

Key Findings

- The total permit value of public and institutional construction in the Twin Cities region has been largely static since 2010. In 2014, one in every five dollars of the region's total nonresidential permit value came from public and institutional construction.
- Schools and higher education construction was the largest share of public and institutional permit value between 2010 and 2014.
- The City of Saint Paul and several of the region's Suburban communities issued the highest total of public and institutional permit value overall between 2010 and 2014.

About us

The Regional Policy and Research team at Metropolitan Council wrote this issue of *MetroStats*. We serve the Twin Cities region—and your community—by providing technical assistance, by offering data and reports about demographic trends and development patterns, and by exploring regional issues that matter.

For more information, please contact us at research@metc.state.mn.us.

Download the data used in this report at <http://metrocouncil.org/data>. Select “Building Permits, commercial, industrial and public” and select your geographic areas of interest. Please note that our data collection on development is ongoing. The numbers published in this report may not reflect the most current data available.

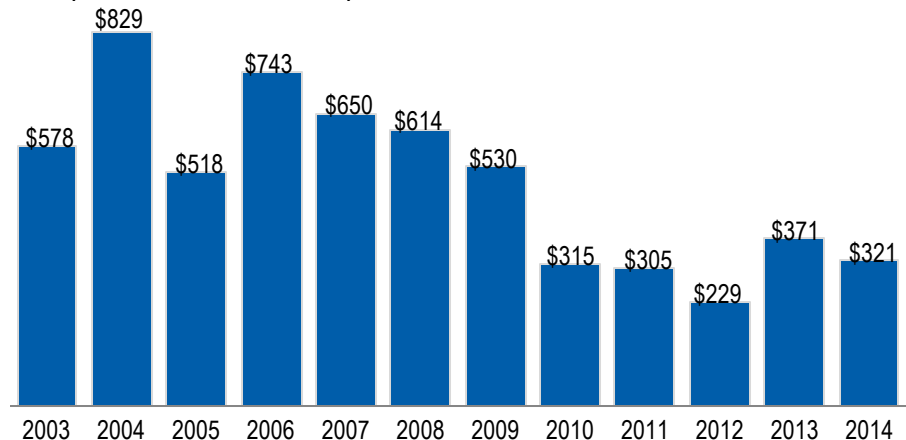
“Nonresidential” is an umbrella term for construction activity in three major sectors—commercial, industrial, and public and institutional. Each sector is a distinct market, influenced by national, industry-specific trends and location preferences. We describe nonresidential construction as a whole in another issue of *MetroStats*, “From Recovery to Resurgence: Nonresidential Construction in the Twin Cities Region in 2014 ([pdf](#)).” This issue of *MetroStats* describes trends in public and institutional construction—that is, schools and higher education, government offices and public works, hospitals and nursing homes and other projects by mostly tax-exempt entities.

In 2014, the total permit value of all nonresidential construction in the Twin Cities region reached \$2.4 billion, the highest level since the pre-recession development boom in 2006. Two large, commercial stadium projects—U.S. Bank Stadium in Minneapolis and CHS Field in Saint Paul—accounted for 34% of this 2014 total. Setting aside the permit value of these two projects (\$808 million), one in every five dollars (20%) came from the region's public and institutional construction in 2014.

Public and institutional construction largely static since 2010

The permit value of public and institutional construction was \$321 million in 2014, a 13% decrease from 2013 (Figure 1). Unlike the region's commercial and industrial sectors, which had total permit values that bottomed out in 2010 then increased annually, public and institutional permit value has varied only slightly year-to-year since 2010.

