

NOTEBOOK

Home construction builds traction in metro

As apartment construction in the Twin Cities calms, house construction is gaining steam, the latest report from the Builders Association of the Twin Cities shows.

During March, 408 permits were issued to build 615 units throughout the 13-county metro. That was a 22 percent increase in planned units, but a 34 percent decline in total number of permits.

The decline in permits was caused by a shift from apartments to single-family houses. Multifamily construction, mostly rental apartments, represented just 35 percent of all new units during the month. That's a contrast to last year when multifamily represented upward of half off all residential construction in the Twin Cities metro.

Because of the decline in apartment construction, there was a decline in the total number of planned units: 1,643 in March vs. 1,867 a year ago.

Though apartment construction during the first three months of the year has slowed slightly compared with the breakneck pace of the past couple years, apartment construction this year is expected to move beyond downtown Minneapolis and surpass the previous year.

The Twin Cities office of Marquette Advisors said that 3,335 units were delivered in 2015, following 4,391 in 2014 and 2,763 in 2013.

In a statement, Meg Jaeger, a custom home-builder and BATC president, said that after a strong spring Parade of Homes, the permit numbers reflect the positive builder sentiment. "With the Twin Cities existing housing market seeing one of the best starts to the year in more than a decade, and with extremely low resale inventory, we believe this trend will continue to spread to new construction," she said.

Here are the cities that issued the most permits:

Golden Valley: 172

Woodbury: 40

Blaine: 26

Lakeville: 25

Plymouth: 23

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so I have to go to a place that I can afford."

In cities showing less-robust job growth, the short supply of homes for sale might be explained by another factor: Prices in about half of the country's local markets are still below bubble-era peaks.

Owners may be reluctant to sell their homes for less than they were once worth,

Nela Richardson, chief economist at real estate brokerage Redfin

especially if they owe more on their mortgage than they can get in a sale, said Jonathan Smoke, chief economist at Realtor.com. That limits the supply on the market. The inventory

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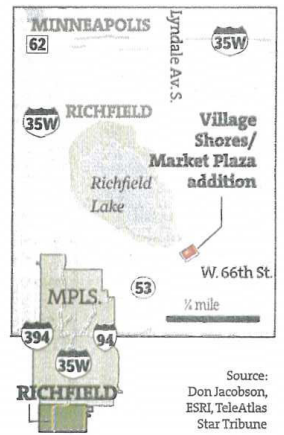
But the Midwest is definitely getting hotter, and not just in climate.

"California has really been the standard-bearer and started this trend," Realtor.com's Smoke said. "But we're starting to see the same pattern emerge in more parts of the country."

HOT PROPERTY VILLAGE SHORES/MARKET PLAZA



E.J. Plesko & Associates



Source: Don Jacobson, ESRI, TeleAtlas Star Tribune

Addition planned for senior apartment tower in Richfield

Address: 6501 Woodlake Dr., Richfield

New apartment units: 50

Retail remodeling: 16,000 square feet

Developer: E.J. Plesko & Associates

Architect: Built Form LLC

Details: The owner of Richfield's Village Shores senior apartments and its connected Market Plaza shopping center is preparing major upgrades to the complex, including an addition to the 32-year-old residential tower.

E.J. Plesko & Associates of Madison, Wis., last month secured City Council approvals for the multifaceted project, highlighted by

a 50-unit addition to the eight-story apartment building at the northwest corner of 66th Street and Lyndale Avenue S.

The new units will allow Village Shores to expand from its current independent living-only model to a "continuum of care" model wherein independent living, assisted living and units designed for those with Alzheimer's disease or other types of dementia are in the same complex.

A face-lift is planned for the Market Plaza retail strip in part to accommodate a major new tenant. Plesko says it signed a lease with

Hennepin County Medical Center to open a 16,000-square-foot clinic in the center. More work will be done to spruce up the property.

The plans also call for new trellis structures in the far corner of the center's parking lot, which fronts the high-visibility intersection of 66th and Lyndale. The trellised area will be available for temporary uses such as farmers markets. Richfield city staffers said it provides a much-needed visual improvement at the corner.

DON JACOBSON