



MINNEAPOLIS AREA Association
of REALTORS®

A free research tool from the **Minneapolis Area Association of REALTORS®**
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THE Skinny

Pending sales posted a mark of 4,462 in July, an increase of 6.2 percent from July 2007. To put this in perspective, there has not been a year-over-year increase in pending sales in 30 months and no increase this large in 41 months.

A one-month upswing in sales is good news, but we'll need to keep our eyes on this. Buyers are beginning to recognize the opportunities available to them in this market. Prices and choices have improved too much to be ignored.

Despite the increased buyer activity, home values remain soft due to a preponderance of lender-mediated foreclosures and short sales. Close to 31 percent of pending sales in July were lender-mediated foreclosures or short sales.

The recovery is just starting, not finishing. With fallen prices, restricted financing and mortgages in arrears, we still face some tough challenges.

July 2008

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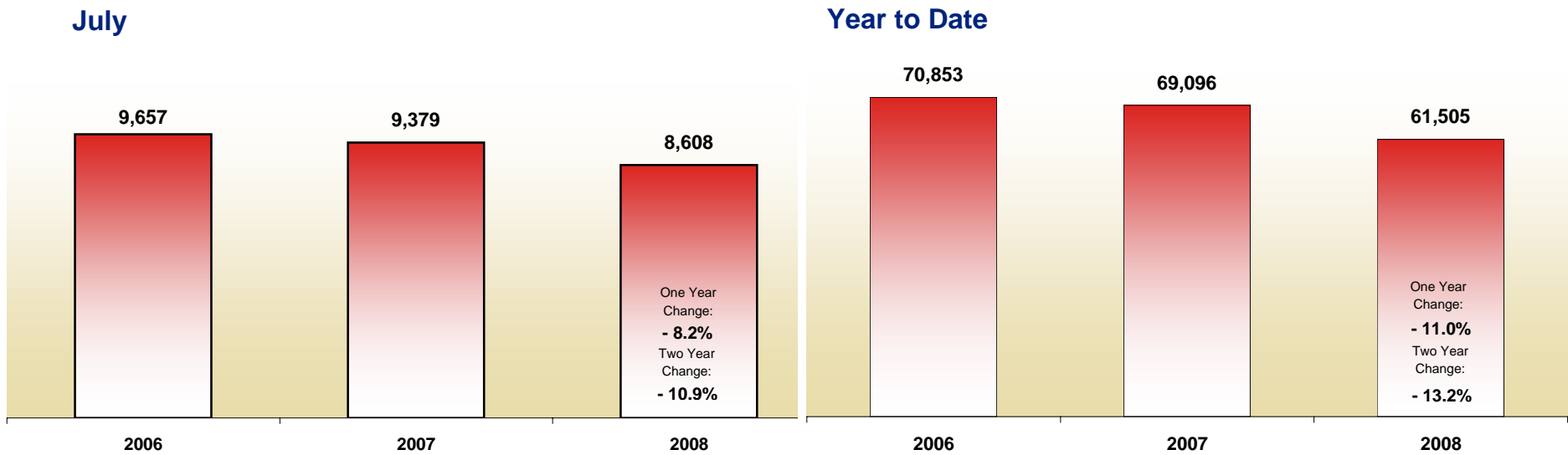
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New Listings