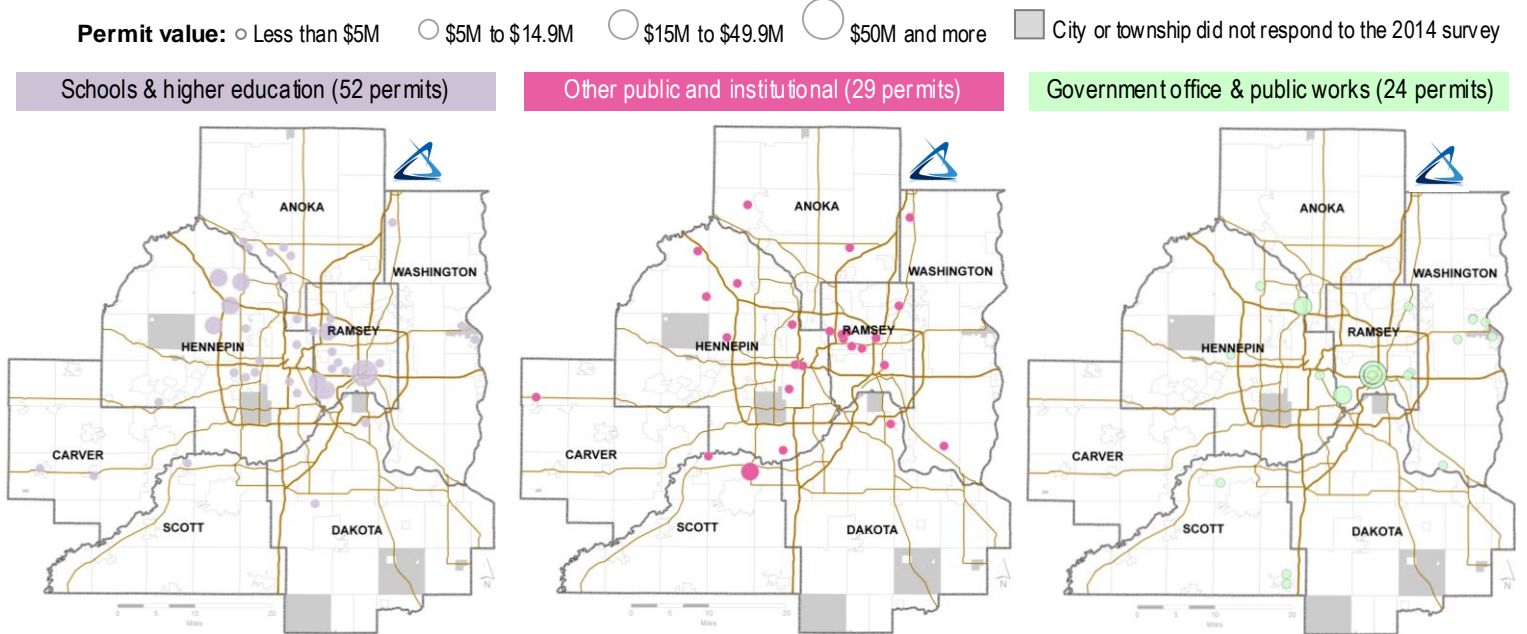
Figure 1. Total permit value of public and institutional construction in the Twin Cities region (in millions of 2014 dollars)



Source: Metropolitan Council Commercial, Industrial, Public and Institutional (CIPI) Building Permit Survey, 2003-2014. Note: Not all cities and townships respond to our annual survey so the region's total nonresidential permit value may be underrepresented.

The Twin Cities region as a whole issued 118 permits for public and institutional construction in 2014, a 13% increase from 2013 and the highest number of public and institutional permits issued since 2010. Almost half (44%) of the public and institutional permits issued in 2014 were for school and higher education construction projects. Figure 2 shows the location and permit value of the 2014 public and institutional permits by subsector.

Figure 2. Public and institutional permits issued in 2014 by permit value and subsector



The 2 highest-value projects of 2014

- \$45M, Metropolitan State University, Saint Paul
- \$15M, Noble Academy, Brooklyn Park
- \$6M, Mount Oliv et Church, Minneapolis
- \$5M, River Valley Church, Shakopee
- \$33M, Minnesota Senate Office Building, Saint Paul
- \$13M, city water treatment facility, Brooklyn Center



- The 2 highest-value projects of 2014**
- \$6M, Metro Transit Maintenance Bldg, Saint Paul
 - \$1M, Metro Transit LRT area, Minneapolis

