

# Development patterns in the Twin Cities region in 2016

Community Development Committee



# Overview of the presentation

- Trends in new housing permitted in 2016:
  - How many?
  - What types?
  - Where?
- Trends in commercial, industrial, public and institutional construction permitted in 2016:
  - How much?
  - What types?
  - Where?
- Policy implications: So what for the Council?

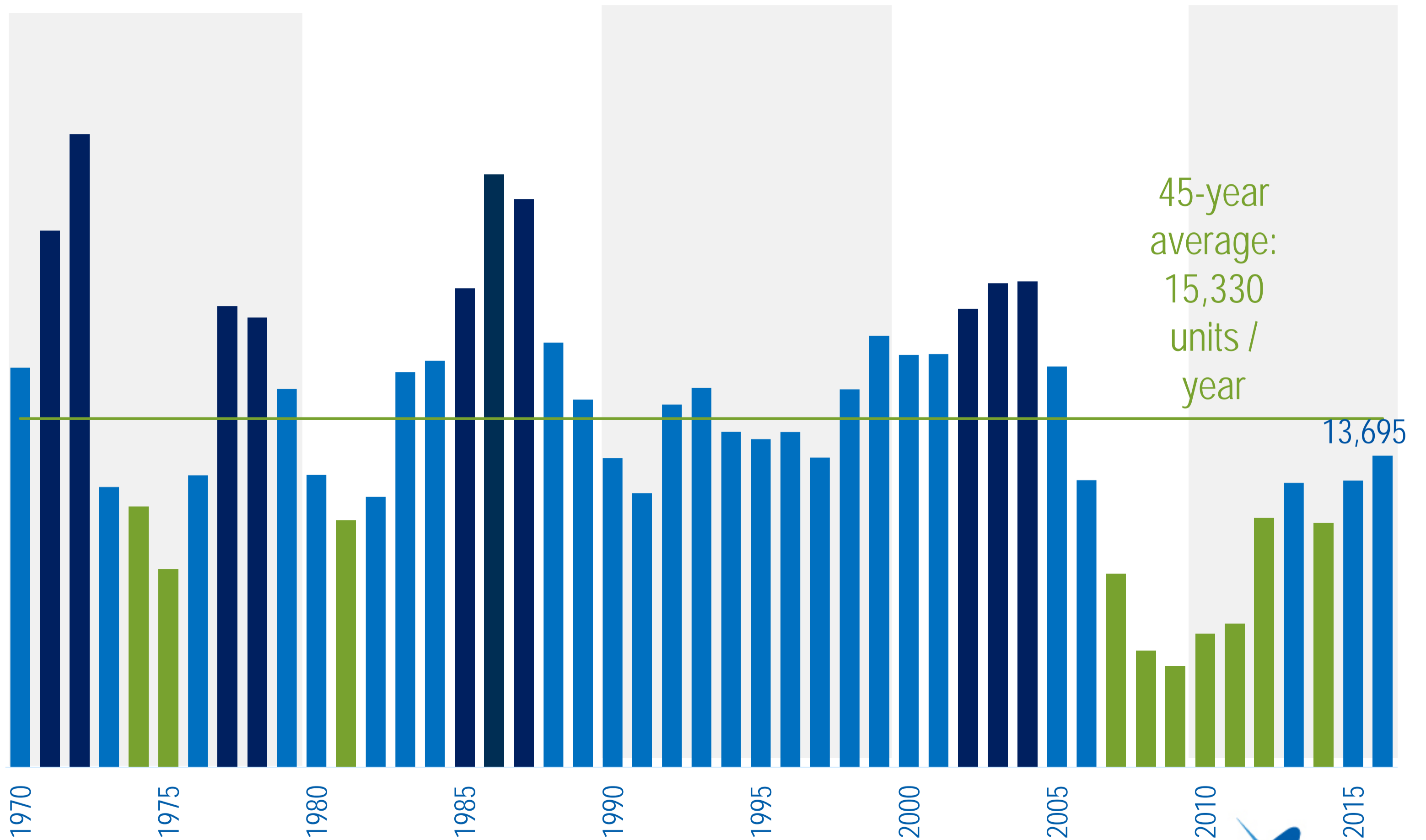
# Trends in new housing permitted in 2016

# Context for new housing

- Low vacancy rates
- Rising sale prices and rents
- Relatively few existing homes for sale, especially homes under \$200,000



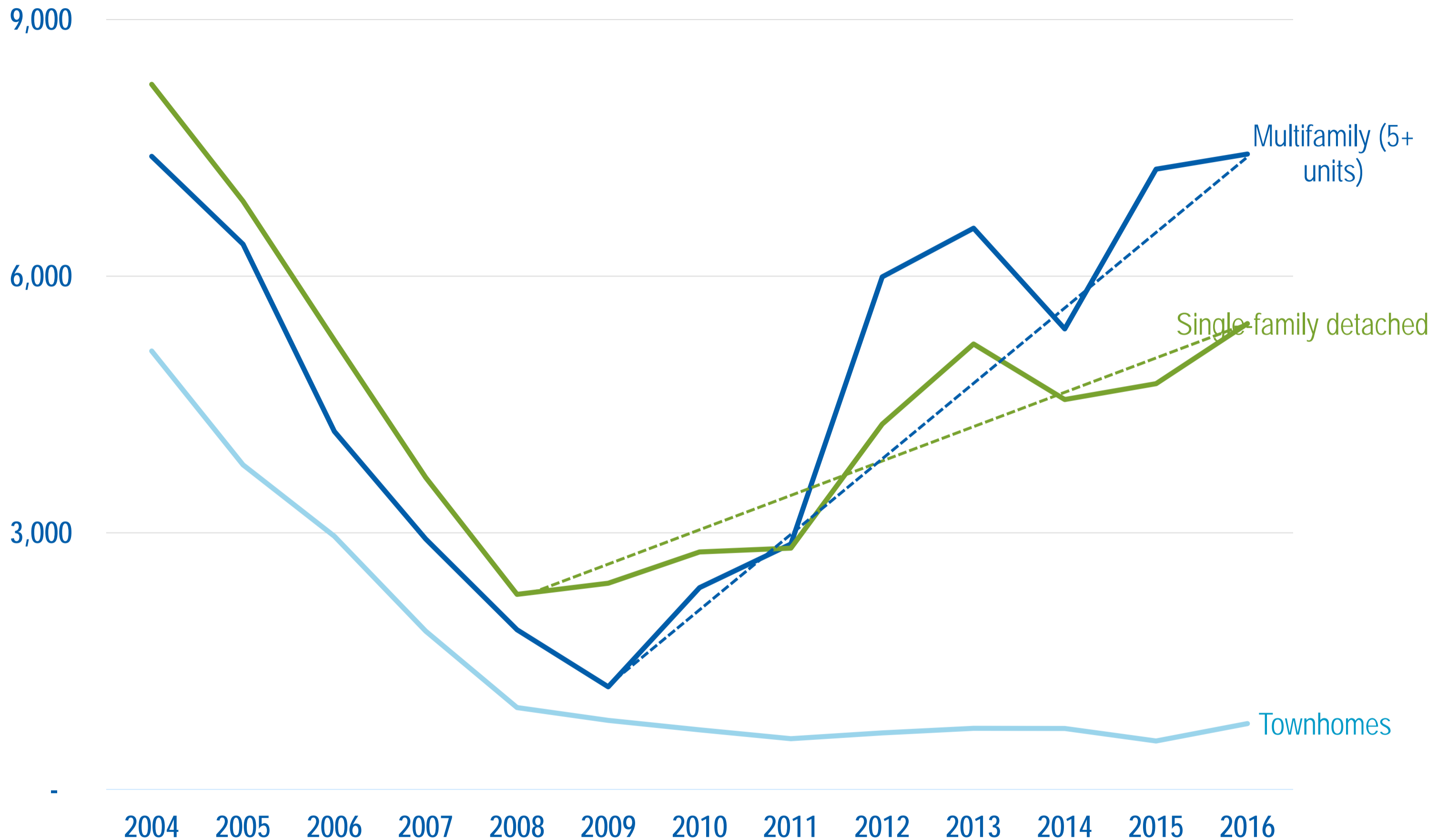
# New housing permitted: How many?