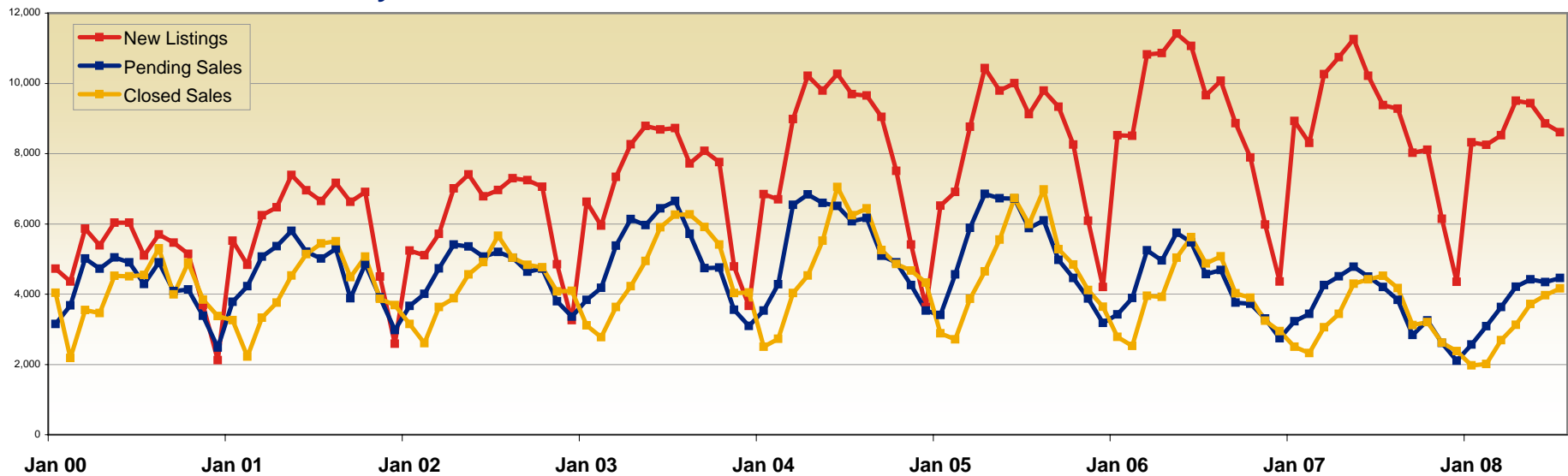
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Historical Market Activity



