



MINNEAPOLIS AREA Association
of REALTORS®

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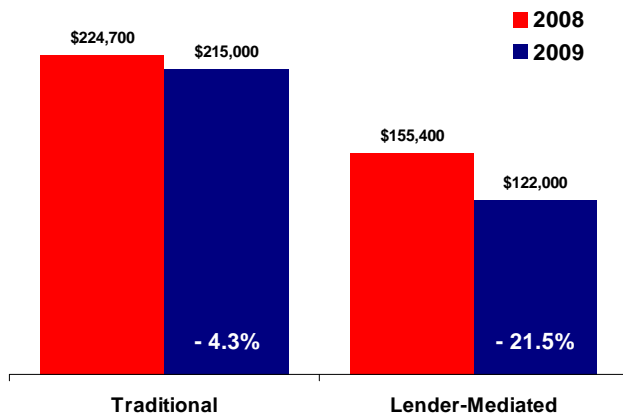
NEWS RELEASE

FOR IMMEDIATE RELEASE

Home sales are brisk...with a caveat

Minneapolis, Minnesota (February 11, 2009) – Low mortgage rates and an ample supply of affordable properties kept January home sales strong despite a month of harsh weather, according to the Minneapolis Area Association of REALTORS® (MAAR) based on data from the Regional Multiple Listing Service of Minnesota, Inc.

January Median Sales Price



Pending sales during the month posted a figure of 2,827, an increase of 10.3 percent from last January. This is the eighth consecutive month of year-over-year increase. Closed sales saw an increase of 2.1 percent in January, posting 2,010 units.

A growing share of this jump in buyer demand can be found in lender-mediated foreclosures and short sales.

The overall January median sales price of \$155,000 is 24.4 percent and a \$50,000 lower than last January's mark of \$205,000. However, a staggering 59.9 percent of closed sales in January were from the lender-mediated segment, which had a dramatic downward effect on the overall median sales price.

Traditional properties, which exclude foreclosures and short sales, had a January median sales price of \$215,000, down 4.3 percent from last year, while lender-mediated homes had a median sales price of \$122,000, down 21.4 percent for the same year-over-year comparison.

"Banks have found the magic price formula to overcome condition issues and sell these properties quickly," said Steve Havig, MAAR President. "The good news is that price reductions on traditional properties haven't been as extreme."

Housing affordability also tells a tale of two markets. Lender-mediated properties currently have a Housing Affordability Index (HAI) of an astounding 245, while traditional properties have an HAI of 154, a mark last seen in 2004. The overall HAI jumped another 10 points in the last month, and currently sits at 202. This means that the current median family income is 202 percent of what's necessary to qualify for the median-priced home. This is a new record and up 35.6 percent from last year.

Housing supply continues to draw down. There are almost 3,000 fewer houses for sale than there were one year ago, and new listings in January were 15.7 percent lower than in 2008.

"With listings coming down and sales going up, we're glad to see some inventory getting absorbed and a trend pointing towards a more balanced market," said MAAR President-Elect, Brad Fisher.

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 more than 8,500 members, MAAR is one of the 25 largest local REALTOR® associations in the nation and serves the Twin Cities 13-county metro area and western Wisconsin.

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