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of REALTORS®

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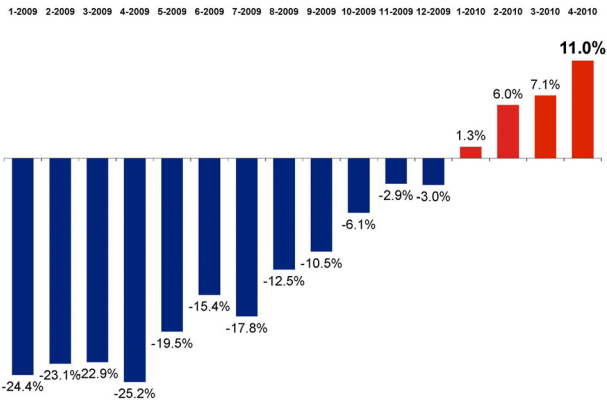
NEWS RELEASE

FOR IMMEDIATE RELEASE

Tax credit boosts sales and prices – but will it last?

Minneapolis, Minnesota (May 12, 2010) – For the fourth consecutive month, home prices in the Twin Cities 13-county metropolitan area showed a year-over-year increase. We haven't seen four consecutive months of progressively increasing year-over-year growth since June 2004.

Year-Over-Year Change in Median Sales Price



The April median sales price of \$169,800 was an impressive 11.0 percent increase from \$153,000 last April. That's the strongest year-over-year increase since we've had reliably comparable data (2001). These strong price increases are mostly due to lender-mediated inventory migrating through the system, diminishing one of the key factors that was deflating prices. The tax credit also played a role.

Lender-owned new listings were down 14.9 percent from last April; while pending short sales were up 77.3 percent over the same period. Both are positive indicators.

"This sustained pattern of median price growth is reassuring and may indicate stability in the market," said Brad Fisher, President of the Minneapolis Area Association of REALTORS®. "The jury is still out on how the market will look several months after the credit has expired."

The median sales price of traditional homes (excluding foreclosures and short sales) in April was \$199,650, down only \$5,350 or 2.6 percent from \$205,000 last April. Foreclosures posted a welcomed 9.6 percent increase to \$126,000, while short sale properties posted a 1.5 percent decline to \$147,750.

There were 5,781 signed purchase agreements in April, an increase of 10.9 percent from a year ago. That is the most for a single month since August 2005. Seller activity was also up, with 9,738 new listings posted—20.0 percent more than last April. Housing inventory for the Twin Cities is slightly down from last year at this time by 1.3 percent, settling in at 26,071 active listings for the end of April.

The tax credit temporarily increased pending sales and decreased inventory, and prices responded accordingly. Many regions across the country saw an uptick in activity as the April 30 federal tax credit deadline approached. Whether or not we will see this continued level of elevated activity in the coming weeks and months depends on numerous factors.

In our market, buyer activity was certainly up, but in year-over-year comparisons, inventory remained relatively flat and the supply-demand ratio actually increased by 8.8 percent to 5.69. This means that there are 5.69 homes available per buyer for May. While the year-over-year rate of inventory decline has been slowing in recent months, supply and demand is far more balanced than it was two years ago when the supply-demand ratio was 7.33.

"We'll need another month or two in the books before we can truly determine whether the increased sales activity is genuine market progress or if it is simply a short-term byproduct of the tax credit," said MAAR President-Elect, Pat Paulson. "Regardless, the market continued to improve in April."

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.