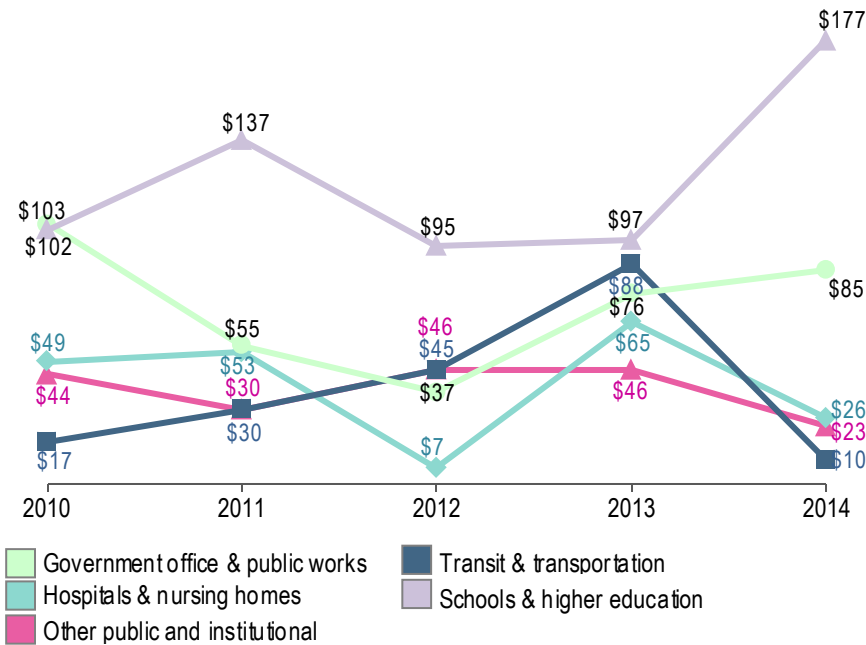


- \$20M, Mother Baby Center at Mercy Hospital, Coon Rapids
- \$3M, Children's Hospital, Saint Paul

Source: Metropolitan Council Commercial, Industrial, Public and Institutional Building Permit Survey, 2014.

School and higher education construction became a larger share of the public and institutional sector since 2010

Figure 3. Total permit value of public and institutional construction by subsector (in millions of 2014 dollars)

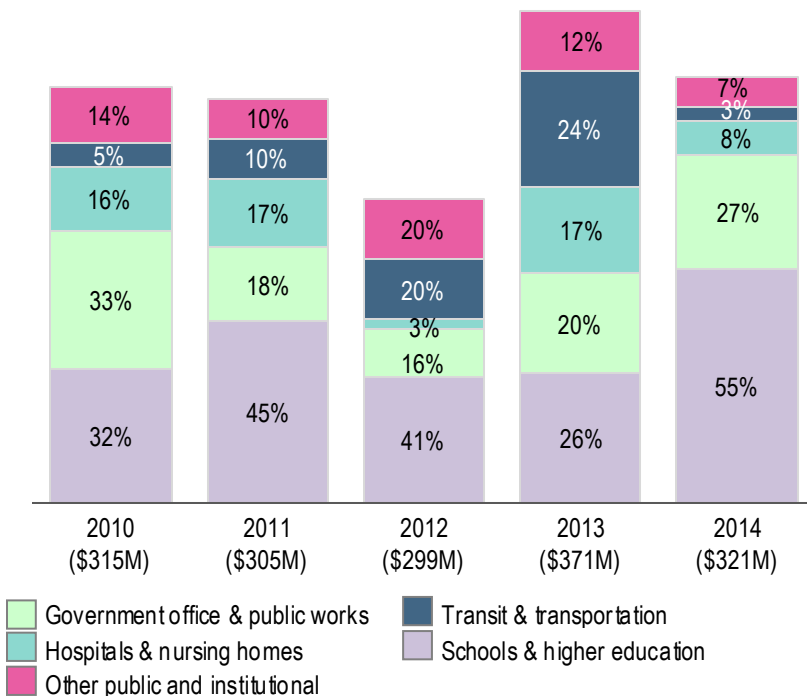


Source: Metropolitan Council Commercial, Industrial, Public and Institutional Building Permit Survey, 2010-2014.

Within the public and institutional sector, school and higher education construction was the only subsector that experienced significant growth between 2010 and 2014, increasing 74% (Figure 3). School and higher education construction accounted for over half (55%) of the region’s public and institutional permit value in 2014, a sizable increase in share from 2013 (Figure 4).

Unlike most sectors and subsectors in the nonresidential market, government offices and public works construction peaked in 2010 and have not reached the same level since. This suggests local and state governments wanted to maximize savings on capital projects by “buying low” while recession was still underway. Since 2010, government office and public works construction has varied in its share of overall public and institutional permit value.