Source: Metropolitan Council Building Permit Survey, 2016.

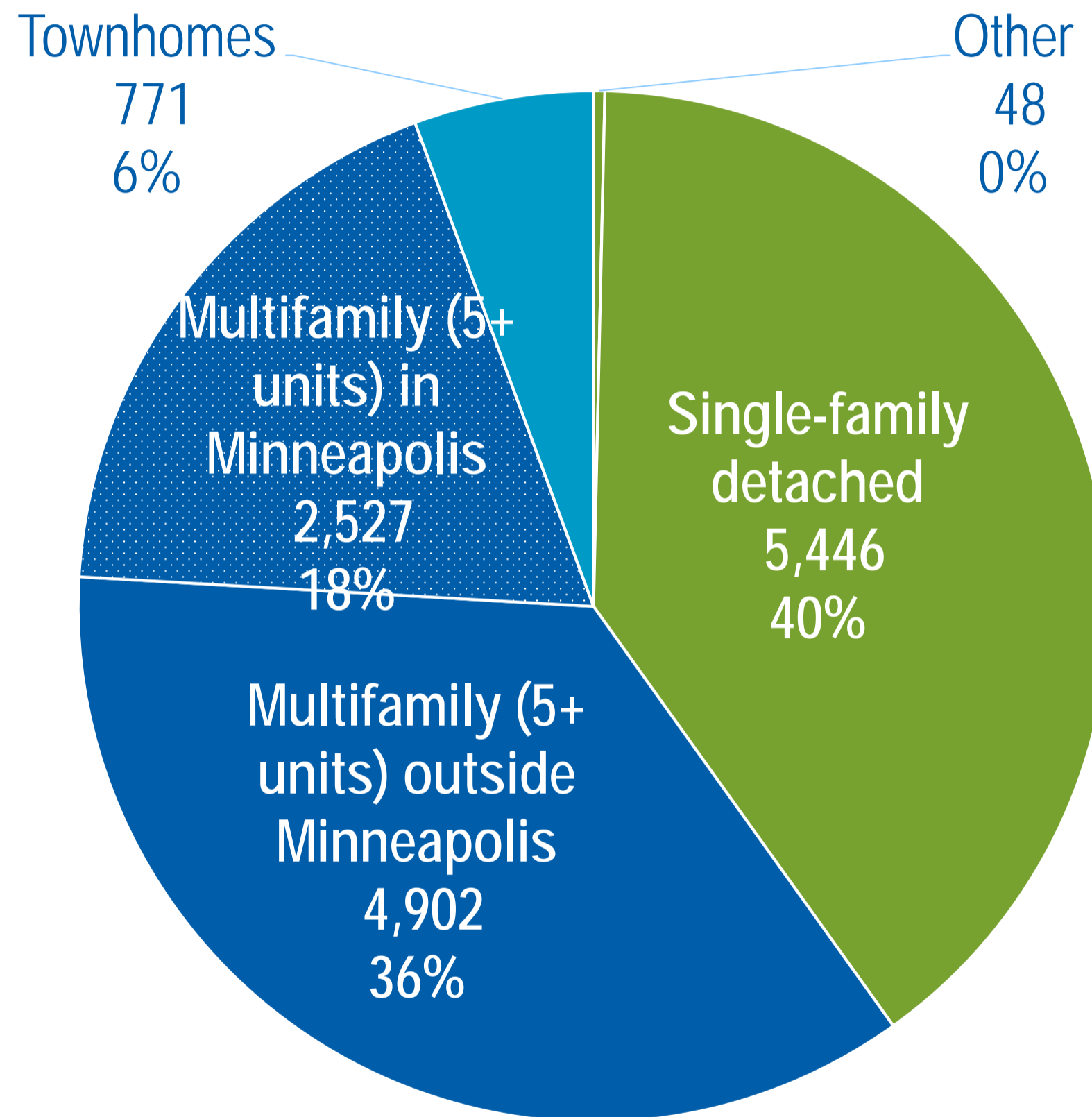


# New housing permitted: What types?



Source: Metropolitan Council Building Permit Survey, 2016.

