



Tom's Thoughts...

The local residential construction market continued in its deep downturn during 2011 but there are some encouraging signs that 2012 could bring some improvement to the housing industry.

Reports from the St. Joseph County/South Bend and Mishawaka building departments show a scant 128 permits for new single-family residential construction last year. The number is down 12.3 percent from 146 new homes constructed in 2010.

Both are low-water marks for new housing locally since at least the Great Depression. To put the residential construction activity in perspective, new single-family residential permits totaled 197 in 2009, 282 in 2008, 503 in 2007 and 526 in 2006. As recently as 2005 there were 825 single-family residential construction permits pulled in the county, a total more in line with the average number of houses built annually in the county during the previous 15 years.

The breakdown in new single-family home construction last year shows 73 permits pulled in the county's unincorporated areas with a valuation of \$16,816,187; 33 in South Bend with a valuation of \$6,300,100 and 22 units in Mishawaka with a valuation of \$2,934,119. Average per unit valuation was \$230,358 in the county, \$190,912 in South Bend and \$133,369 in Mishawaka.

Total valuation of \$26,050,406 for the 128 single-family houses results in an average valuation per unit of \$203,518. That is down slightly from the average valuation per unit of \$214,215 in 2010.

The local market reflected national housing construction trends last year with lower single-family activity but increases in apartment or multi-unit building.

The county/South Bend department let permits for 15 multi-family projects with a total valuation of \$21,029,334, compared with 8 permits and a valuation of \$14,760,000 the year before. Mishawaka had one multi-unit construction permit with a valuation of \$4,794,106 after having none the year before.

Nationally, overall housing production was 3.4 percent better in 2011 than the number of starts in 2010 but that was due to a more than 50 percent increase in apartment or multi-unit construction, according to the National Association of Home Builders.

There are some encouraging signs as we enter 2012. The NAHB is forecasting gains of about 17 percent in both single and multi-family housing production in 2012.

Nationwide, production of new single-family homes rose 4.4 percent in December. That was the third consecutive monthly increase and fastest pace of single-family housing starts since April 2010. The Commerce Department report "is in keeping with our expectations for slow but steady improvement in the single-family market, where production hit its lowest yearly rate in over 50 years in 2011", said NAHB Chief Economist David Crowe.

However, all housing markets are local. Will prospects of the start of a housing recovery be realized in our area?

Again there are some encouraging signs. Public leaders are increasingly recognizing the need for economic development in St. Joseph County. The county's existing home market is stable with the average and median sale price rising in 2011 from the previous year.

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While there has not been a new subdivision approved in the county for several years, a new single-family housing project is on pace to start this year in South Bend's near northeast "triangle" neighborhood near Notre Dame. Infrastructure work has been approved and is expected to be done this spring. The project, planned by the South Bend Heritage Foundation and Northeast Neighborhood Revitalization Organization, covers 12.14 acres and includes 55 residential lots. The plan envisions \$2 million of investment in infrastructure and \$6 million in new housing. Officials expected to start home construction in the project area this year.

Other areas are available for development and new, replacement housing is needed throughout our community. Tight credit and high unemployment remain as challenges to the housing industry but there are signs that the national economy is improving.

Let's hope that 2012 is the year when the housing downturn, nationally and locally, begins to trend upward.

Sincerely,
Tom Gruber,
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Aging-in-Place Training- March 19-23, Indianapolis, IN