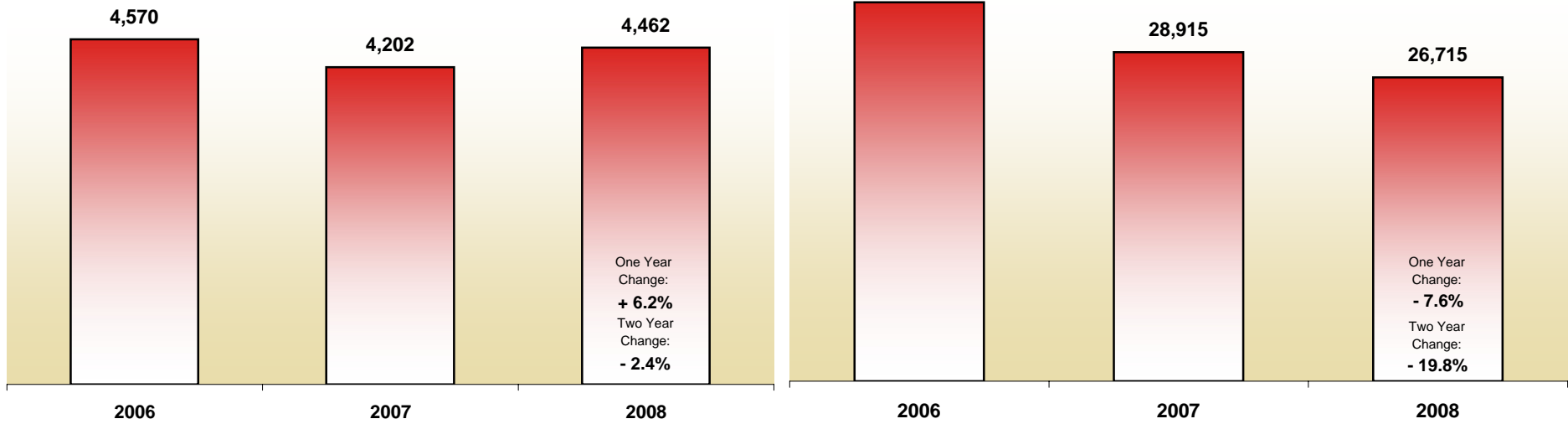
Pending Sales

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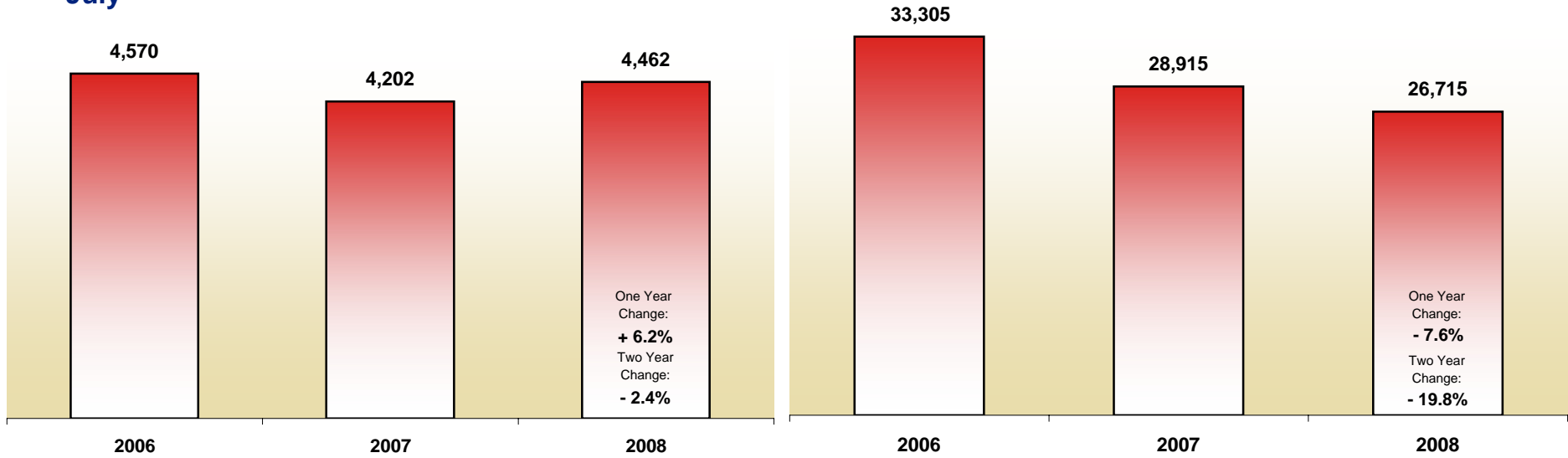


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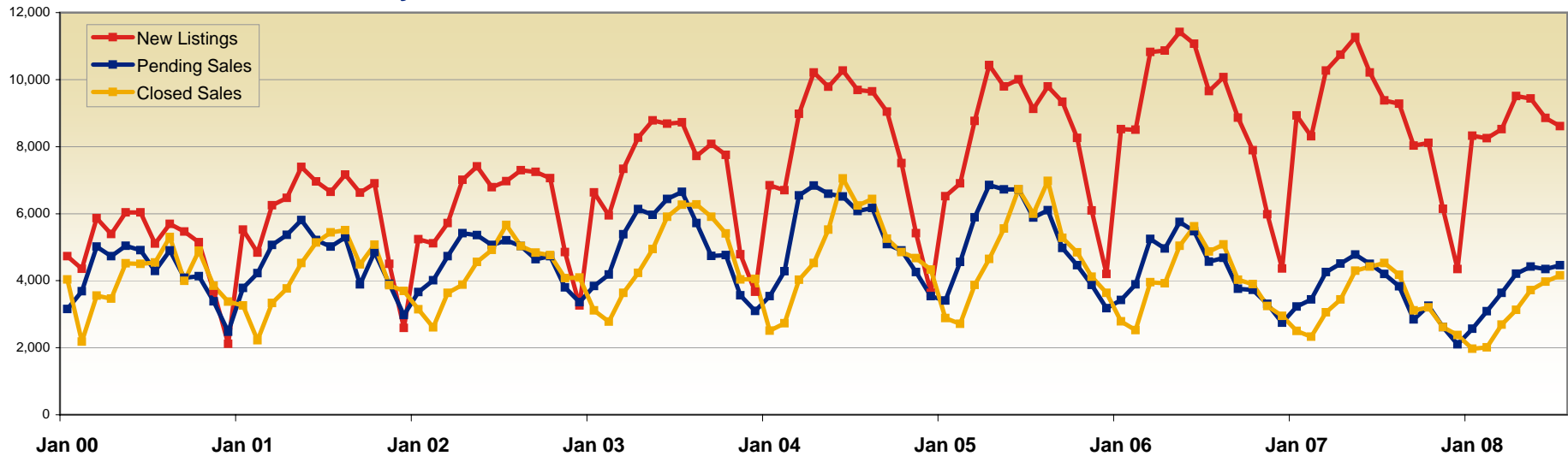
July