# New housing permitted: What types?

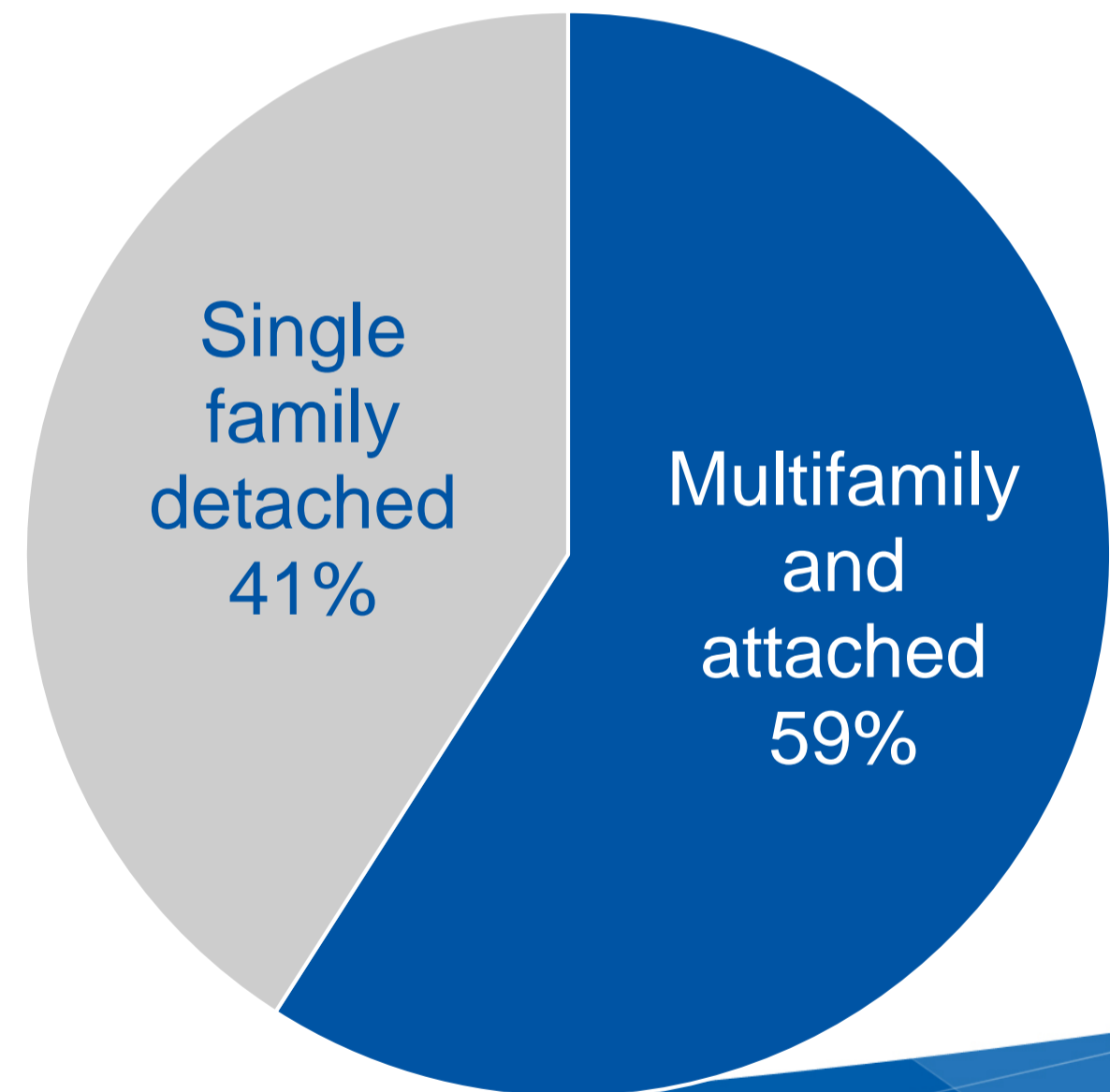
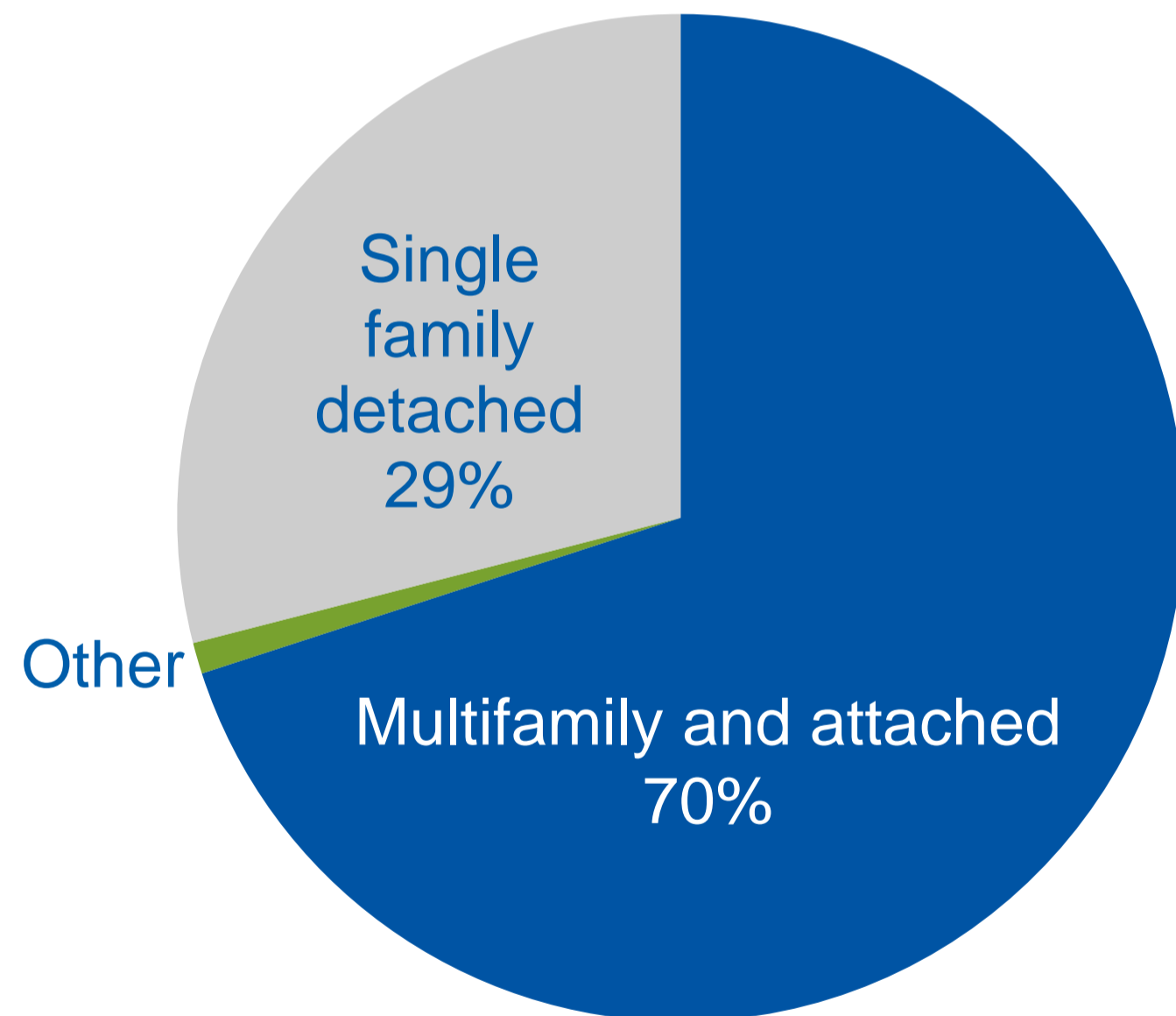


Source: Metropolitan Council Building Permit Survey, 2016.

