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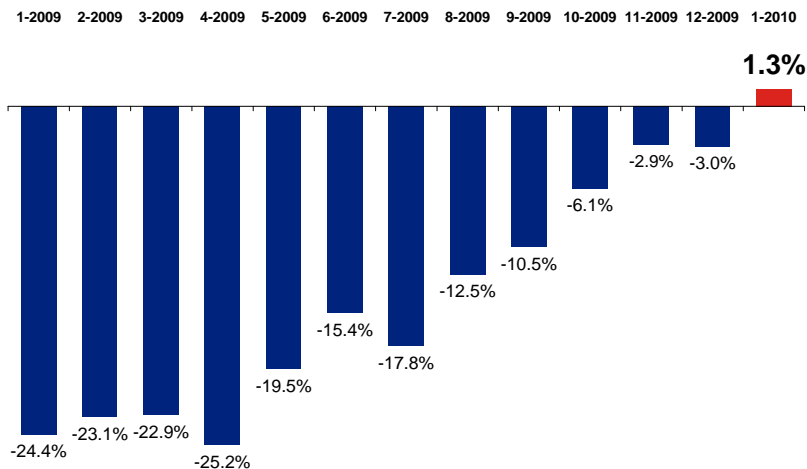
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Home prices show strongest sign of stability yet

Minneapolis, Minnesota (February 10, 2010) – After 41 consecutive months, four Super Bowls and a presidential election, the Twin Cities housing market finally posted a median sales price that was higher than the same month a year ago.

Year-Over-Year Change in Median Sales Price



The January median sales price of \$157,000 was a 1.3 percent increase from last January's mark of \$155,000. That's the first year-over-year increase since July 2006. "1.3 percent may seem pretty 'ho-hum,' and in an ordinary market it is," said Brad Fisher, President of the Minneapolis Area Association of REALTORS® (MAAR). "But in light of the three-year roller coaster we've been riding, 'ho-hum' sounds glorious right now."

The median sales price of traditional homes (excluding foreclosures and short sales) in January was \$198,000, down 7.9 percent from a year ago. Lender-mediated properties posted a January figure of \$125,000, an increase of 3.3 percent from a year ago.

There were 2,736 signed purchase agreements in January, a dip of 3.2 percent from a year ago. That's the second consecutive month of year-over-year decline in pending sales, though the declines have been small to this point.

The Federal Home Buyer Tax Credit and extremely low mortgage rates have been the two main drivers of the market's recent momentum and, unfortunately, both of those market boosters may be near their eventual end.

The tax credit expires on April 30 and likely will not be extended. Further, the Federal Reserve intends to stop buying mortgage-backed securities in the near future, a move that will likely lead to an increase in mortgage rates. Unless these changes are effectively offset by other economic improvements, we can expect downward pressure on home sales in the months ahead.

"A lot of progress has been made in the last year," said MAAR President-Elect, Pat Paulson. "But the recovery process still isn't over. There are going to be some more bumps in the road."

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.

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