Year to Date



Historical Market Activity



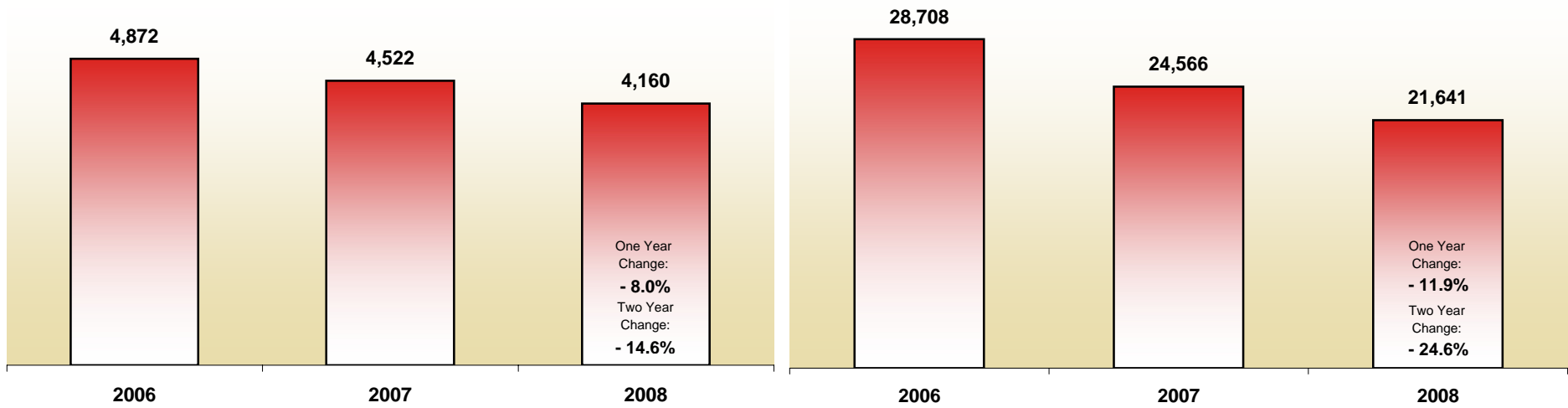
Closed Sales

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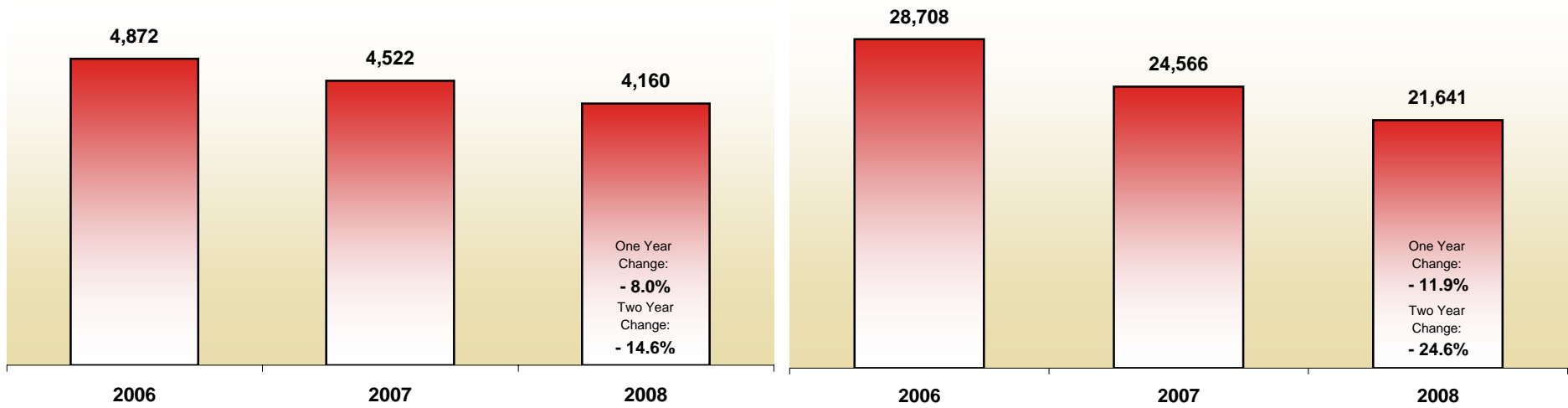