Figure 4. Share of the public and institutional permit value by subsector



Source: Metropolitan Council Commercial, Industrial, Public and Institutional Building Permit Survey, 2010-2014.

Transit and transportation construction peaked in 2013, when the Metropolitan Council (Metro Transit) pulled multiple permits to build light rail stations and other facilities for the METRO Green Line, which opened in 2014.

The total permit value of hospital and nursing home construction between 2010 and 2014 was fickle, reaching a high of \$65 million in 2013 and a low of \$7 million in 2012. Much of this post-recession permit value was created by expansions of the region’s existing hospital campuses.

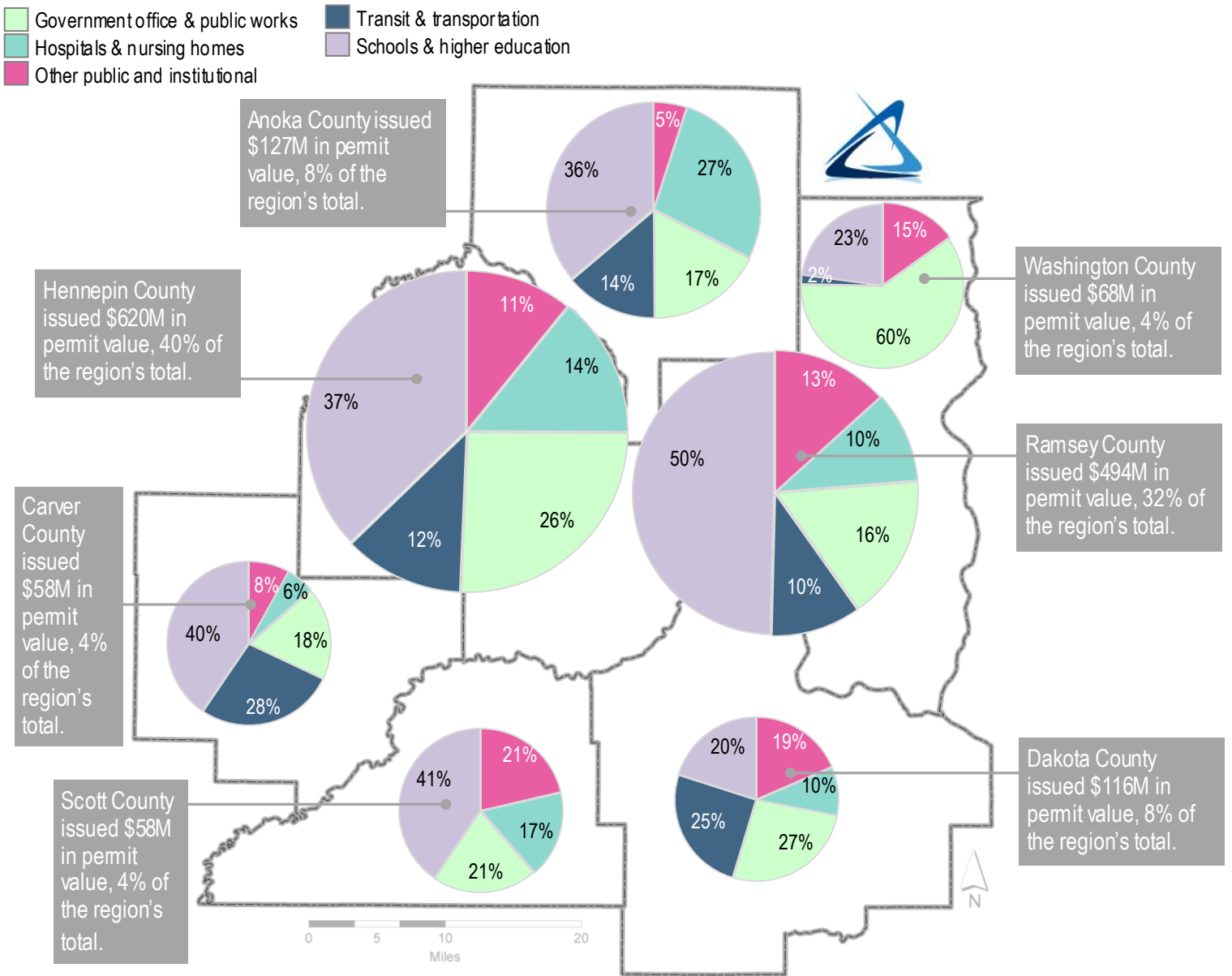
Lastly, the permit value of “other” public and institutional construction projects, namely, parks and recreational facilities and churches, fell in 2014 after several years of consistent totals. While some large projects (see Figure 2) occurred since 2010, permits issued in this subsector were mostly for smaller projects scattered across the Twin Cities region.

