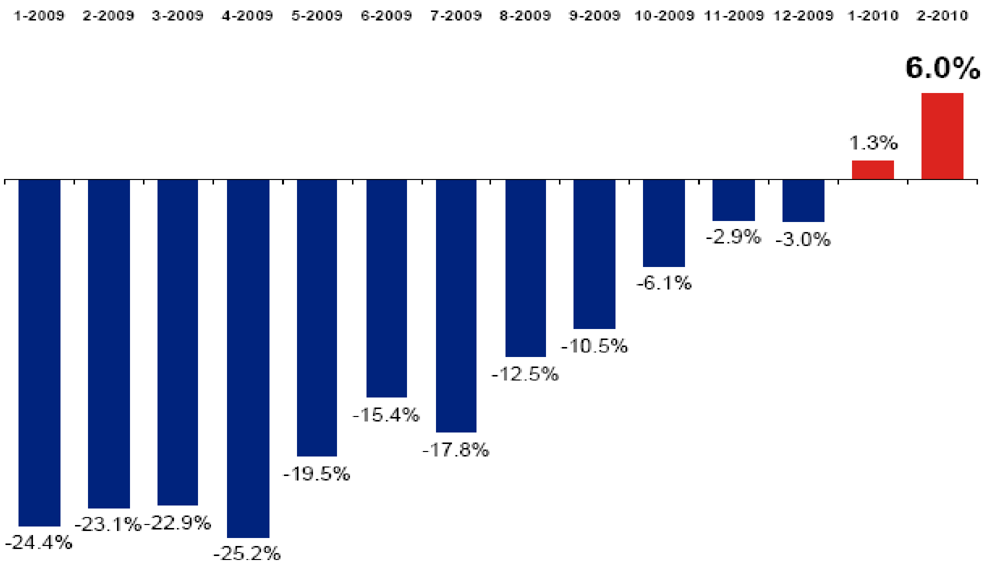
Source: US Census Bureau

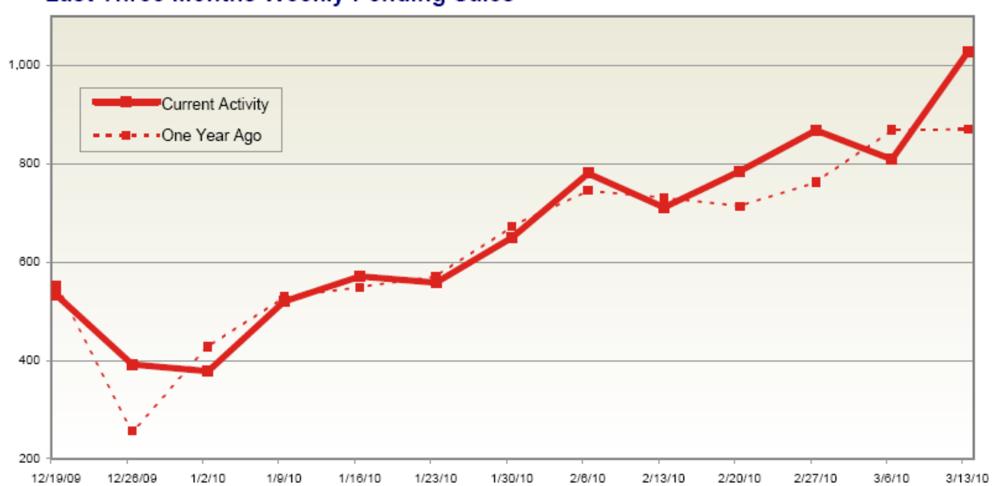
Resale Activity
March 2010

Weekly Market Activity Report

MINNEAPOLIS AREA Association of REALTORS®

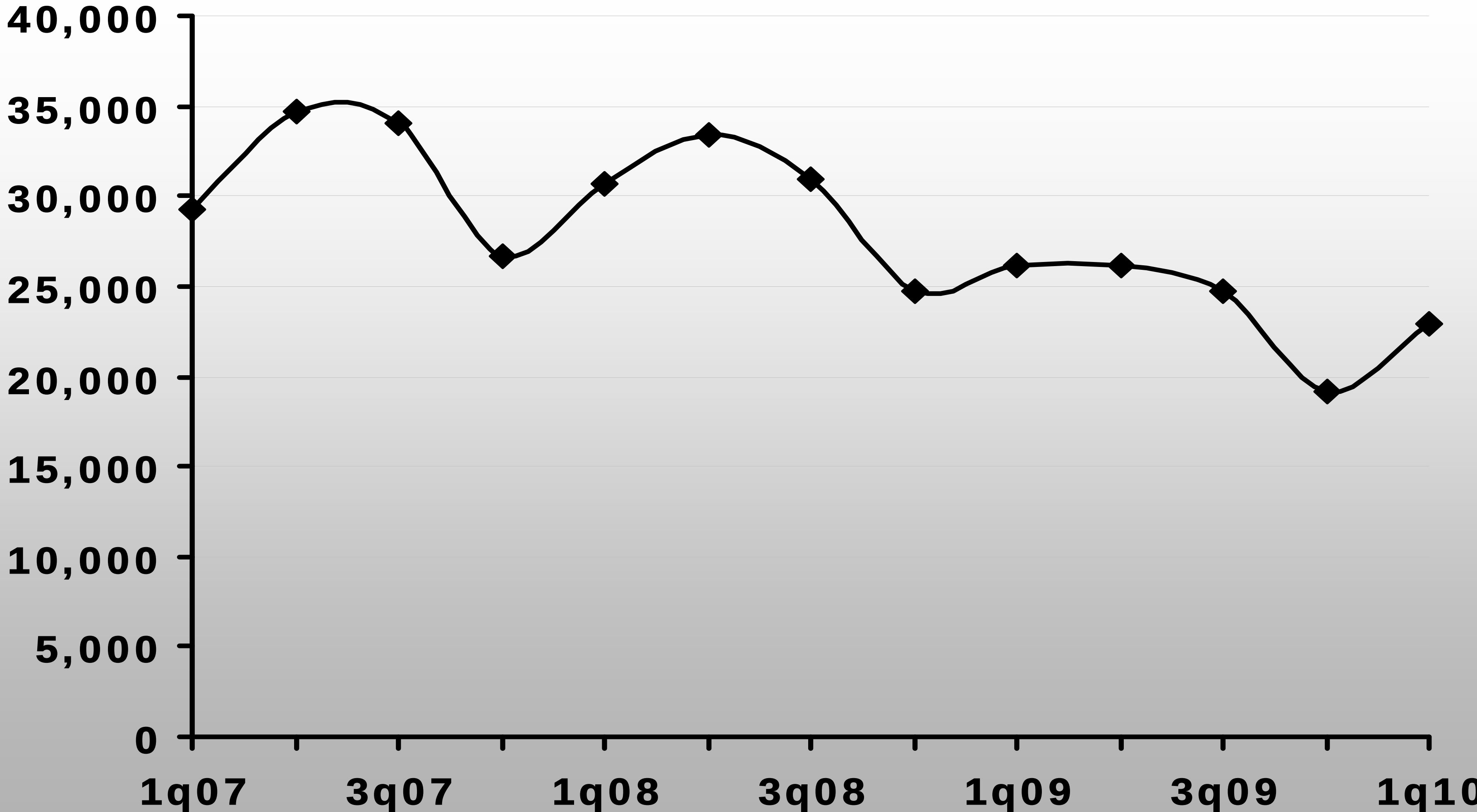
- $159,000 up 6% vs. $150,000
- Year-over-year price increase
- Traditional Market Growing
- Purchase Agreements up 6%
- Pending Sales Up





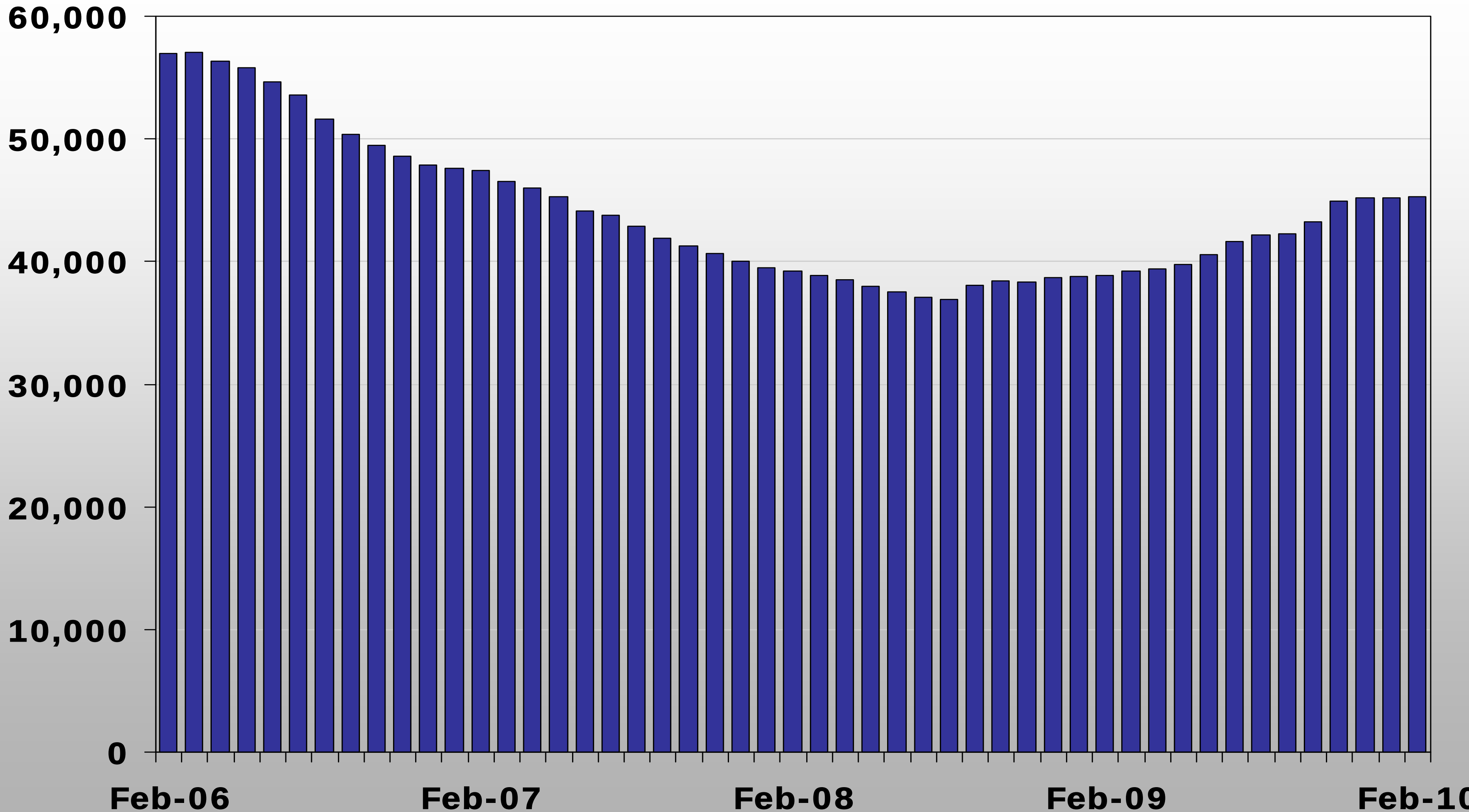
- Top 20 Healthiest Markets 2010
- Affordability 4th highest ever
- Fewer Foreclosures Today
- Inventory Levels Strong

