



MINNEAPOLIS AREA Association
of REALTORS®

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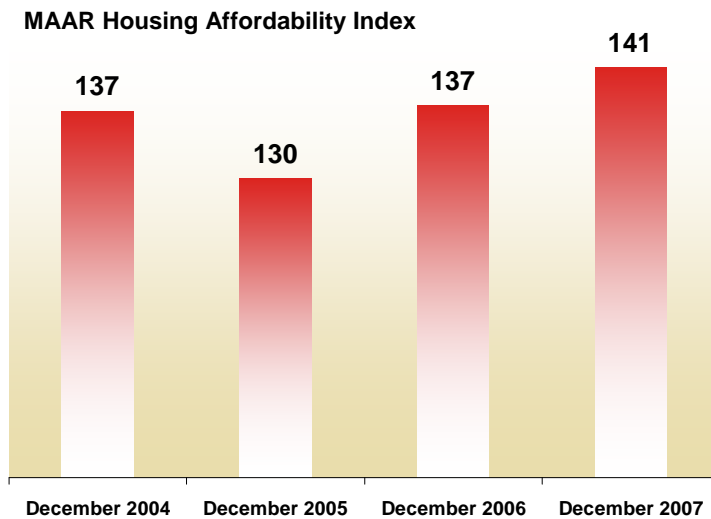
NEWS RELEASE

FOR IMMEDIATE RELEASE

Twin Cities housing affordability reaches its highest point in nearly three years Falling home prices and interest rates in November add up

Minneapolis, Minnesota (December 12, 2007) – With home prices in seasonal decline and mortgage rates dropping, the buying environment is as good as it's been since February 2005, according to the Minneapolis Area Association of REALTORS® (MAAR) based on data from the Regional Multiple Listing Service of Minnesota, Inc.

The MAAR Housing Affordability Index (HAI) increased to 141, the healthiest December HAI figure since 2003. The median sales price in November of \$216,500 was 5.1 percent behind November of 2006, the largest such year-over-year decline in 2007. Since decreased affordability has been one of the leading causes of the current market malaise, these improvements bode well for the future.



“Declining home prices are often viewed as a negative phenomenon,” said Deb Greene, president of MAAR.

“In reality, lower prices bring attractive buying opportunities to the market and lay the foundation for a bright future.”

Despite abundant inventory, motivated sellers and improving affordability, home buyers remain inactive. Newly signed purchase agreements (pending sales) posted 2,615 units in November, 21.0 percent behind November 2006. Similarly, closed sales declined by 19.3 percent for the same time period comparison.

The number of homes for sale has fallen by 4,000 units in the last two months. Despite the seasonal drop, inventory set a new November month-end record with 30,126 homes for sale and 13.44 homes for each buyer expected during the upcoming month.

Compared to one year ago, inventory has grown by 9.4 percent. New construction inventory has declined by 22.6 percent in the same time period, as builders restrict their output in response to changing conditions.

Kevin Knudsen, president-elect of MAAR said, “Right now, buyers are like awkward kids at a junior high dance—anxious and waiting for their favorite song. Meanwhile, the kids who recognize a good thing are already on the floor having fun.”

Established in 1887, the Minneapolis Area Association of REALTORS® (MAAR) is the leading regional advocate and provider of information services, research and education on the real estate industry for brokers, real estate professionals and the public. With almost 10,000 members, MAAR is one of the 25 largest local REALTOR® associations in the nation and serves the Twin Cities 13-county metro area and Wisconsin.

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