The vast majority of post-recession public and institutional permit value was issued in Hennepin and Ramsey Counties

Between 2010 and 2014, 40% of the region’s total public and institutional permit value came from permits issued in Hennepin County (Figure 5). Ramsey County accounted for another third (32%) of the region’s total during this period, followed by Anoka and Dakota counties (each 8%). Scott, Washington, and Carver counties issued much smaller shares of the region’s post-recession total.

The balance of subsectors within each of the seven counties differs (Figure 5). In Ramsey, Scott and Carver counties, school and higher education construction far exceeded a one-third share of their total public and institutional permit value. Washington County showed the largest share of government office and public works construction.

Figure 5. Total public and institutional permit value issued between 2010 and 2014 by subsector and county (2014 dollars)



Source: Metropolitan Council Commercial, Industrial, Public and Institutional Building Permit Survey, 2010-2014. Note: Twenty-six cities or townships across the region had missing or incomplete CIPI data between 2010 and 2014.

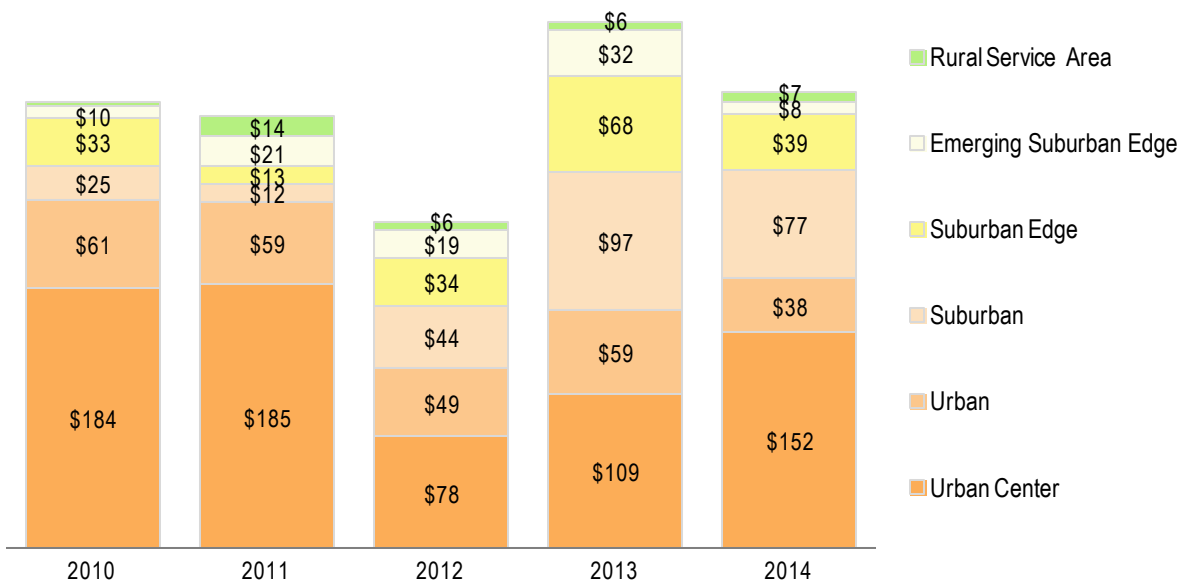
Suburban communities experienced growth in public and institutional construction since 2010

The seven-county region contains a wide variety of communities ranging from farming-based townships to densely developed downtown neighborhoods. Recognizing that one size does not fit all, we use *Thrive MSP 2040* Community Designations to group cities and townships with similar characteristics in order to more effectively target policies. Each city and township in the region receives a designation based on their existing development patterns, common challenges and shared opportunities (read more about Community Designations in the regional development guide, *Thrive MSP 2040*—[pdf](#)).