Twin Cities Resale Active Listings



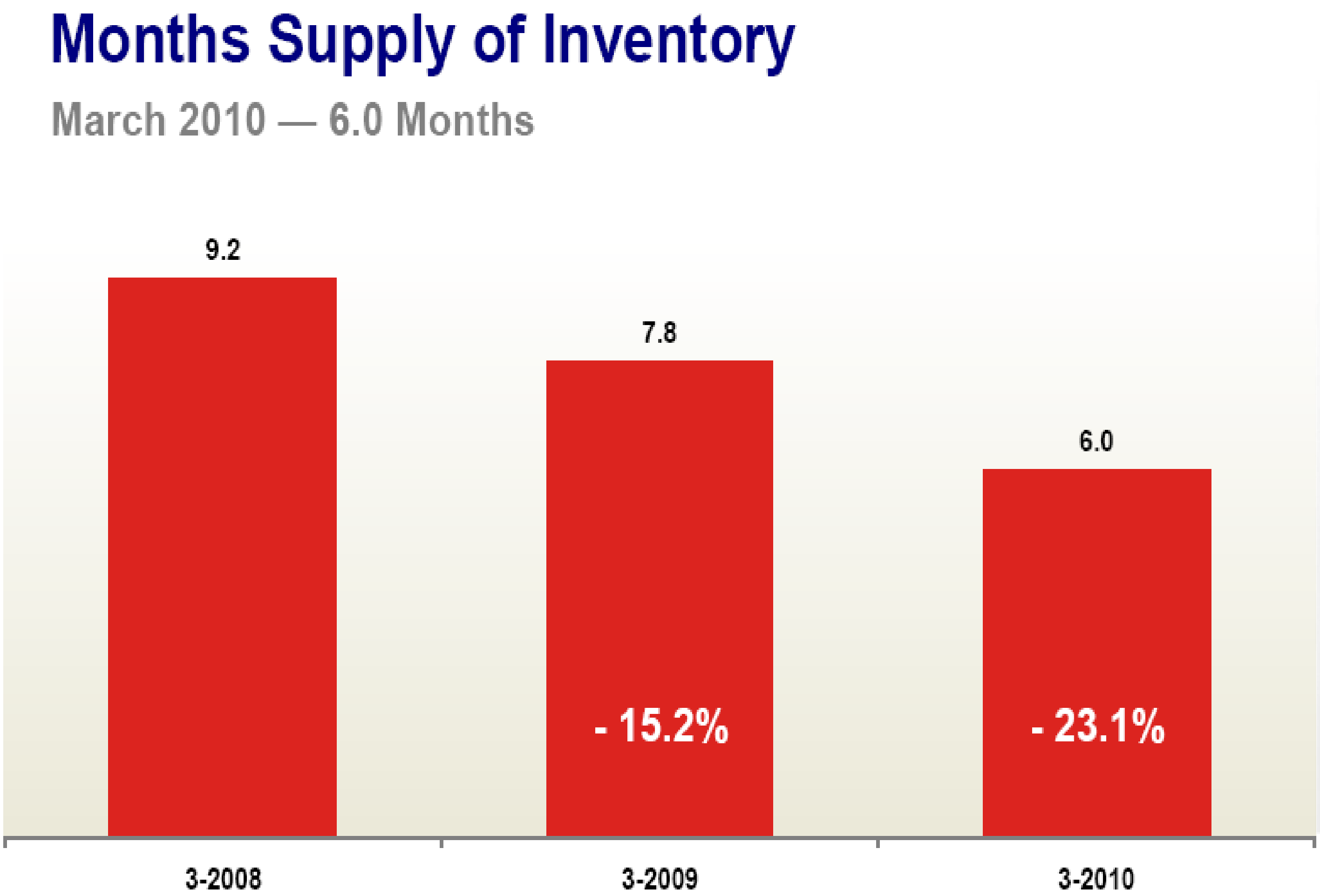
Source: MAAR

Twin Cities Resale Closings



Source: MAAR

Twin Cities Resale Months of Supply



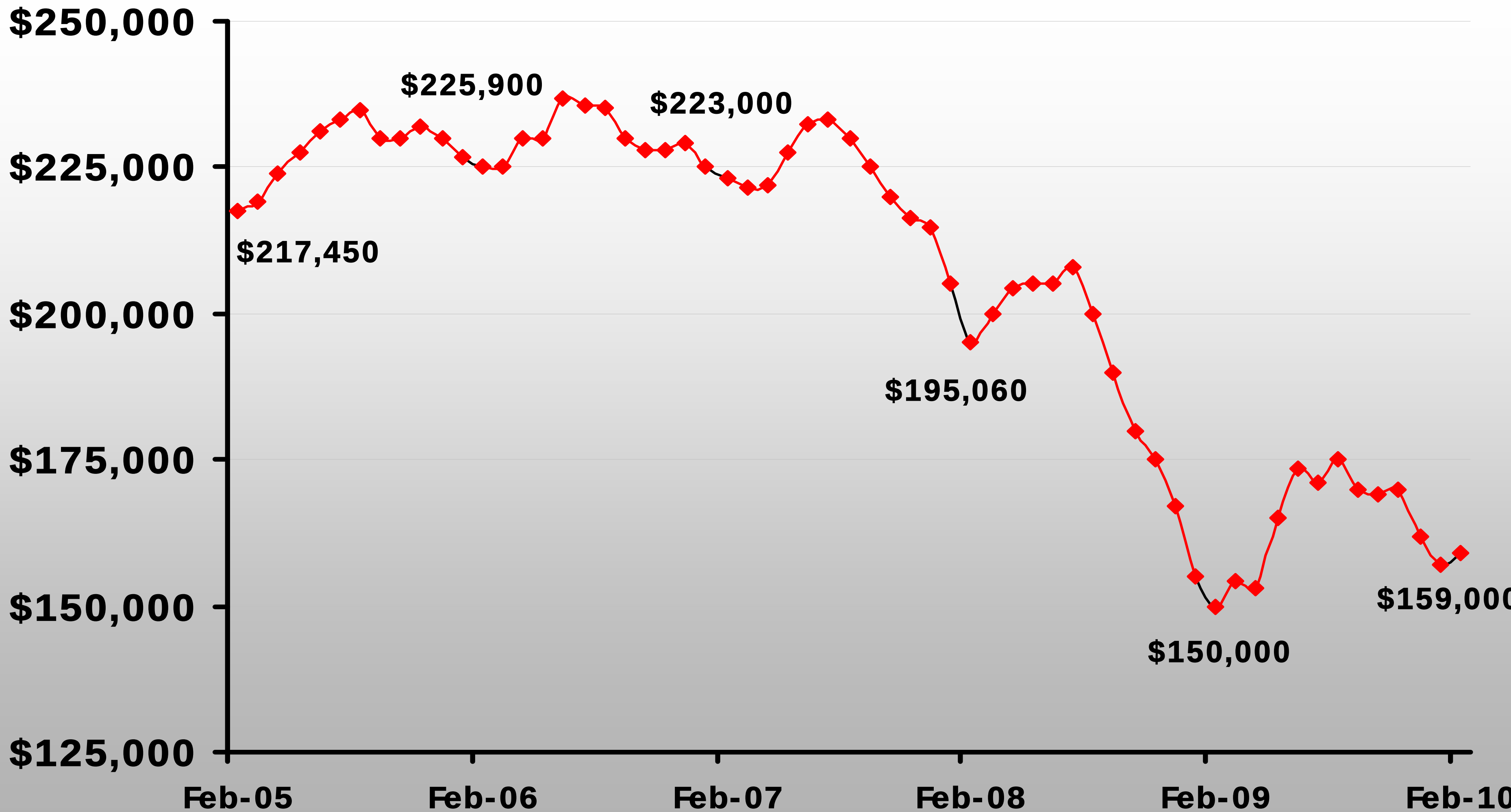
Months of Supply	
Charlotte	11.7
Chicago	9.2
Atlanta	8.9
San Antonio	8.4
Orlando	8.0
Houston	7.0
DFW	6.6
Austin	6.4
Minneapolis	6.0
N Virginia	5.3
Phoenix	5.2

Source: MAAR

Weekly Market Activity Report

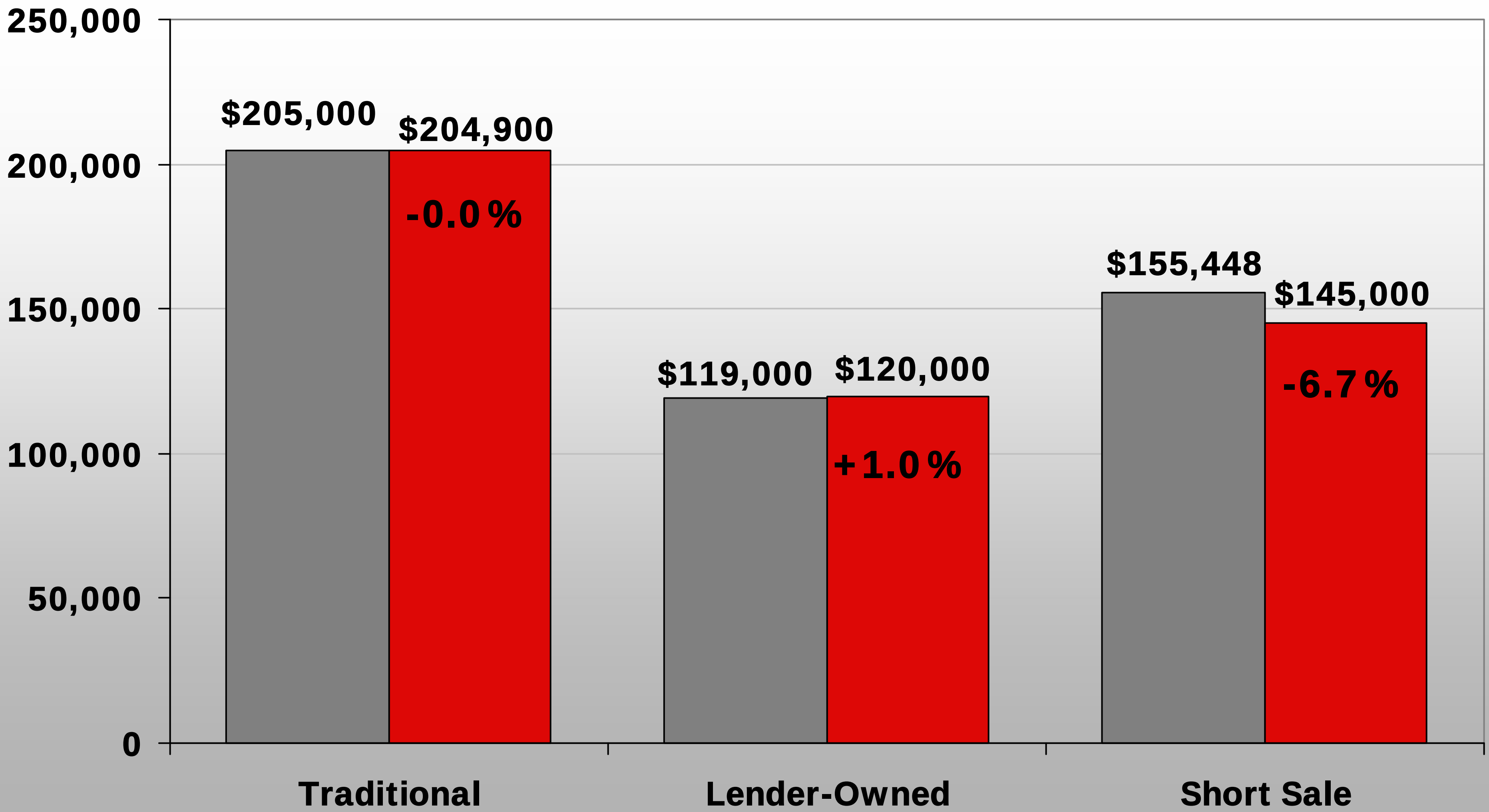
MINNEAPOLIS AREA Association of REALTORS®

Twin Cities Resale Median Sales Price



Source: MAAR

Twin Cities Resale Traditional vs. Lender Sales Price



New Home Activity

4Q 2009

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Twin Cities Market Map

Metrostudy covers all of the Twin Cities MSA: a total of 13 counties, Our survey team drives over 10,000 miles and over 2,000 subdivisions every 90 days to provide you with the valuable information you need on future lots, vacant developed lots, homes under construction, and homes that have been completed.