# Comparing permits to forecasts

Forecasts of the “next 370,000 housing units” over 2010-2040

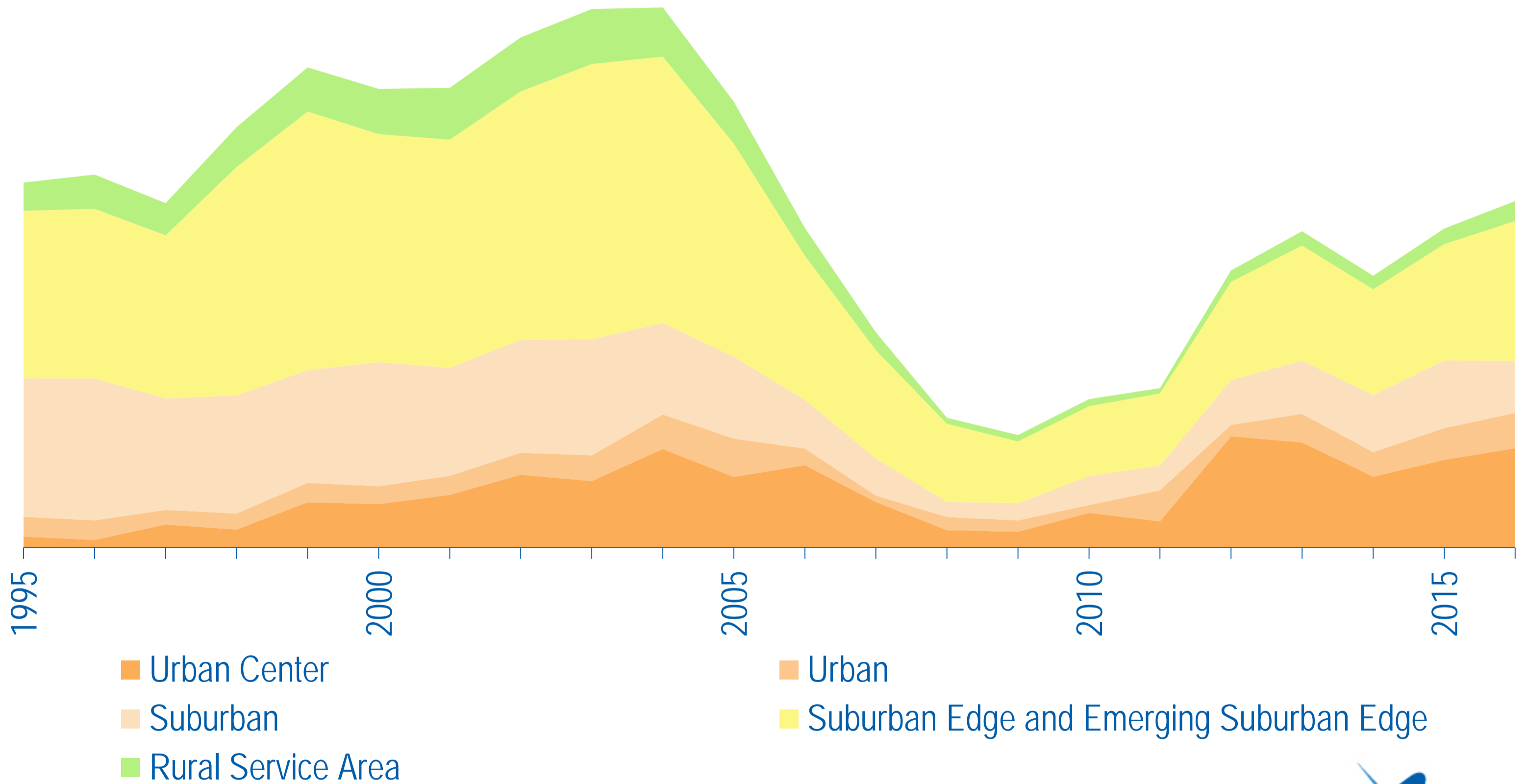
Residential permits, 2010-2016



Source: Metropolitan Council 2040 Forecasts and Building Permit Survey, 2016.