Within the context of nonresidential construction trends, Community Designations can be viewed as high-level, geographic market segments. However, as the public and institutional sector is largely driven by the spending of public dollars, or private monies for tax-exempt entities, the permit value trends of public and institutional construction projects may be less a reflection of geographic “demand” and more closely related to a particular communities’ capacity to reinvest in its infrastructure needs.

Compared with other Community Designations, the region’s Suburban communities experienced the largest increase in public and institutional permit value between 2010 and 2014, going from \$25 million to \$77 million, (Figure 6). Urban Centers consistently issued the highest permit value during this period, often well over \$100 million. Suburban Edge communities and communities in the region’s Rural Service area also experienced a net gain in public and institutional permit value since 2010.

Figure 6. Total public and institutional permit value issued between 2010 and 2014 by *Thrive MSP 2040* Community Designations (in millions of 2014 dollars)



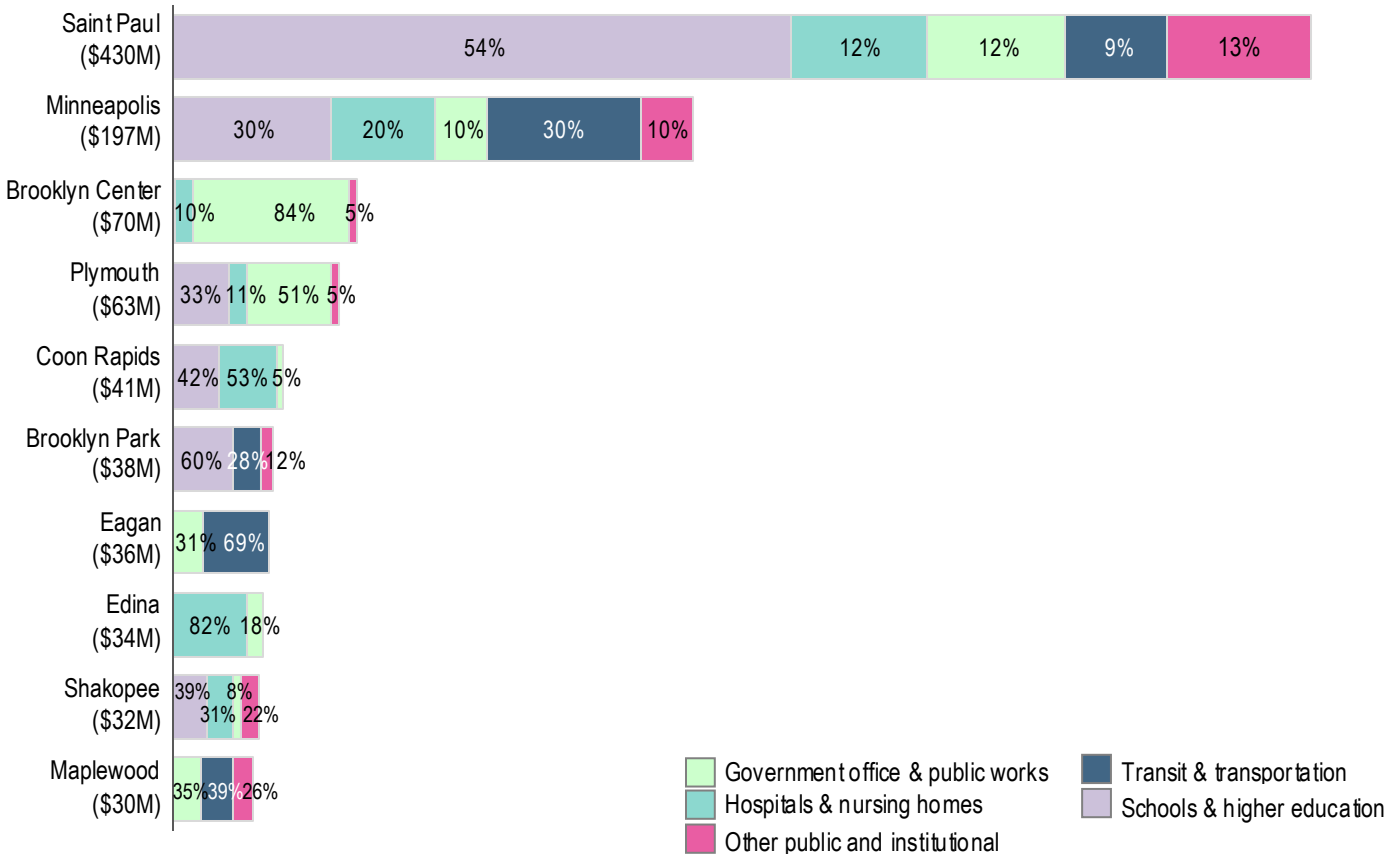
Source: Metropolitan Council Commercial, Industrial, Public and Institutional Building Permit Survey, 2010-2014. The region’s Rural Service Area consists of Rural Centers, Diversified Rural, Rural Residential and Agricultural communities. The permits issued in non-Council communities are excluded in Figure 6; the totals may not match other figures in this report. Values under \$5 million may not be labeled.