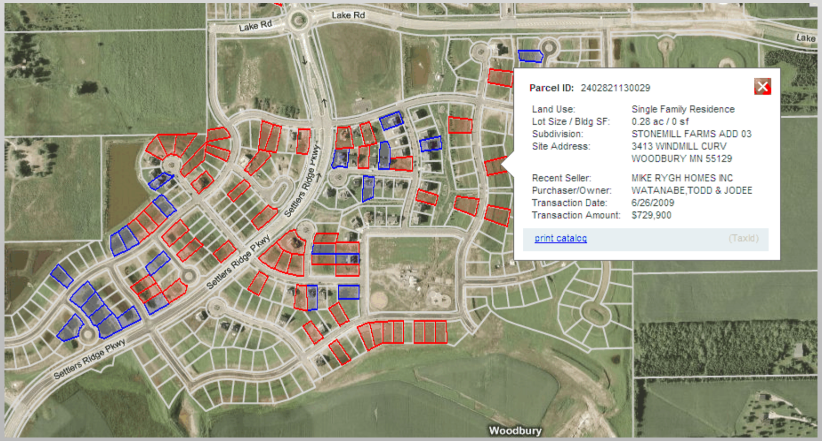
Twin Cities Market Metrostudy Office
10405 6th Avenue North, Suite 105
Plymouth, MN 55441
Phone: 763.398.8945
Fax:

Continue your search

metroservice Available market services
metrocontact Contact a representative

- **Track 13-County MSA**
- **1,600 Active Subdivisions**
- **400 Future Subdivisions**
- **Drive 10,000 Miles Each Qtr**

- **New Home Starts & Closings**
- **New Home Inventory Supply**
- **Vacant Developed Lot Supply**
- **New Lot Delivery**



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Twin Cities New Home Starts & Closings

New Home Starts – (Construction Began)

- Annual: 3,319 (2009) vs. 4,136 (2008) Down 20%
- Quarter: 960 (4q09) vs. 768 (4q08) Up 25%

New Home Closings – (Move Ins)

- Annual: 4,657 (2009) vs. 6,761 (2008) Down 31%
- Quarter: 1,268 (4q09) vs. 1,398 (4q08) Down 9%

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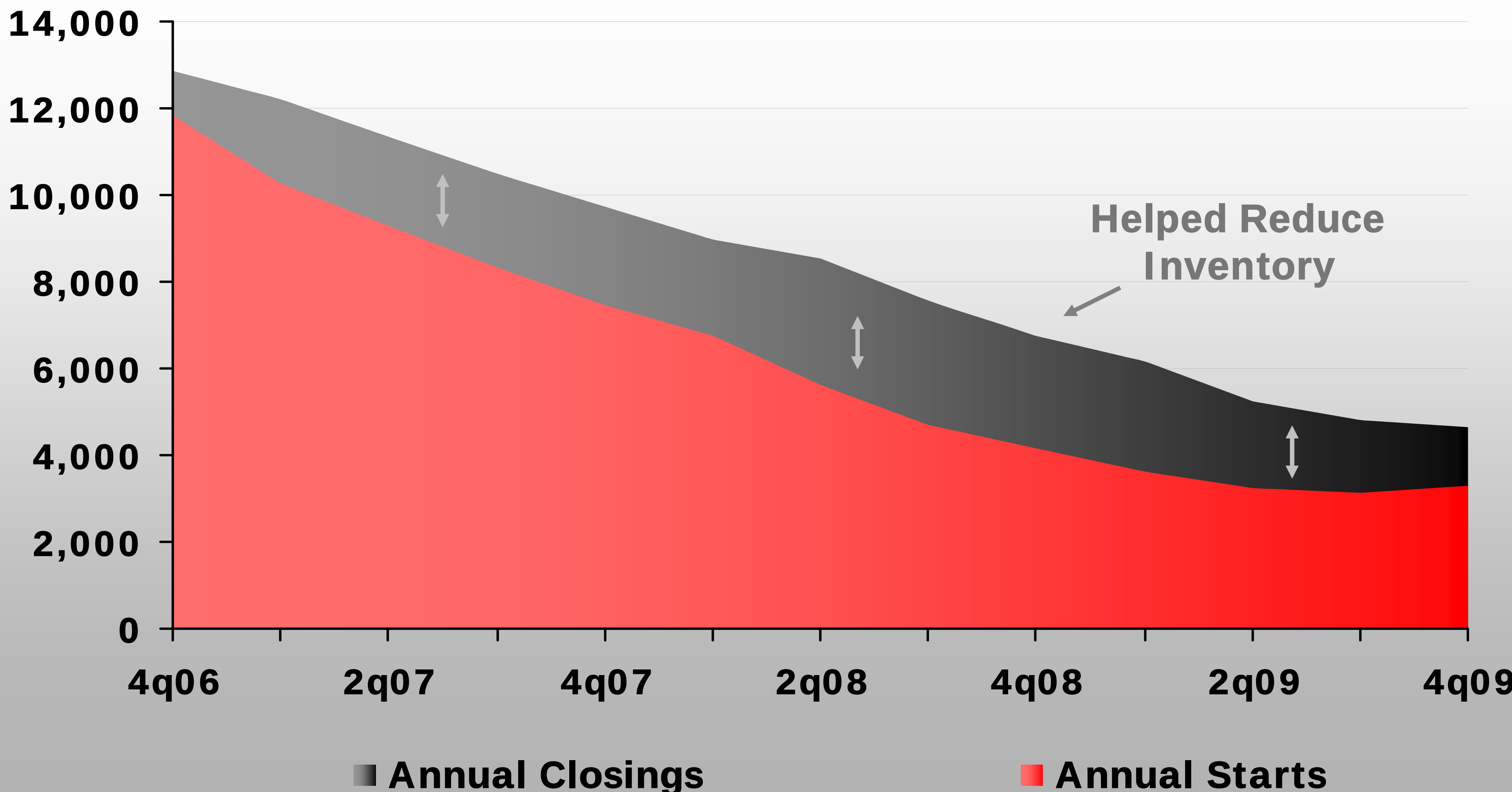
Twin Cities Annual New Home Starts & Closings



The Good Stuff…

- Starts Hit Bottom in 3rd Quarter
- Quarterly Starts Pace up 25% compared to 4Q08
- Finished Vacant Inventory Down 47%
- Supply of Finished Vacant Inventory Healthy at 2.8 Months
- New Home Prices Starting to Stabilize
- Vacant Developed Lot Inventory Peaked
- Introduction of New Communities

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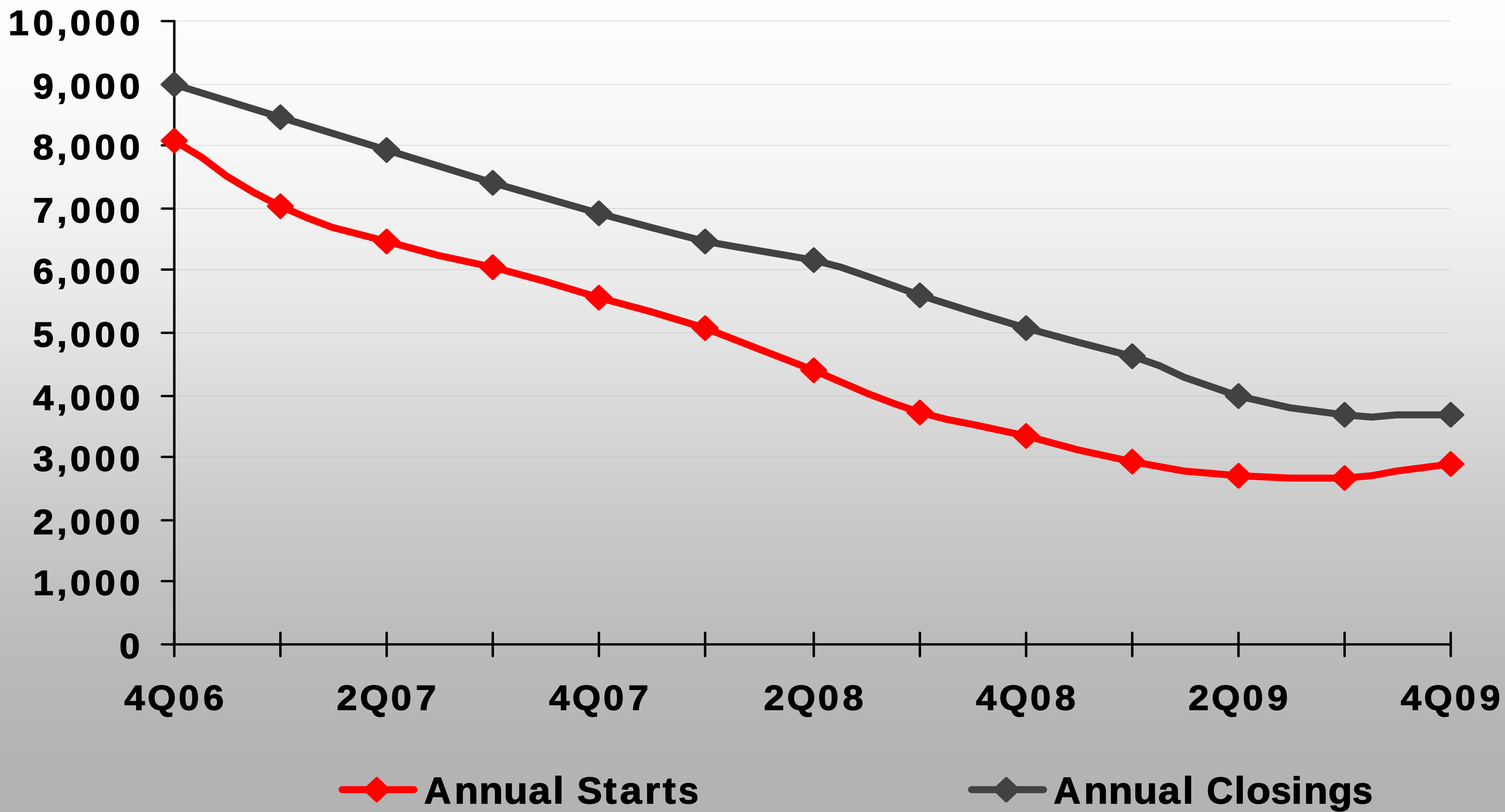
Metro Seven County Annual New Home Activity



