

# TALL TIMBER GROUP

## **Contact Information:**

**Jeff Burd, President**

*Tall Timber Group*

**506B McKnight Park Drive**

**Pittsburgh, PA 15237**

**412-366-1857**

## **Traditional Single-family Housing Healing While Commercial Contracting Stalls**

Pittsburgh, PA –Single family detached housing starts rose more than 16% compared to last year during the first half of 2010. “The pickup in new home permits in May and June is the first positive sign in almost three years, and it obviously was happening without aid from the tax credit” said Jeff Burd, President of Tall Timber Group. “More than just the volume increase – which was fairly small – the better sign was seeing builders who had largely disappeared for a year or more get some new business.”

During the January through June period 810 permits were issued for single-family detached units, up from 697 during the same period last year. Attached units declined more steeply, with 325 units started compared to 614 during the first half of 2009. The overall housing construction market was down 13.4%.

“Tempering the optimistic side of the data is the surprising drop-off in attached housing,” says Burd. “The numbers last year included the permits for a large market-rate Hope VI project so that may have skewed the 2009 numbers; however, the demographics really favor this kind of product so you might expect to see a recovery in villas and quad homes first.”

Non-residential construction was down 13% compared to the same period last year, but contracting volume was up over 200% from the first quarter of 2010. Contracting during January-June was \$1.13 billion, down from \$1.3 billion in 2009. “Most of the larger projects started were publicly funded so far this year,” says Burd. “During the past 45 days or so there has been an improvement in the amount of private sector projects being bid but the market remains hypercompetitive and there are fewer opportunities for the larger firms in the region.”

Burd noted that the improved global economic picture has helped manufacturers pull the trigger on some of the large industrial projects that have been pending. AK Steel has contracted its \$140 million upgrade and USS Clairton Works is preparing to start roughly \$450 of the \$1 billion it has planned to invest in its coke batteries. Allegheny Ludlum selected an engineer for its mill equipment, which should signal the renewal of their plans for a new \$1.2 billion plant in Brackenridge. Even with the industrial projects included the volume for 2010 should remain below \$3 billion.

Tall Timber Group, based in Ross Township, is a research and consulting firm for businesses marketing in the construction industry. Founded in 2000 Tall Timber is also the publisher of *BreakingGround* magazine.

The totals listed below represent the number of new housing units for which building permits were issued, excluding mobile homes and elderly care complexes. The top areas were:

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<b>Municipality</b>	<b>#SFD</b>	<b>#SFA</b>	<b>Total</b>
<b>Single-Family Detached</b>			
Jefferson Hills	41	8	49
Peters Township	38	0	38
South Fayette Township	37	7	44
Adams Township	36	24	60
Cranberry Township	36	22	58
Moon Township	34	6	40
North Huntingdon Township	29	4	33
Franklin Park	27	4	31
Pittsburgh	26	37	63
Robinson Township	26	0	26
<b>Single-Family Attached</b>			
Pittsburgh	26	37	63
Chippewa Township	3	28	31
Adams Township	36	24	31
Ohio Township	24	23	47
Cranberry Township	36	22	58
<b>Total Pittsburgh MSA 2010:2</b>	<b>810</b>	<b>325</b>	<b>1,135</b>
<b>Total Pittsburgh MSA 2009:2</b>	<b>697</b>	<b>614</b>	<b>1,311</b>
<b>% Change</b>	<b>16.2%</b>	<b>-47.1%</b>	<b>-</b> <b>13.4%</b>
<b>By County</b>	<b>SFD</b>	<b>SFA</b>	<b>Total</b>
Allegheny	385	175	560
Beaver	61	40	101
Butler	117	58	175
Fayette	21	0	21
Washington	112	30	142
Westmoreland	114	22	136

For more information contact Jeff Burd, *Tall Timber Group*, at 412-366-1857

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