Saint Paul issued highest public and institutional permit value in the post-recession years

Almost two-thirds (63%) of the region’s total public and institutional permit value between 2010 and 2014 was issued in the ten cities listed in Figure 7. Saint Paul is the clear stand-out in terms of total permit value, issuing a total of \$430 million between 2010 and 2014. During this time period several large public and institutional projects located in Saint Paul took place, including construction of the Minnesota Senate Office Building (\$33 million), an

expansion of Metropolitan State University’s Saint Paul Campus (\$45 million) and the METRO Green Line light rail and stations. Edina also stands out for the large share (82%) of its total public and institutional permit value (\$34 million) coming from hospital and nursing home construction. The other cities listed in Figure 7 show a balance of public and institutional project types since 2010.

Figure 7. Ten cities with highest total public and institutional permit value, 2010-2014



Source: Metropolitan Council Commercial, Industrial, Public and Institutional Building Permit Survey, 2010-2014.

2014 School and higher education construction highlights

School and higher education construction activity was robust in 2014, accounting for 55% of the region’s total public and institutional activity (Figure 4). The total permit value of school and higher education construction projects was \$177 million, up from \$97 million in 2013 (Figure 3). Urban Centers accounted for one-half of the total permit value of school and higher education construction, totaling \$88 million in 2014. Nearly two-thirds of this permit value issued in Urban Centers came from projects in higher education institutions. Metro State University’s Saint Paul campus had a number of permits, with a total permit value of \$45 million—the region’s highest value school and higher education construction project.

Metropolitan State University expansion on Saint Paul campus

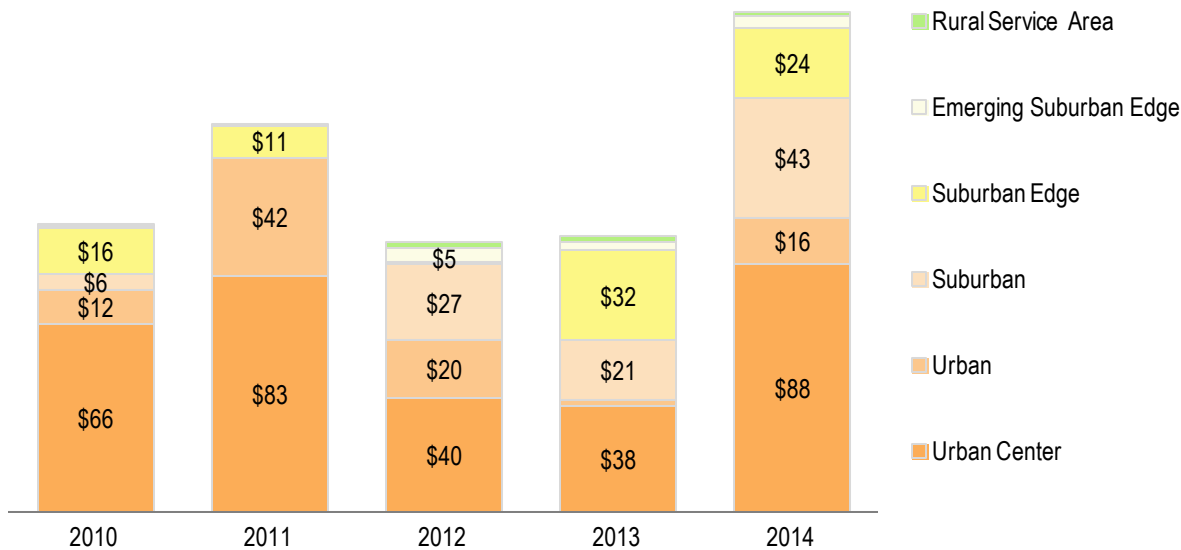


Photo credit: [Metropolitan State University](#) (2015).