Metro Seven County New Home Activity

County	New Housing Starts: 4th Quarter 09’	New Housing Starts: 4th Quarter 08’	Change	Fin. Housing Inventory: 4th Quarter 09’	Fin. Housing Inventory: 4th Quarter 08’	Months Supply
Hennepin	210	172	▲	539	552	▼
Washing	124	100	▲	205	122	▼
Dakota	91	84	▲	213	115	▼
Carver	126	71	▲	98	49	▼
Scott	156	73	▲	143	109	▼
Anoka	157	116	▲	232	133	▼

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Metro Seven County Top 15 Cities New Home Activity

City	County	Ann. Starts	Ann.Closings	VDL	Mo. Supply
Shakopee	Scott	322	265	503	18.7
Blaine	Anoka	274	287	1387	60.7
Woodbury	Washington	233	246	869	44.8
Maple Grove	Hennepin	221	226	853	46.3
Hugo	Washington	180	212	460	30.7
Lakeville	Dakota	141	190	856	72.9
Brooklyn Park	Hennepin	1[illegible]3	197	456	41.1
Plymouth	Hennepin	113	131	213	22.6
Carver	Carver	97	63	248	30.7
Otsego	Wright	87	164	905	124.8
Rosemount	Dakota	84	104	267	38.1
Chanhassen	Carver	80	81	430	64.5
Farmington	Dakota	66	82	563	102.4
Cottage Grove	Washington	64	74	120	22.5
Prior Lake	Scott	60	85	505	101

75%

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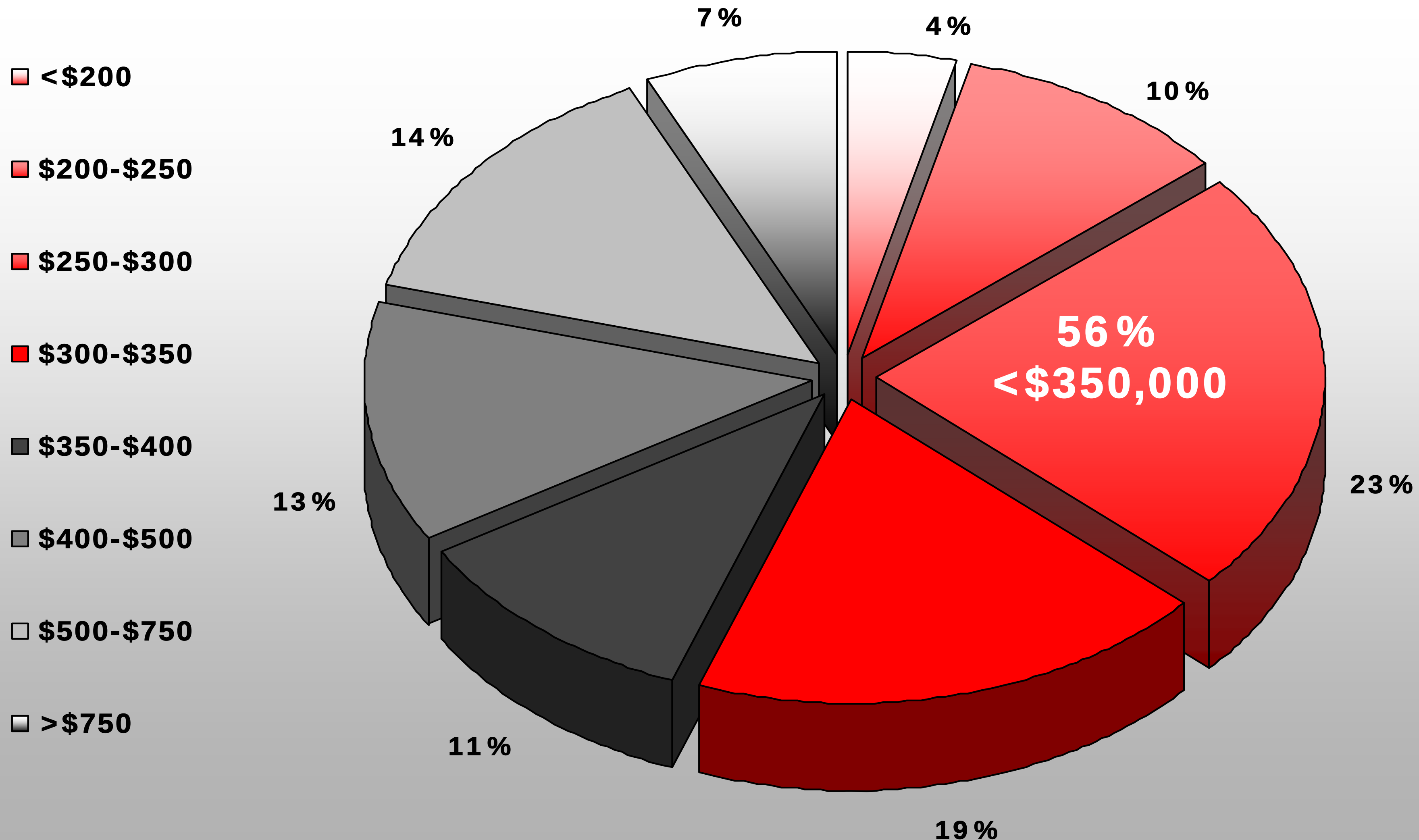
Metro Seven County Single Family New Home Prices



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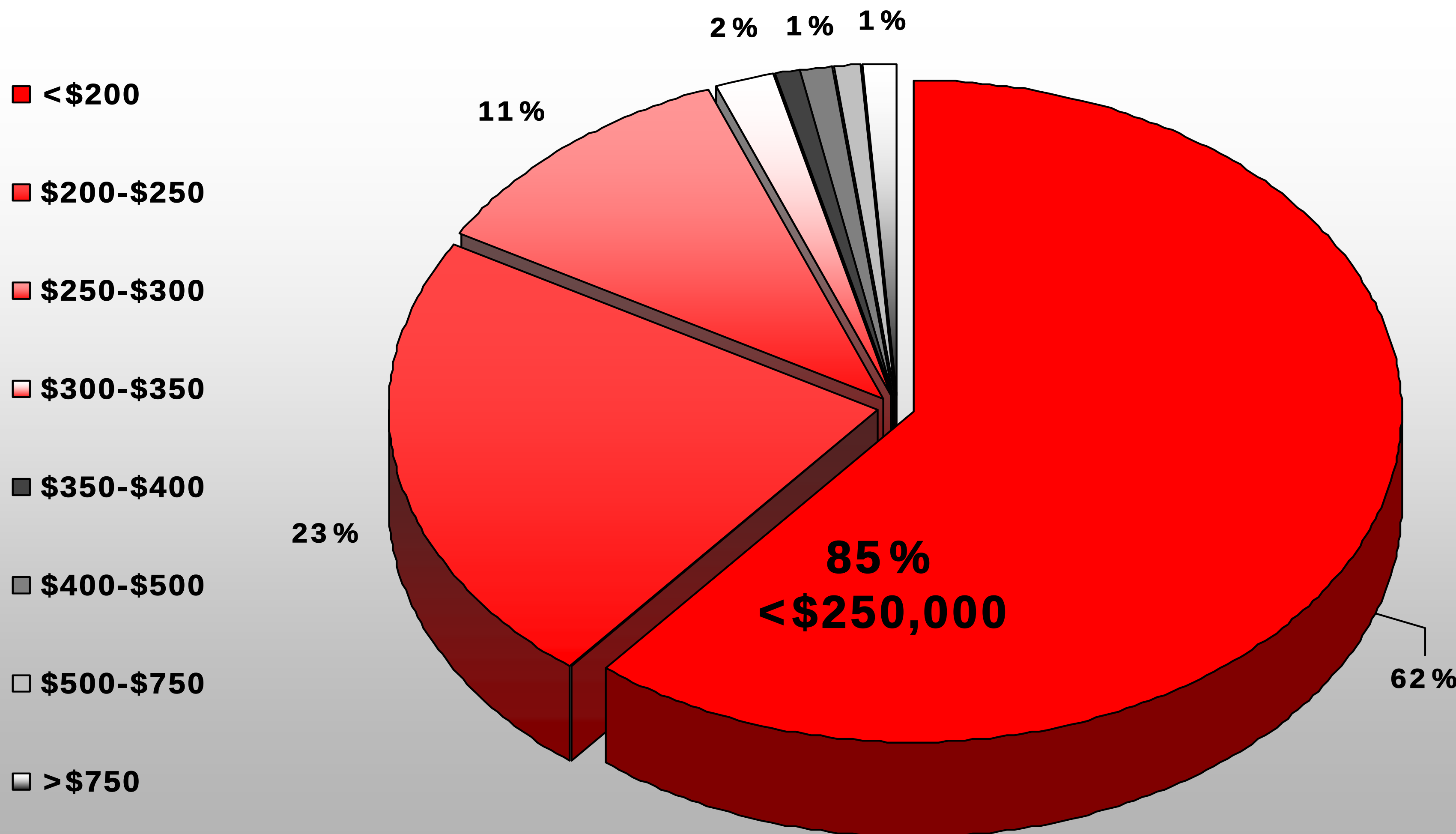
Metro Seven County Multi-Family New Home Prices



