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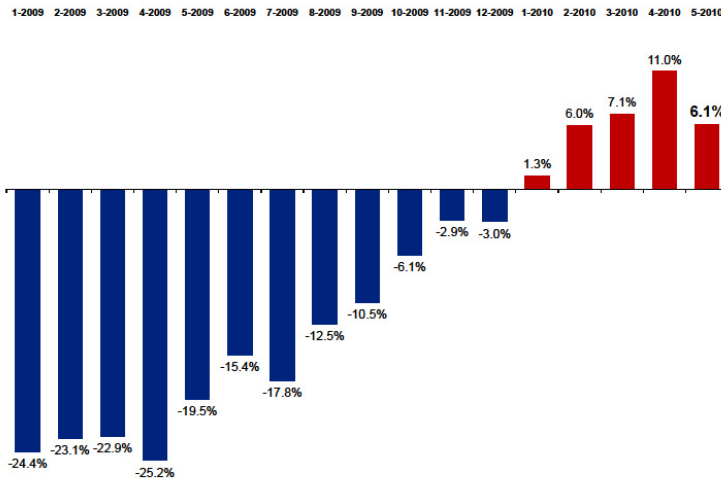
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Price gains overshadowed by lagging housing demand

Minneapolis, Minnesota (June 10, 2010) – May of this year marks the first time since August of 2005 where we’ve had five consecutive months of year-over-year median price increases. However, pending sales figures declined sharply in May. It is clear that the tax credit party is over and the hangover has truly set in.

Year-Over-Year Change in Median Sales Price



The May median sales price for the Twin Cities 13-county metropolitan area was \$175,000, a 6.1 percent increase over last May, but the only segment of the market where prices actually increased was the lender-owned (foreclosure) submarket. Traditional and short sales both posted year-over-year price declines.

New listings were down across the board; pending sales were down for every category except short sales—which were up 28.4 percent over May of last year.

“While it was nice to see another month of median price gains, a decline in pending sales certainly casts a pall over any additional price increases,” said Brad Fisher, President of the Minneapolis Area Association of REALTORS®. “Rising prices and declining sales is a pattern that presumably cannot continue.”

The median sales price of traditional homes (excluding foreclosures and short sales) in May was \$198,000, down \$12,000 or 5.7 percent from the \$210,000 figure posted last May. The foreclosure sales price showed a welcome 7.6 percent increase to \$125,000, while short sale properties posted a 7.0 percent decline to \$143,250.

There were 3,910 signed purchase agreements in May, a decrease of 24.6 percent from last year. That is the greatest year-over-year decrease since April 2006. Seller activity also slowed considerably, with 6,335 new listings posted. This represents a 22.4 percent decrease from last May. In fact, by year-to-date figures, there have been only 23 more pending sales so far this year compared to last.

Like many regions across the country, we saw an uptick in activity as the April 30 federal tax credit deadline approached. When the tax credit ended, buyers seem to have lost interest without the substantial incentive enticing them into the market.

In terms of year-over-year comparisons, housing inventory remained fairly constant in the Twin Cities. The 26,412 active listings for May weighed in at just 1.0 percent under May of last year. The supply-demand ratio increased by 11.0 percent to 5.05. This means that there are about 5 homes available per buyer for June.

“While it is clear that the tax credit affected the timing of purchases, the amount of new business it stimulated is uncertain,” said MAAR President-Elect, Pat Paulson. “Another couple months in the books will further help to untangle post-tax-credit effects from broader market trends.”

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.