Suburban communities, which accounted for nearly one-quarter of the total permit value for school and higher education construction in 2014, also had a considerable amount of activity (Figure 8). In fact, Suburban school construction permit value doubled between 2010 and 2014, going from \$21 million to \$43 million in 2014.

In contrast to the Urban Center communities, nearly all of the permits for school and higher education construction in the region's Suburban communities and Suburban Edge communities came from projects for K-12 schools. Brooklyn Park (\$15 million), Coon Rapids (\$13 million), Maple Grove (\$12 million), Anoka (\$7 million) and Plymouth (\$6 million) were among the cities that issued the K-12 permits with the highest value. Brooklyn Park issued the largest K-12 construction permit in the region—a \$15 million project drawn by Noble Academy.

Figure 8. Total school and higher education permit value issued between 2010 and 2014 by Thrive MSP 2040 Community Designations (in millions of 2014 dollars)



Source: Metropolitan Council Commercial, Industrial, Public and Institutional Building Permit Survey, 2010-2014. The region's Rural Service Area consists of Rural Centers, Diversified Rural, Rural Residential and Agricultural communities. The permits issued in non-Council communities are excluded in Figure 8; the totals may not match other figures in this report. Values under \$5 million may not be labeled.

Read related issues of MetroStats

Learn more about nonresidential construction and development patterns in the Twin Cities region:

- [From Recovery to Resurgence: Nonresidential Construction in the Twin Cities Region in 2014 \(December 2015\)](#)
- [Commercial Construction in the Twin Cities Region Soars in 2014 \(December 2015\)](#)
- [Bust Turned Boom: Industrial Construction in the Twin Cities Region in 2014 \(December 2015\)](#)

About Our Commercial, Industrial, Public and Institutional Building Permit Survey

Measuring the volume of commercial, industrial, and public and institutional construction activity annually is not straightforward. Some information sources that report new development focus on when construction started. Others, on how much development is underway at a point in time, and still others on when a structure is completed or occupied. In this report, projects are counted at the time local governments issue building permits. No information on demolition is included, so the data represent a gross construction volume, but not the net gain in property value. With annual updates, however, the data are useful for assessing long-range trends.

Data collection methods

The Metropolitan Council surveys each city and township, requesting the following information:

Building name or tenant (if unknown, may list developer)	Description of building use
Building type	Parcel identification number (PIN)
Address	Permit value of building
Square footage	New building or addition

We designate each listing as either “Commercial,” “Industrial,” or “Public and Institutional” based on descriptive information provided by survey respondents. The public and institutional category includes government offices, public works facilities, schools (public and private), hospitals and nursing homes (without a residential component), religious entities, public recreation structures, transit and other transportation facilities.

Data considerations

One project may consist of multiple building permits; one for the major structural construction, with separate permits for other work such as mechanical, electrical and finishing work. We have attempted to 1) represent the permit valuation for all new projects and additions (if over \$100,000) and 2) avoid duplication. However, there may be some inconsistency because of project complexity and differences among local permit record-keeping systems. Whenever it was possible to differentiate, the Research team only included building permits that involved the addition of new square footage.

Project “value” reflects the estimated cost of construction reported on the building permit. Permit values exclude some costs including land and landscaping, and are typically lower than market values of completed properties. City-to-city comparisons may not be entirely valid if there are differences in survey completeness or methods of permit valuation.

Other construction activity may have occurred on properties of state and federal jurisdictions that are not included in this report. The University of Minnesota, for example, is not included in our survey since it does not have to apply for building permits from local jurisdictions.

Occasionally a project will be put on hold after the building permit has been issued. All permits reported by local officials for this survey are included in Metropolitan Council’s database and in this report, regardless of status. For the most current data, download this dataset directly from our website: <http://metro council.org/data>

Airport permits in public and institutional construction

Throughout this report, the total value of commercial, industrial, and public and institutional projects excludes the permit values of airport projects. While airport projects create employment, their impact on land use tends to be inconsequential because they are limited to fixed airport boundaries.