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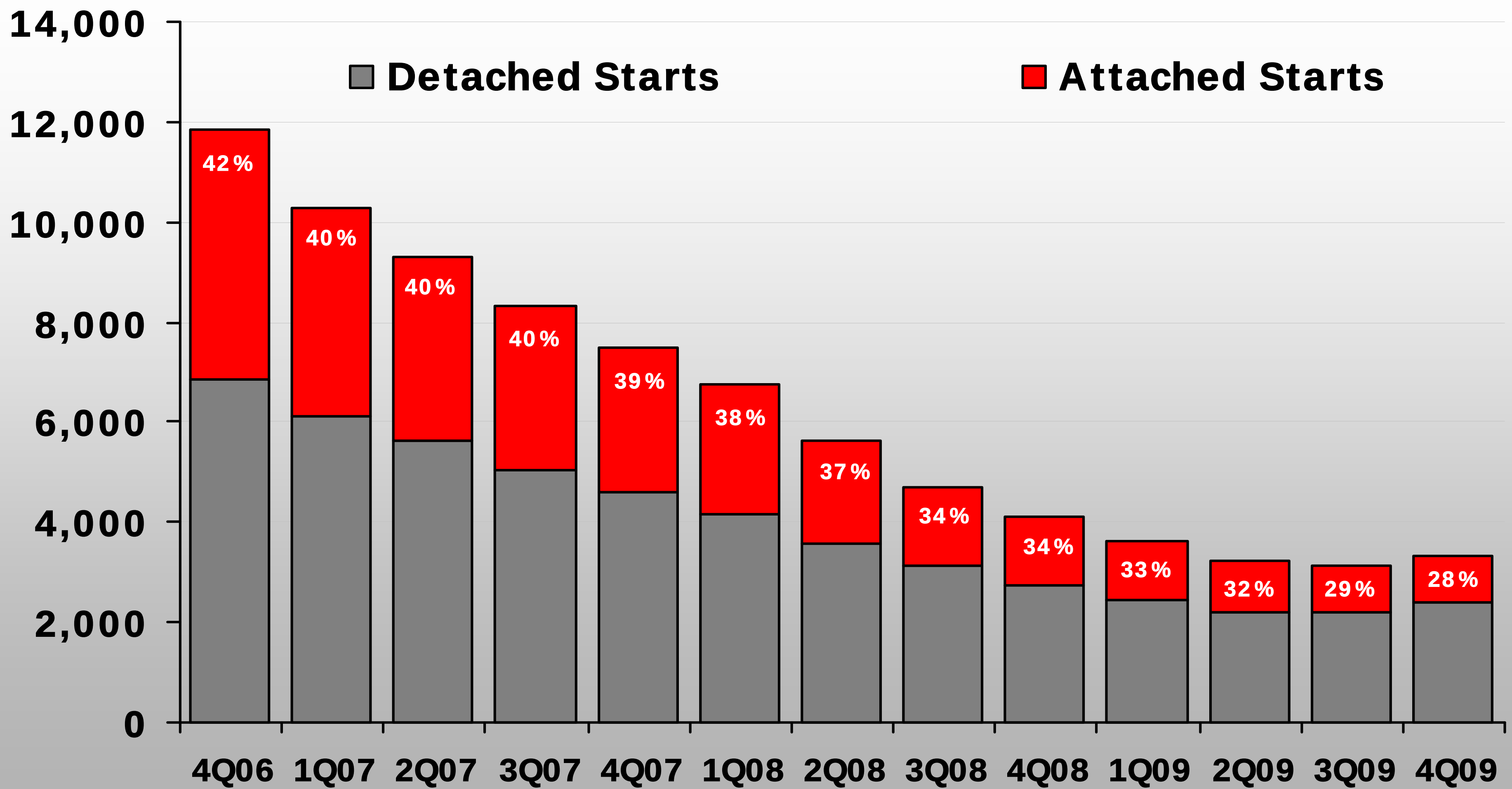
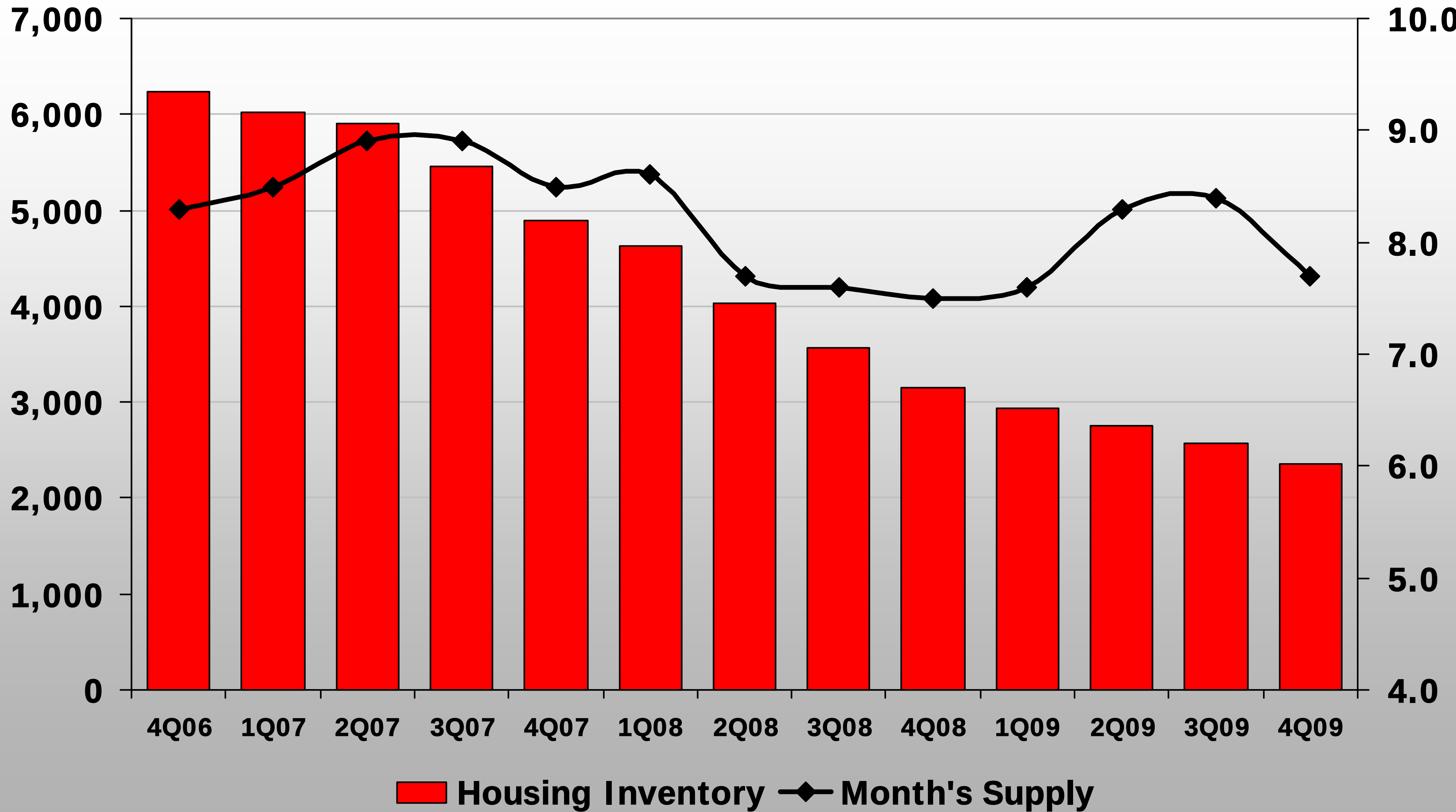
Metro Seven County New Home Starts by Product



Housing Inventory

4Q 2009

Metro Seven Counties Housing Inventory



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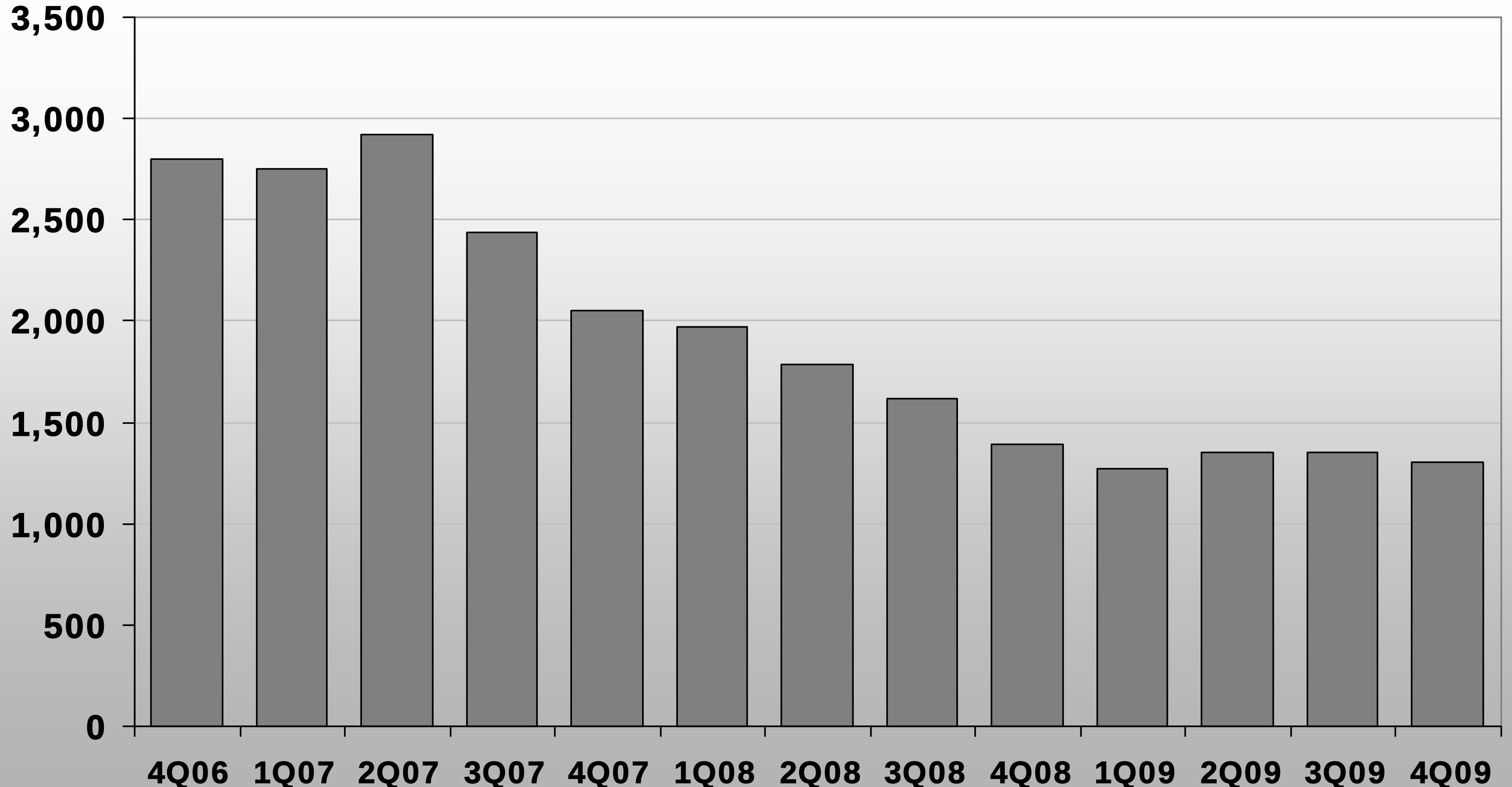
Metro Seven Counties Units Under Construction