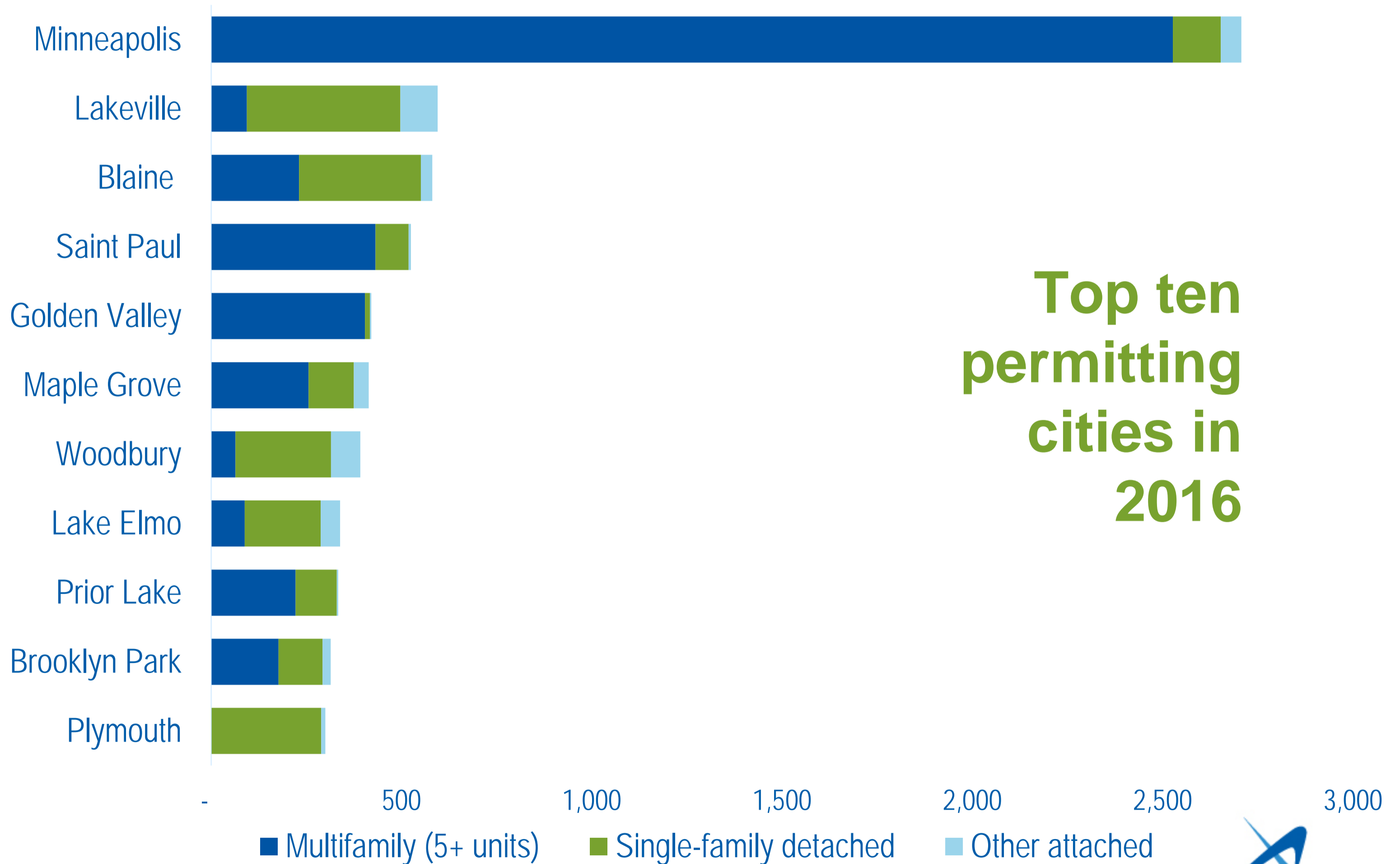


# New housing permitted: Where?



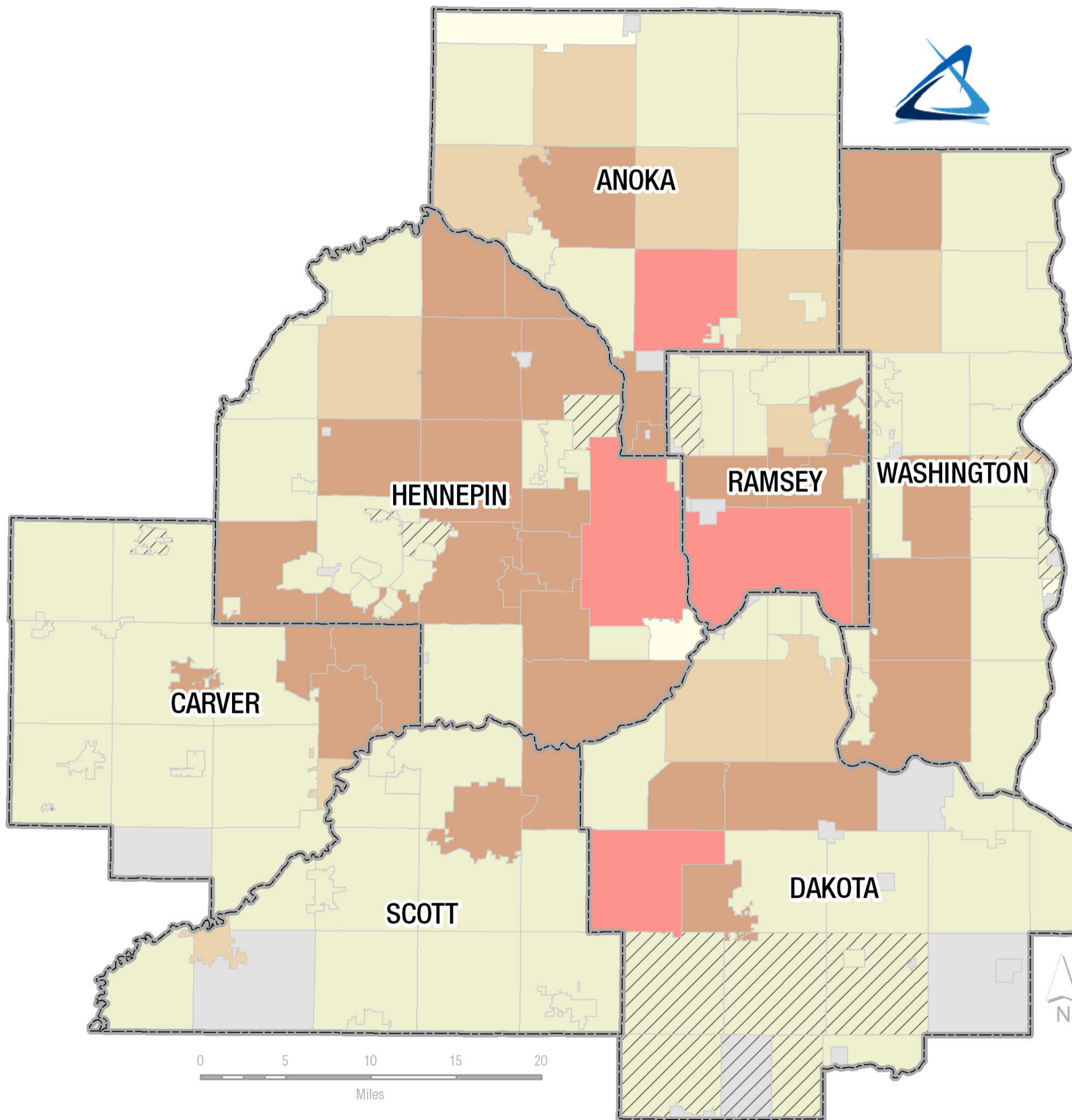
Source: Metropolitan Council Building Permit Survey, 2016.

