



NEWS RELEASE

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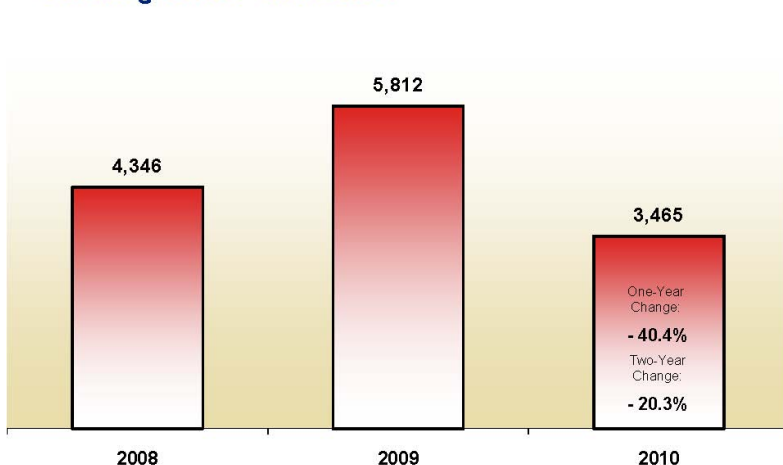
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Despite the Humidity, Housing Demand in the Midst of a Dry Spell

Minneapolis, Minnesota (July 12, 2010) – Although June saw a 4.9 percent year-over-year median sales price increase from \$173,500 to \$182,000 in the Twin Cities metro, low demand overshadowed those gains. The sales price reflects the mix of homes that were selling—many of which were closings from credit-motivated first-time homebuyers. The big shift occurred in the pending sales metric, which had a 40.4 percent year-over-year decline from June 2009. The previous record high was a 27.6 percent year-over-year pending sales declines and it occurred 4 years ago.

Pending Sales - June 2010



“Thinning demand once again eclipsed price gains in June” said Brad Fisher, President of the Minneapolis Area Association of REALTORS®. “It’s still unclear whether demand has catfished or not, and just when and how prices will respond to the lagging demand.”

The price gains registered across the board, but the foreclosure category had the greatest price increase of 8.7 percent. Traditional and short sales saw year-over-year price gains of 3.6 percent and 3.1 percent, respectively. Looking a bit closer, the median sales price for traditional homes was \$217,000, foreclosures were \$125,000, and short sales were \$152,000.

The traditional sub-market (non-foreclosure, and non-short sale) had a 41.5 percent pending sales decline while foreclosures had a 40.7 percent decline. Short

Sales actually had an 11.0 percent increase in pending sales but comprised less than 1/5th of the market.

There were 3,465 signed purchase agreements in June, a decrease of 2,347 contracts from last June. Seller activity also slowed considerably, with 7,278 new properties coming onto the market. In terms of YTD figures, pending sales only decreased 8.5 percent while new listings posted a 2.1 percent increase.

Active listings remained fairly constant, with inventory checking in at 26,665 for June, a minor 1.8 percent increase over June 2009. The supply-demand ratio increased 46.9 percent to 7.44, primarily due to declining demand. This means that there are about 7.4 homes available per buyer for July.

The effect of the tax credit is becoming clearer with time. March and April enjoyed record-breaking performance at the cost of June and July (and possibly continuing into the future). In other words, the credit shifted would-be summer buyers forward. There aren’t enough buyers left to sustain March and April sales figures. A short-term demand spike was created at the expense of long-term market stability.

“It is somewhat puzzling that demand is this flimsy considering interest rates are at 50-year lows,” said MAAR President-Elect, Pat Paulson. “Until macro-economic indicators such as unemployment and job churn improve, the housing market isn’t likely to make large strides.”

All information is according to the Minneapolis Area Association of REALTORS® (MAAR) based on data from the Regional Multiple Listing Service of Minnesota, Inc. MAAR is the leading regional advocate and provider of information services and research on the real estate industry for brokers, real estate professionals and the public. MAAR serves the Twin Cities 13-county metro area and western Wisconsin.