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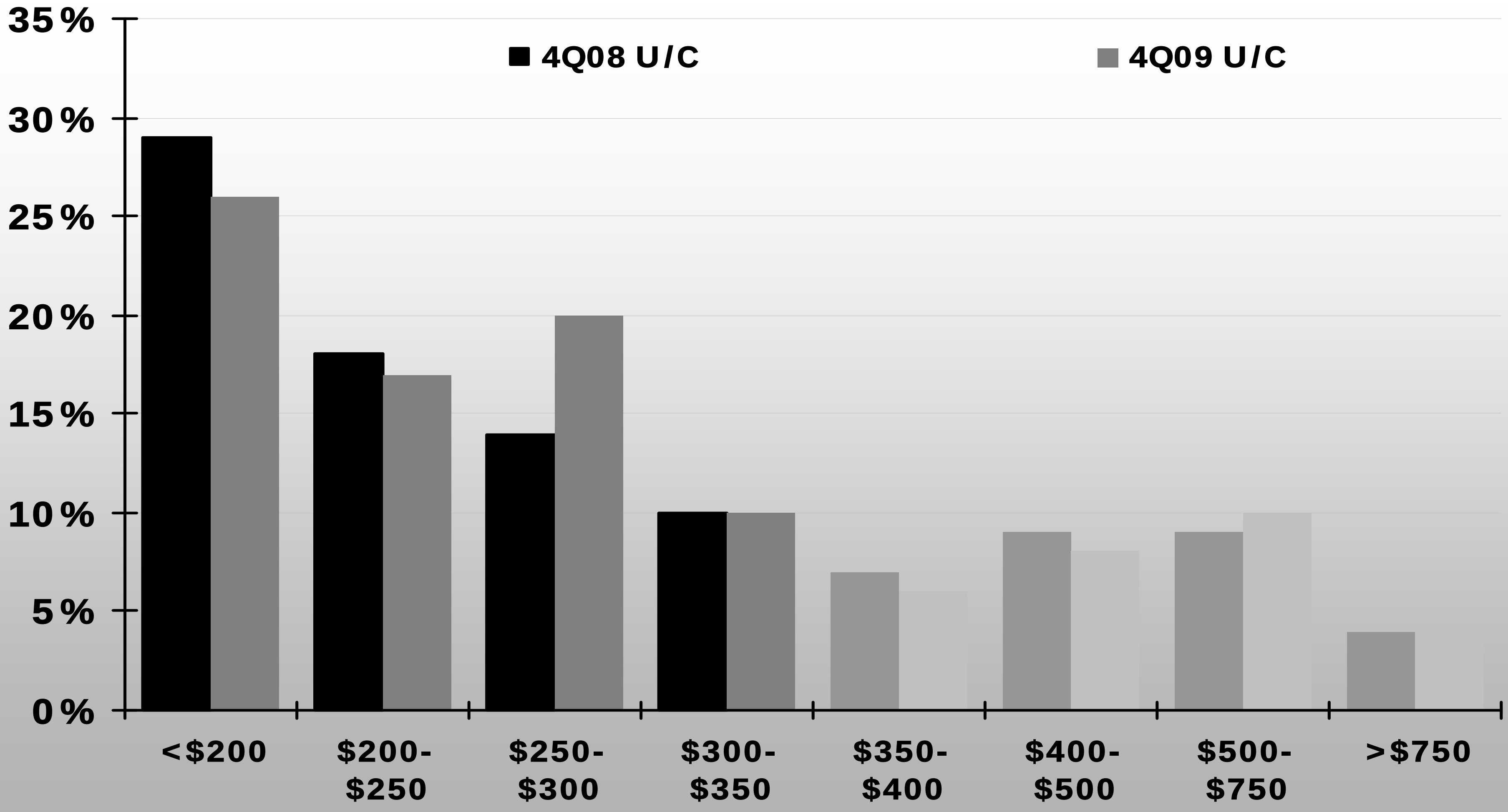
Metro Seven Counties Under Construction by Price



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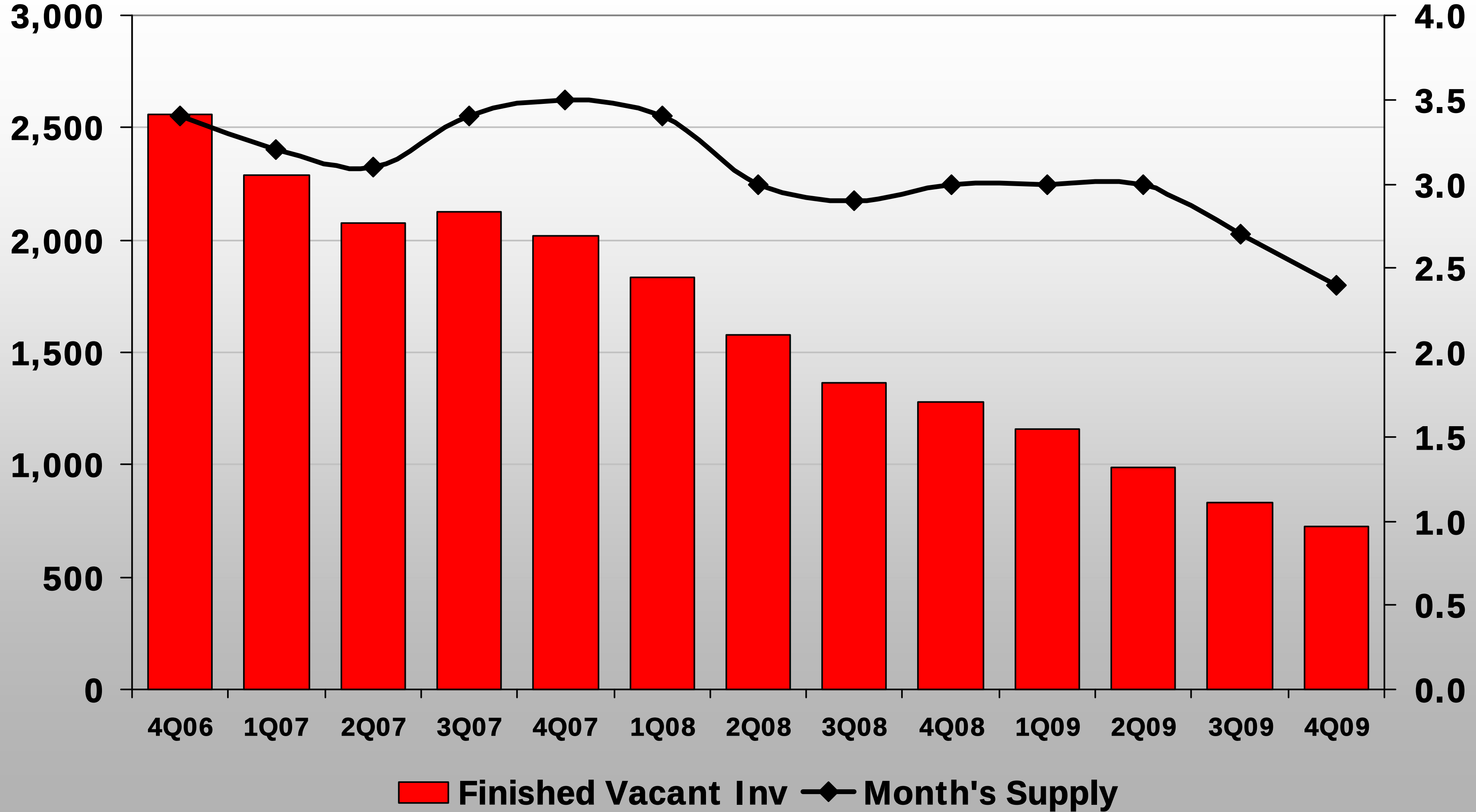
Metro Seven Counties Finished Vacant Inventory



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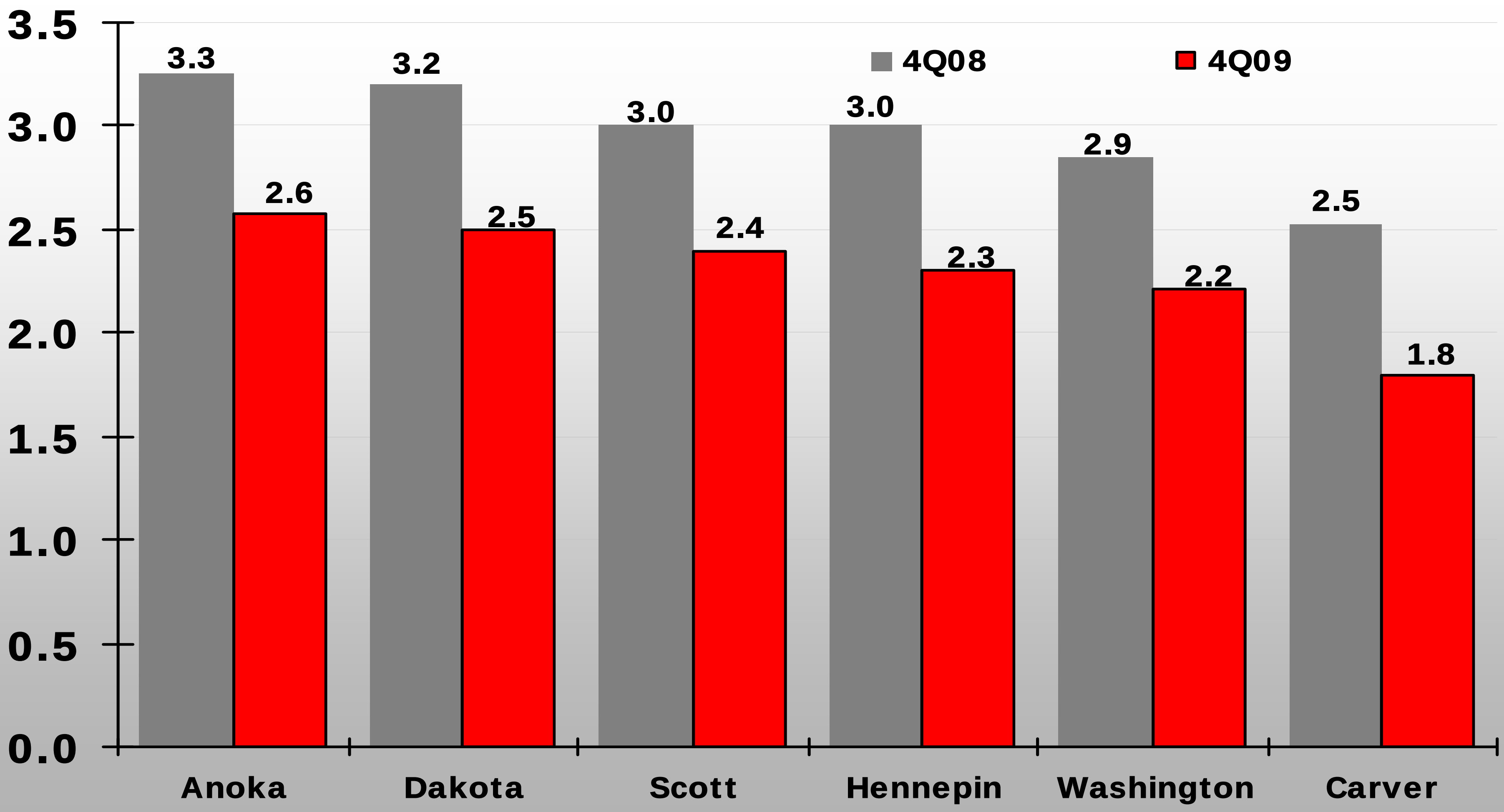
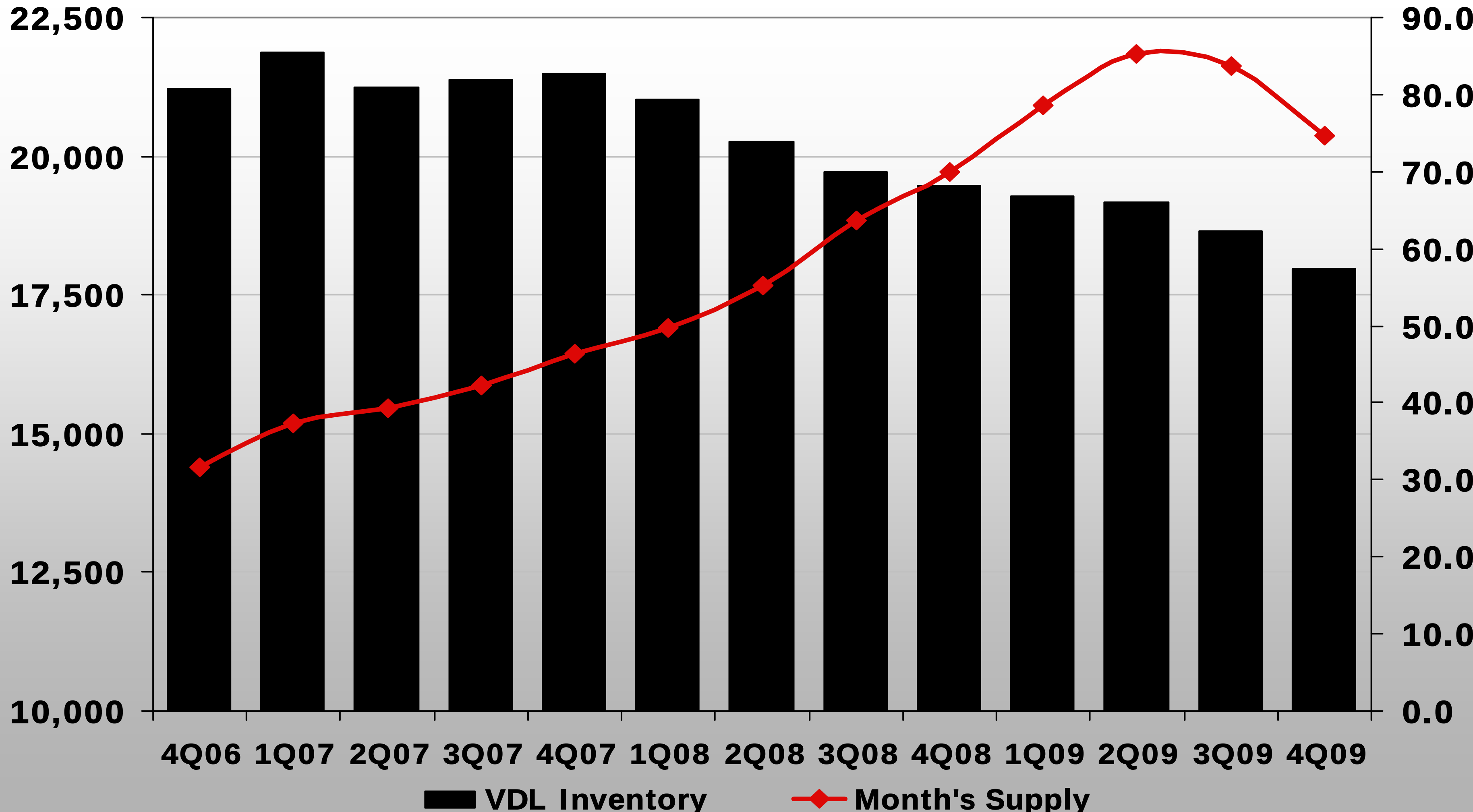
Metro Seven Counties Finished Months Supply