# New housing permitted: Where?



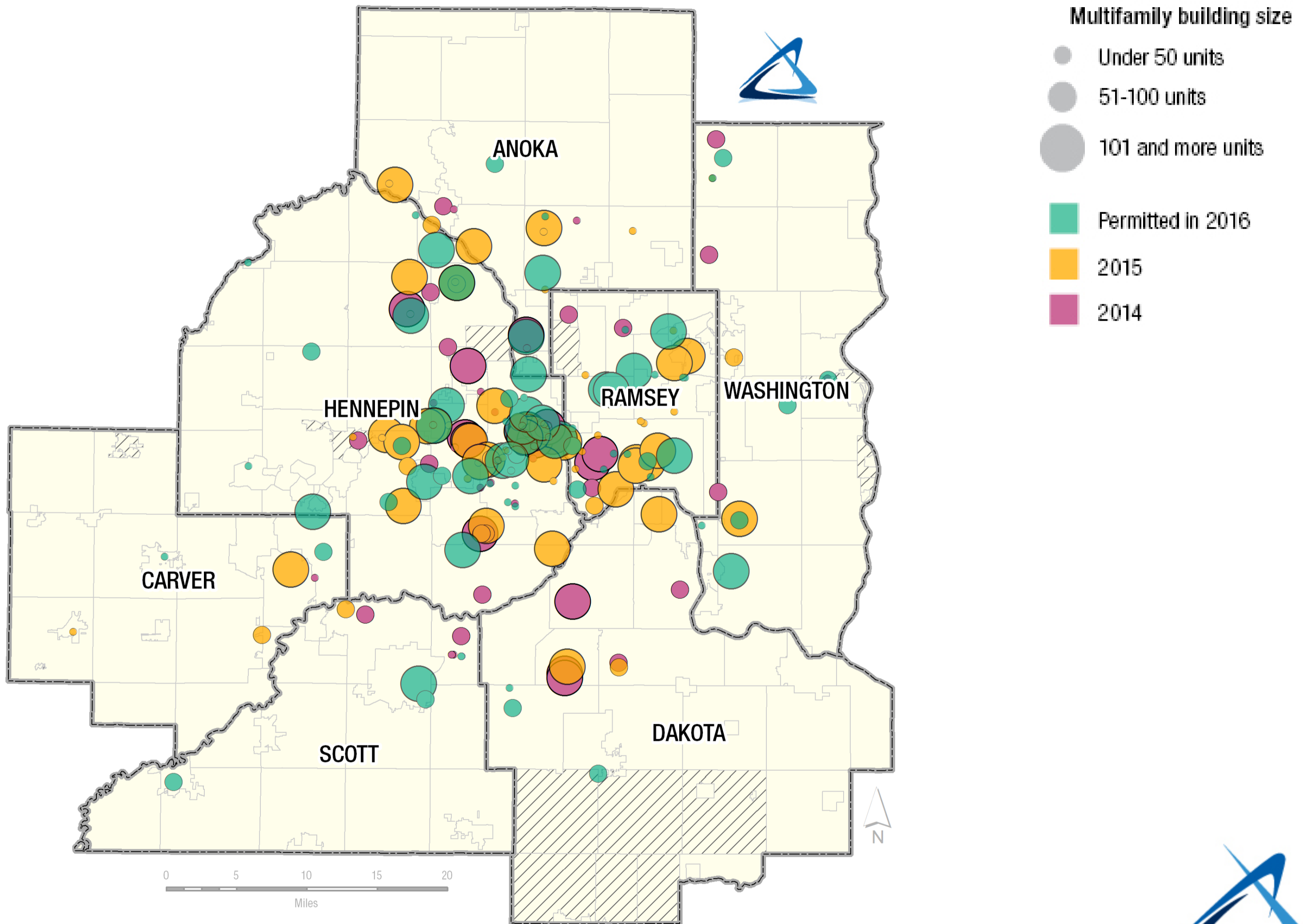
Source: Metropolitan Council Building Permit Survey, 2016.

# New housing permitted: Where?



Map revised June 5, 2017

# New housing permitted: Where?



Map revised June 5, 2017

# Key conclusions:

- Residential construction is still rising ...
  - ... but is still less than two-thirds of 2004's levels
- Multifamily construction continues to outpace single-family detached construction – consistent with the Council's long-term expectations
- Some suburban edge communities continue to see primarily single-family, but other growing communities are seeing a mix of development
- Multifamily development is significant both in Minneapolis and in a range of suburban communities