Lot Inventory

4Q 2009

Metro Seven Vacant Developed Lot Inventory



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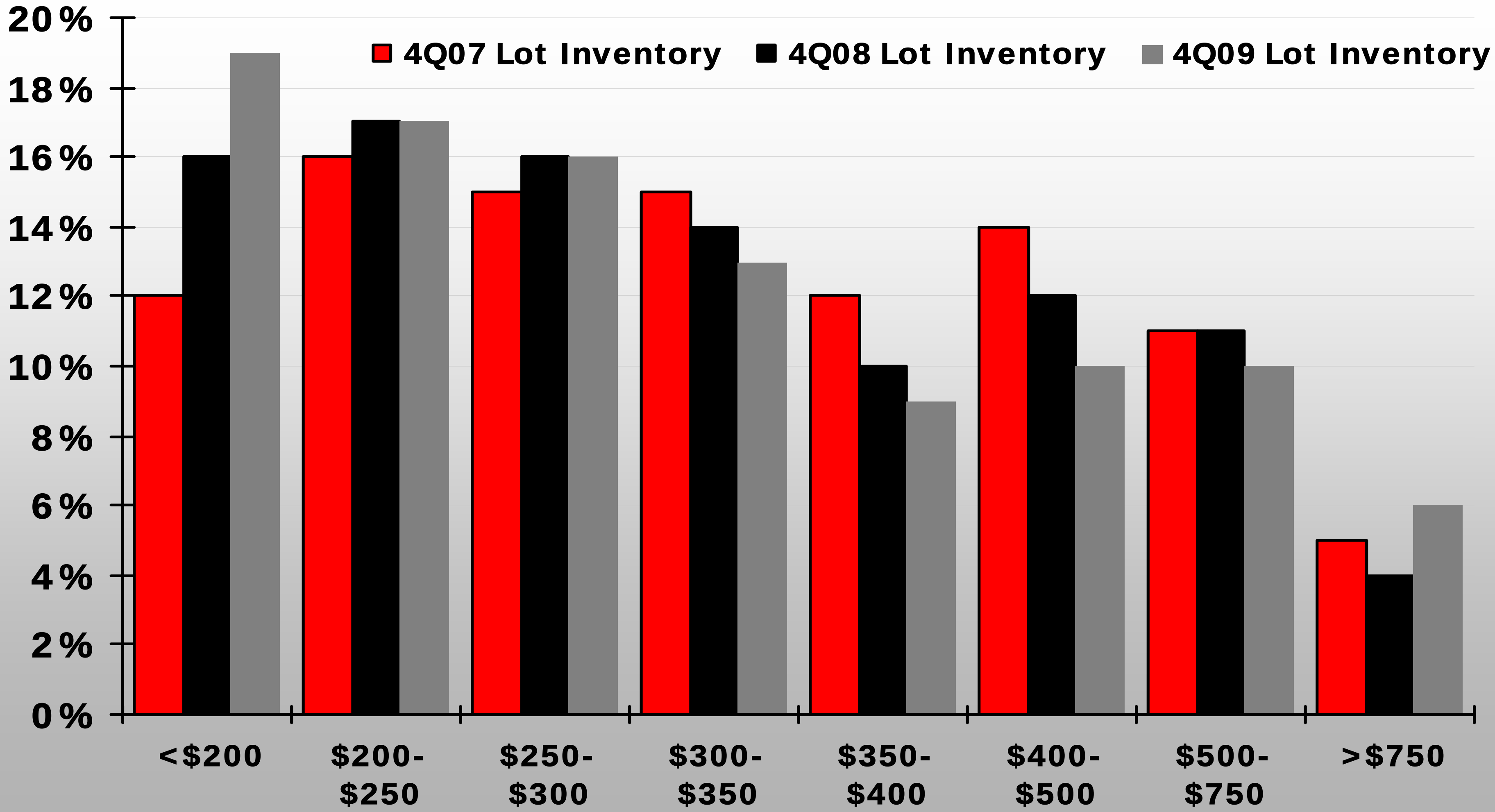
Vacant Developed Lot Inventory = 17,973 lots

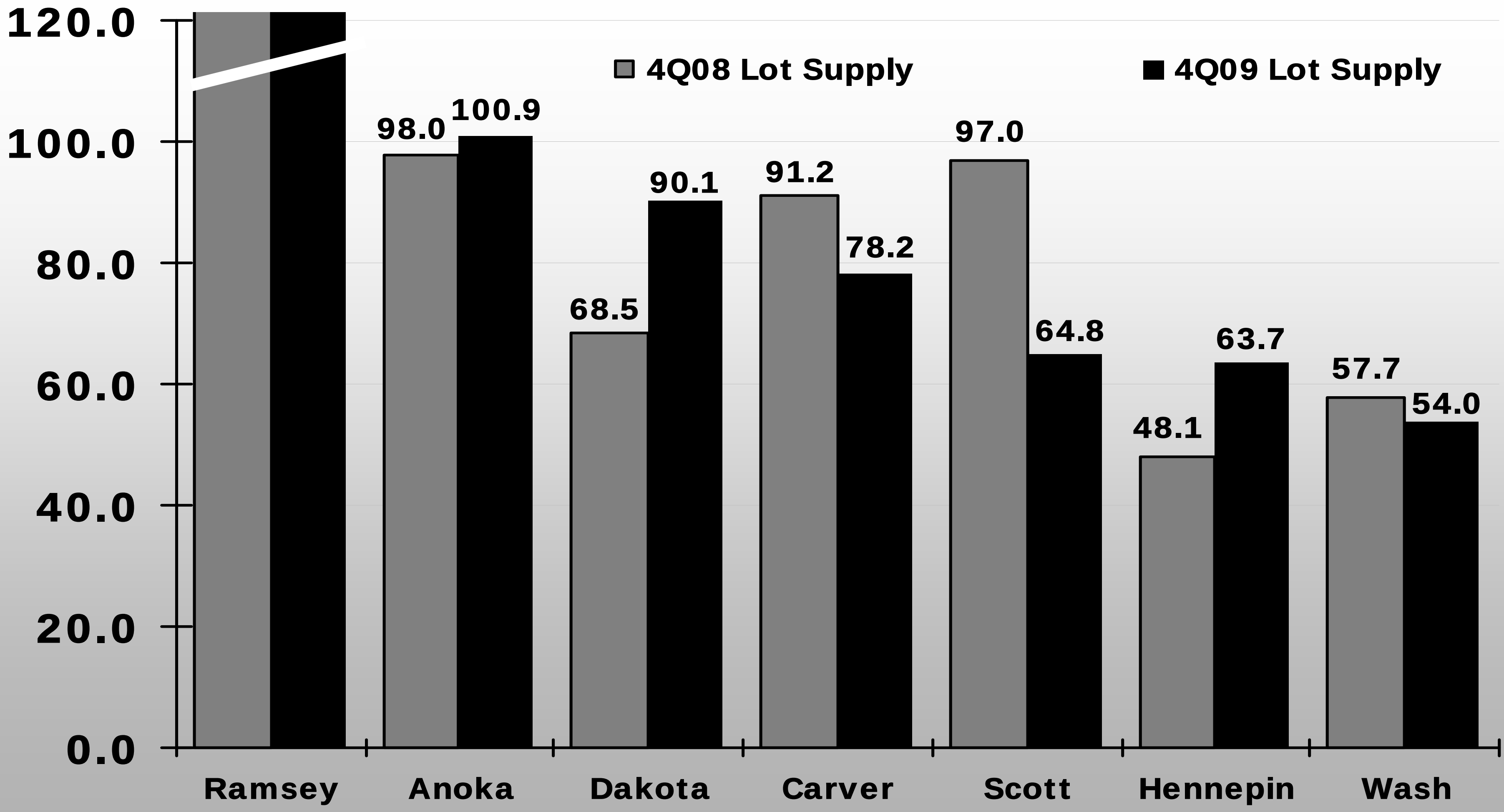
74.7 Months of Supply

	Lot Delivery	Lot Absorption	Net Change
2005	16,118	12,891	+ 3,227
2006	11,832	8,074	+ 3,758
2007	5,830	5,575	+ 255
2008	1,318	3,338	- 2,020
2009	1,383	2,998	- 1,615
	36,481	32,876	+3,605

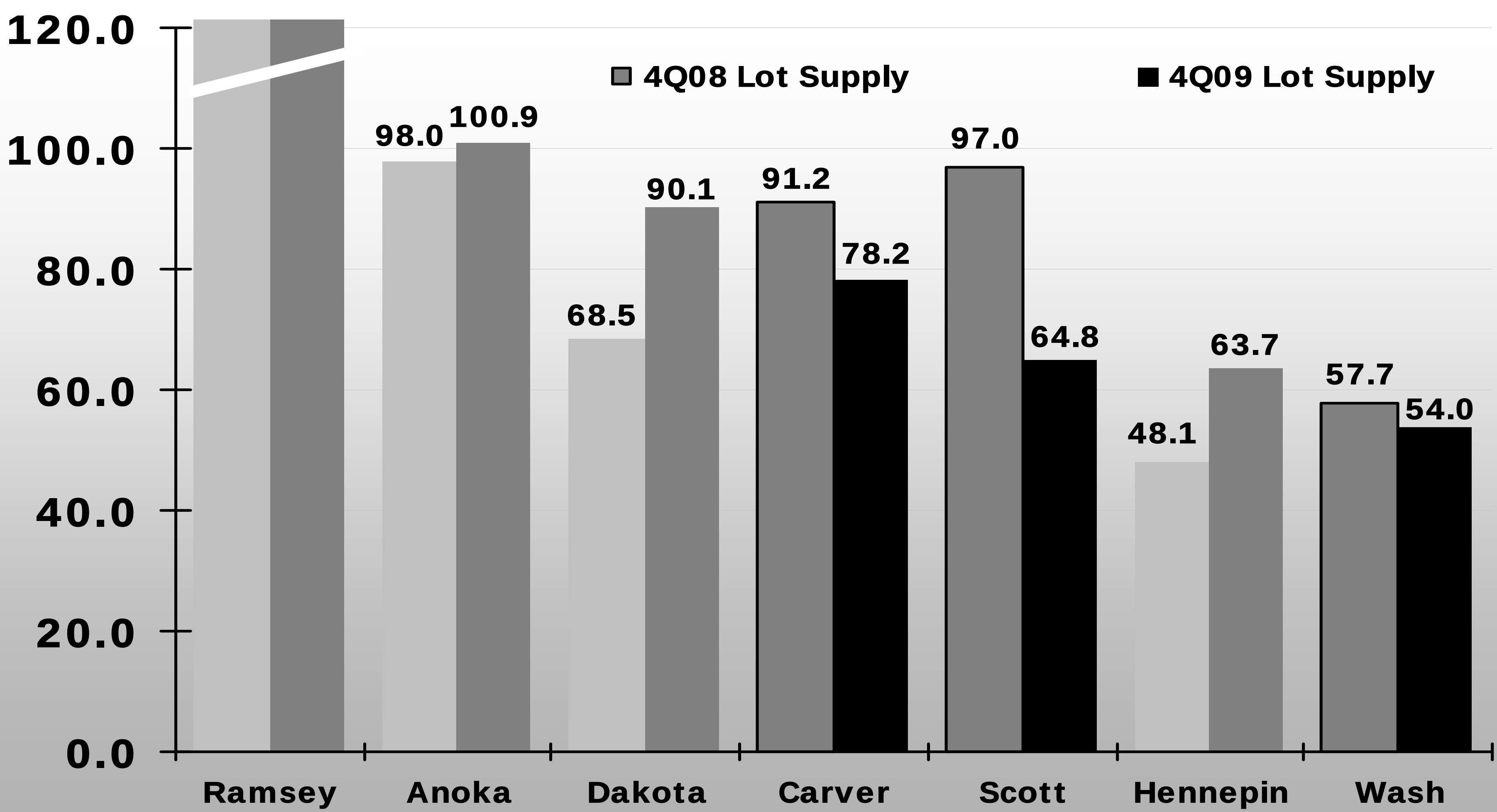
Metro Seven Counties Lot Supply Price Distribution



Metro Seven Counties Vacant Developed Lot Supply



Metro Seven Counties Vacant Developed Lot Supply



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Metro Seven County Lot Inventory Activity

County	Starts vs. Lot Deliveries: Ann Starts	Starts vs. Lot Deliveries: Ann Lot Delivery	Change	Vacant Lot Inventory: 4th Quarter 09'	Vacant Lot Inventory: 4th Quarter 08'	Months Supply
Hennepin	634	375	▲	3,364	3,623	▲
Washington	558	89	▲	2,510	2,979	▼
Dakota	373	148	▲	2,806	3,031	▲
Carver	337	403	▼	2,195	2,129	▼
Scott	490	174	▲	2,644	2,960	▼
Anoka	454	172	▲	4,098	3,816	▲

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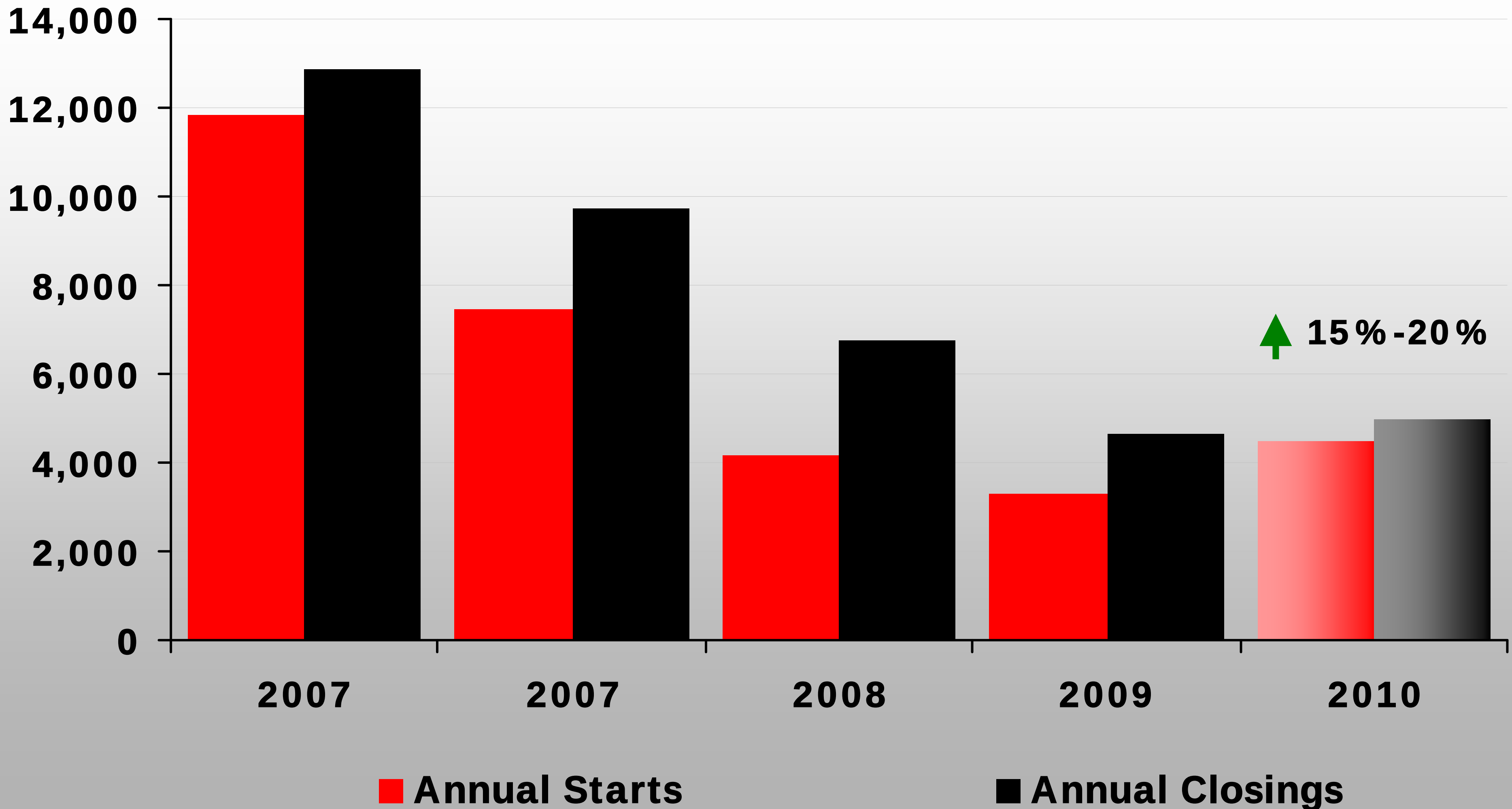
Metro Seven County New Home Activity

Quarter/ Year	Annual Starts			Vac Developed Lots			Months of Supply: Future Supply		VDL Supply		Finished Supply	
	Market	TMA	Share	Market	TMA	Share	Market	TMA	Market	TMA	Market	TMA
4Q05	24,706	12,891	52.2 %	31,227	17,368	55.6 %	20.3	23.5	15.2	16.2	3.9	2.0
1Q06	22,628	11,790	52.1 %	32,646	18,024	55.2 %	26.1	31.1	17.3	18.3	3.6	2.1
2Q06	19,411	10,879	56.0 %	33,347	18,388	55.1 %	32.7	38.4	20.6	20.3	3.7	2.6
3Q06	17,011	9,473	55.7 %	34,437	19,883	57.7 %	42.5	50.2	24.3	25.2	4.1	3.1
4Q06	14,274	8,074	56.6 %	35,982	21,228	59.0 %	50.0	58.1	30.2	31.6	4.7	3.4
1Q07	12,312	7,047	57.2 %	36,544	21,879	59.9 %	57.3	65.7	35.6	37.3	4.6	3.2
2Q07	10,765	6,482	60.2 %	35,879	21,239	59.2 %	69.8	77.5	40.0	39.3	4.9	3.1
3Q07	9,169	6,057	66.1 %	35,917	21,369	59.5 %	82.4	84.0	47.0	42.3	5.1	3.4
4Q07	7,894	5,575	70.6 %	36,006	21,497	59.7 %	94.8	87.9	54.7	46.3	5.0	3.5
1Q08	6,898	5,078	73.6 %	35,430	21,035	59.4 %	108.4	96.5	61.6	49.7	5.1	3.4
2Q08	5,682	4,398	77.4 %	34,538	20,268	58.7 %	134.8	114.7	72.9	55.3	4.7	3.0
3Q08	4,734	3,713	78.4 %	34,256	19,717	57.6 %	163.5	138.9	86.8	63.7	4.9	2.9
4Q08	4,158	3,338	80.3 %	33,952	19,477	57.4 %	185.9	153.7	98.0	70.0	5.2	3.0
1Q09	3,623	2,943	81.2 %	33,675	19,279	57.3 %	213.2	174.2	111.5	78.6	5.1	3.0
2Q09	3,244	2,698	83.2 %	33,555	19,181	57.2 %	237.3	188.4	124.1	85.3	5.3	3.0
3Q09	3,149	2,674	84.9 %	32,922	18,650	56.6 %	244.0	189.7	125.5	83.7	5.1	2.7
4Q09	3,319	2,887	87.0 %	32,161	17,973	55.9 %	231.1	175.6	116.3	74.7	4.6	2.4

Things to Look for…

- Jobs, Jobs & Jobs
- Consumer Confidence
- Real Housing Demand – Once Tax Credit Expires
- Banks Lending New Money
- Price Stabilization
- Resale Market Continued Strength
- Shifting of Lots – Already Happening
- ……………………..

Twin Cities New Construction Forecast – 10’



Thank You