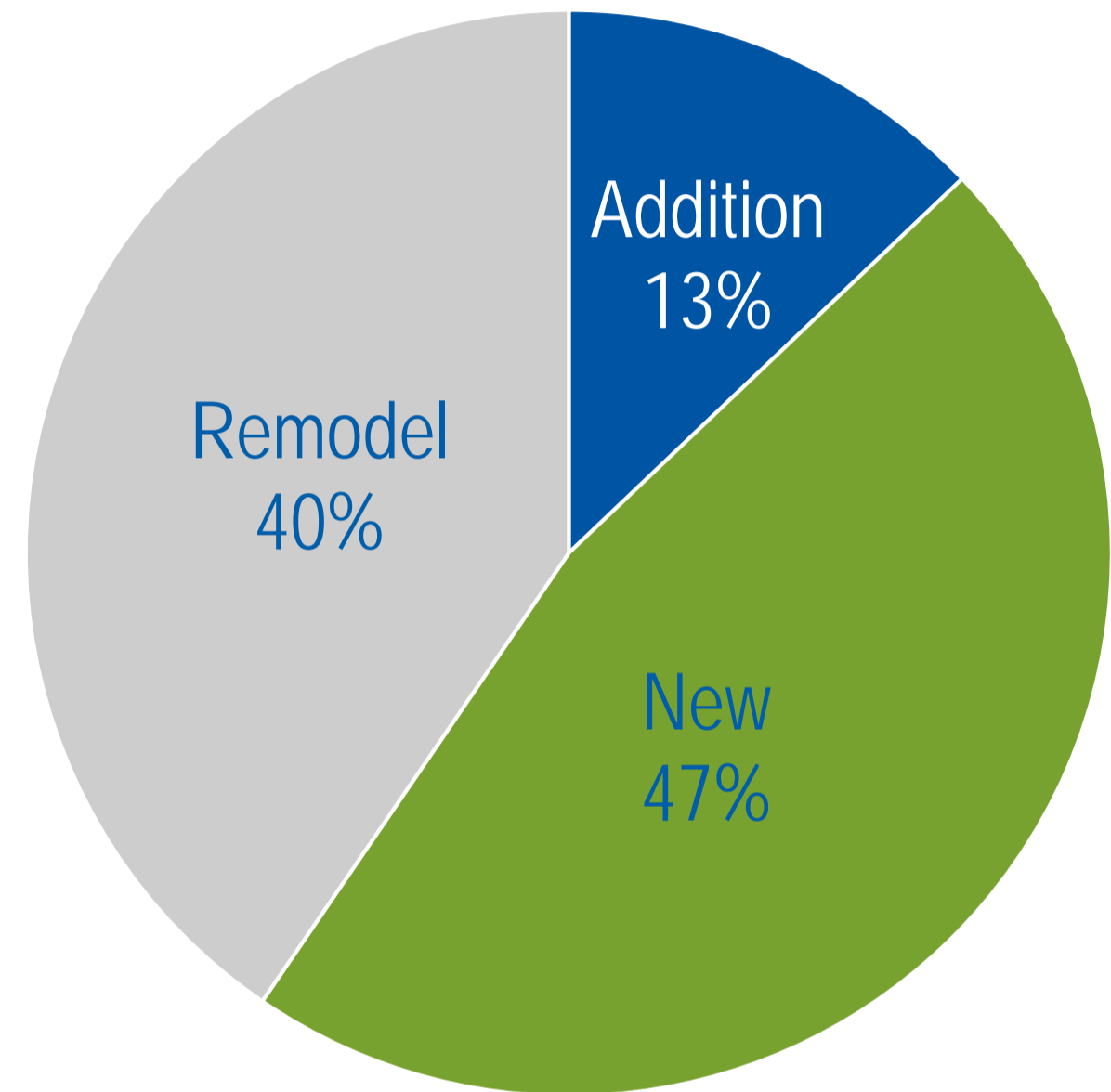


# **New commercial, industrial, public and institutional construction permitted in 2016**

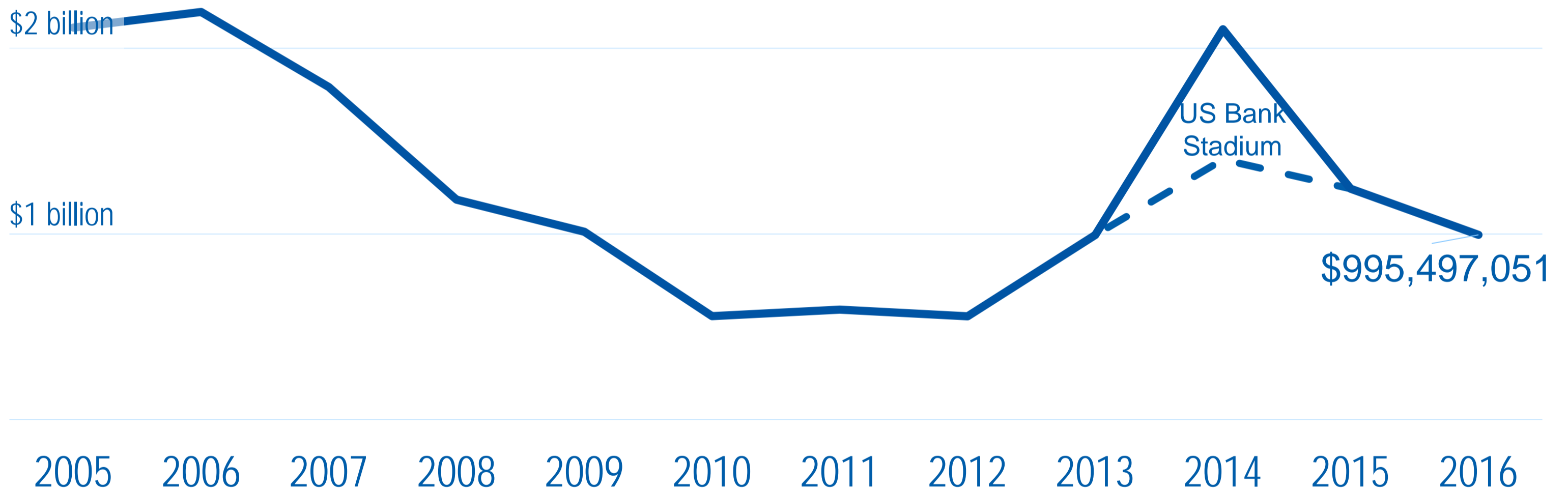


# A few caveats about the data

- Non-residential investment may or may not align with job growth:
  - Significant place investment – such as a large warehouse -- may produce only a small number of jobs
- Data collected on new construction, additions of square footage, and, starting in 2016, remodels

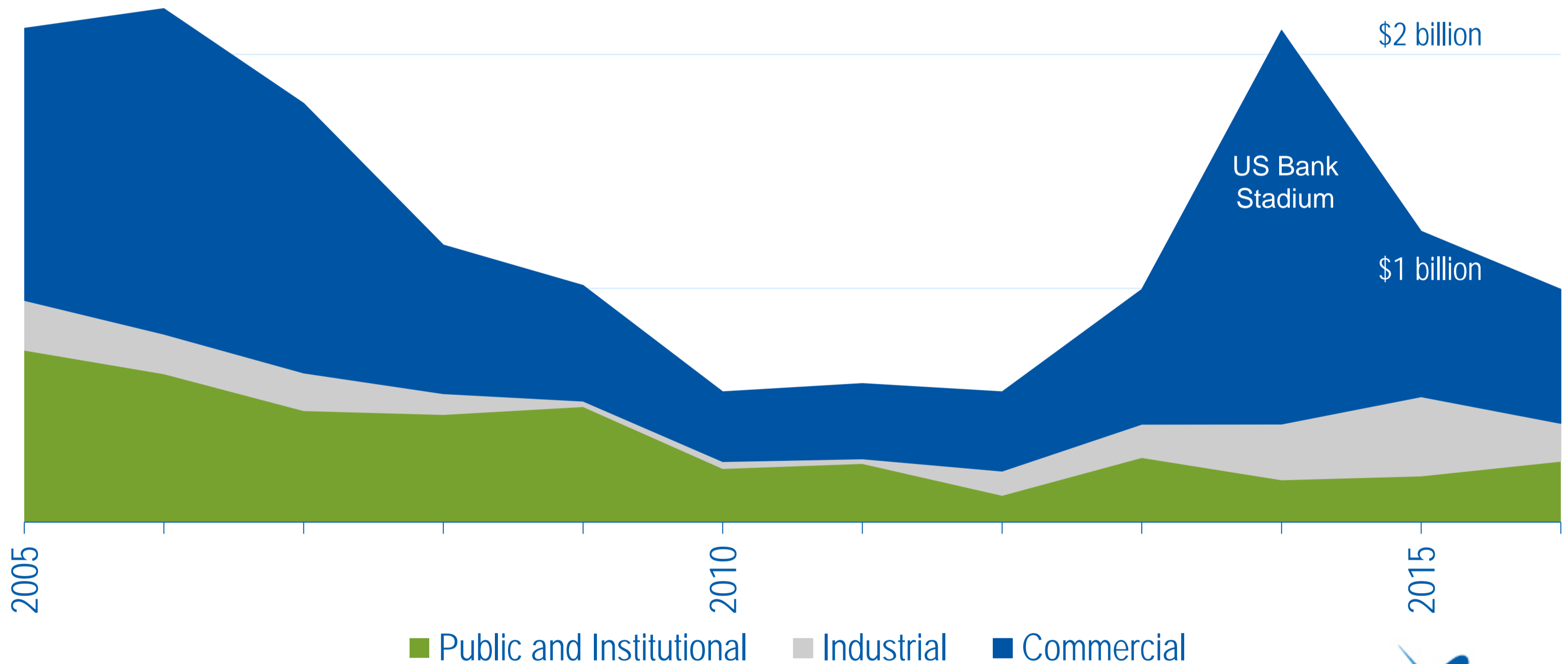


# New commercial, industrial, public and institutional construction: How much?



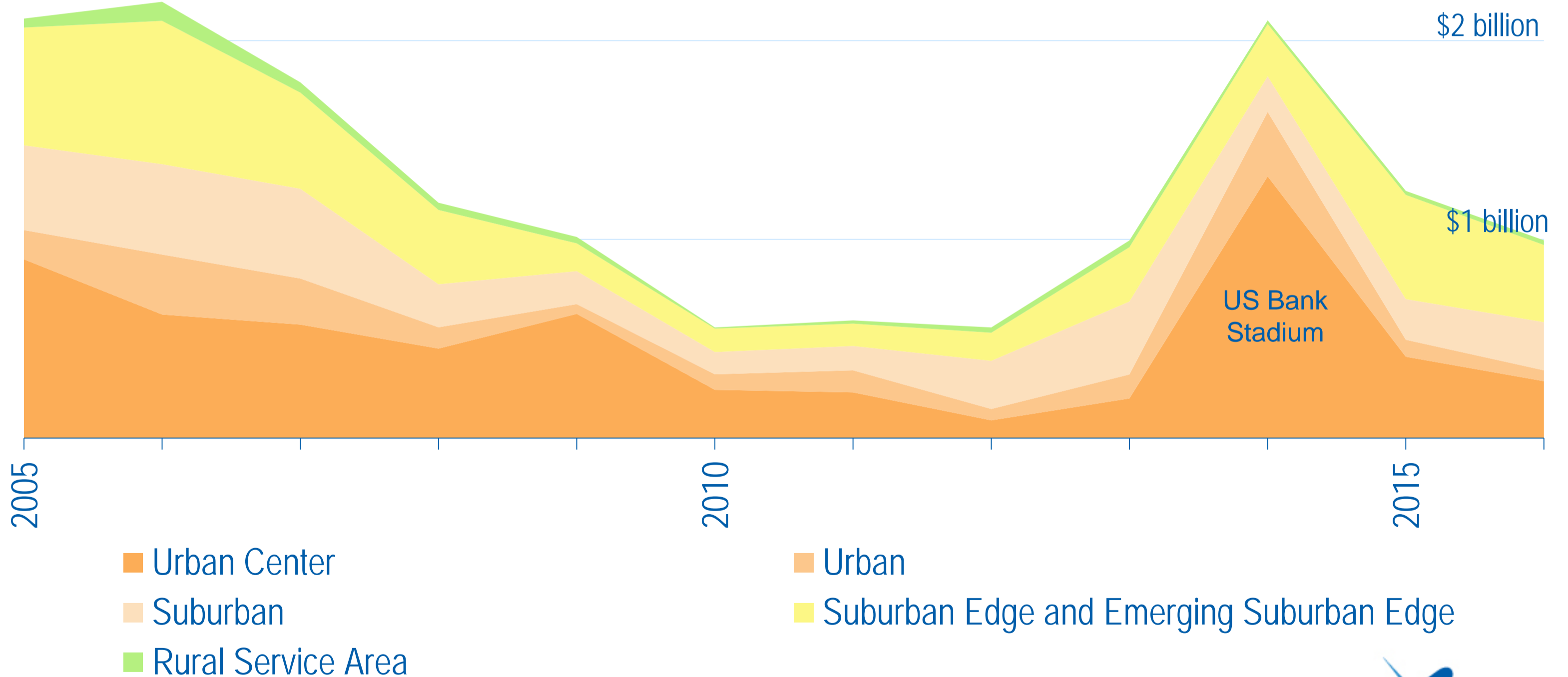
Source: Metropolitan Council Building Permit Survey, 2016. Dollar values are in constant dollars adjusted using the ENR Construction Cost Index for Minneapolis.

# New commercial, industrial, public and institutional construction: What type?



Source: Metropolitan Council Building Permit Survey, 2016. Dollar values are in constant dollars adjusted using the ENR Construction Cost Index for Minneapolis.

# New commercial, industrial, public and institutional construction: Where?



Source: Metropolitan Council Building Permit Survey, 2016. Dollar values are in constant dollars adjusted using the ENR Construction Cost Index for Minneapolis.

# **Policy Implications: So what for the Council?**

# For discussion:

- How can the Council encourage more housing growth?
  - Will the expected return of townhomes and condos to our market add to our housing mix?
- We have aligned where wastewater service is available with growth. How do the patterns of growth support or challenge our transportation system?
- A growing share of commercial, industrial, public and institutional construction is occurring in the Suburban Edge and Emerging Suburban Edge:
  - How can the Council help the housing market to keep up with non-residential development in these areas?



# Development Patterns in the Twin Cities: Building Permits Issued in 2016

**For more information:**

[www.metrocouncil.org/data](http://www.metrocouncil.org/data)

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