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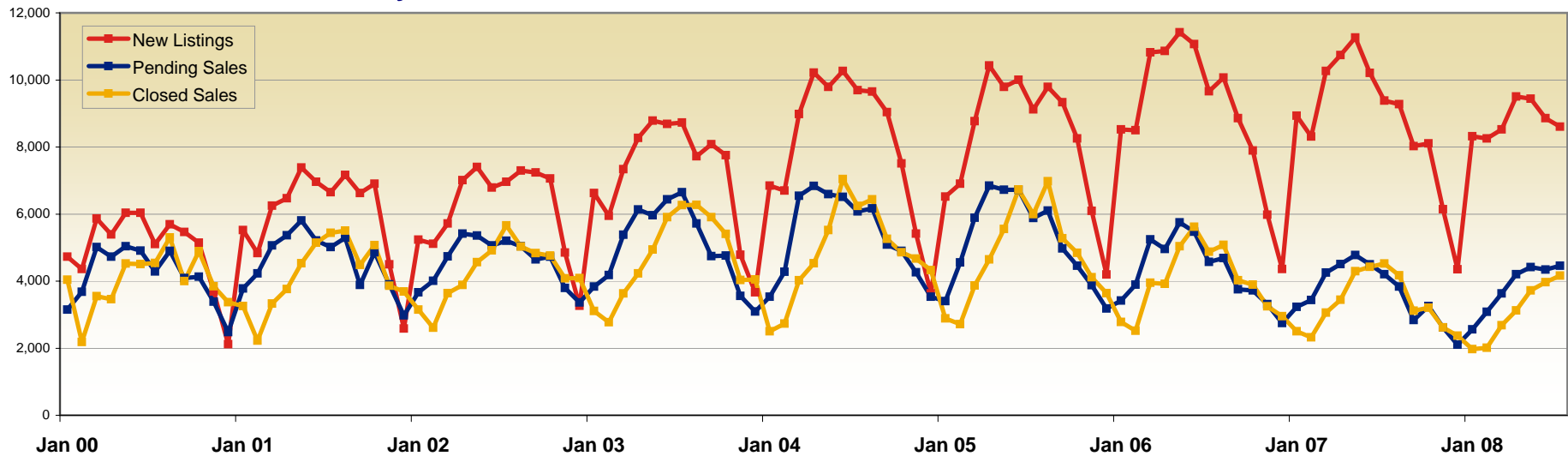
July



Year to Date



Historical Market Activity



Dollar Volume of Closed Sales (in millions)

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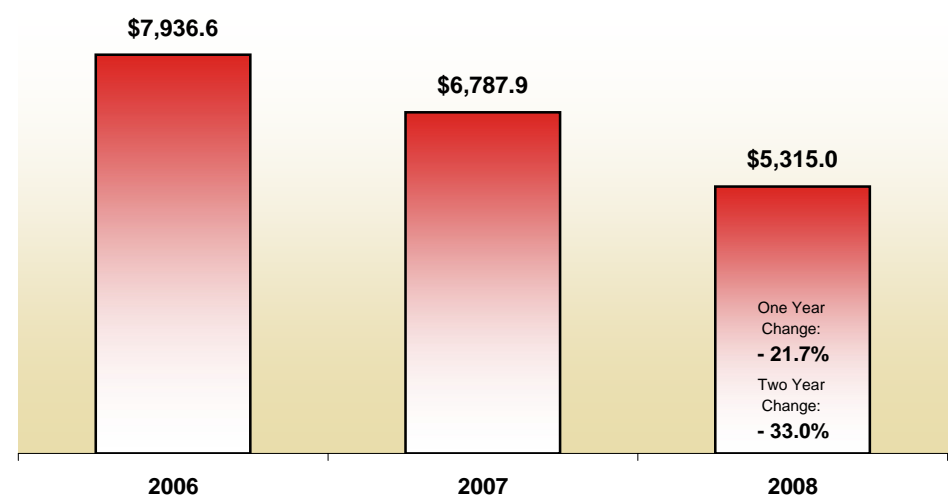


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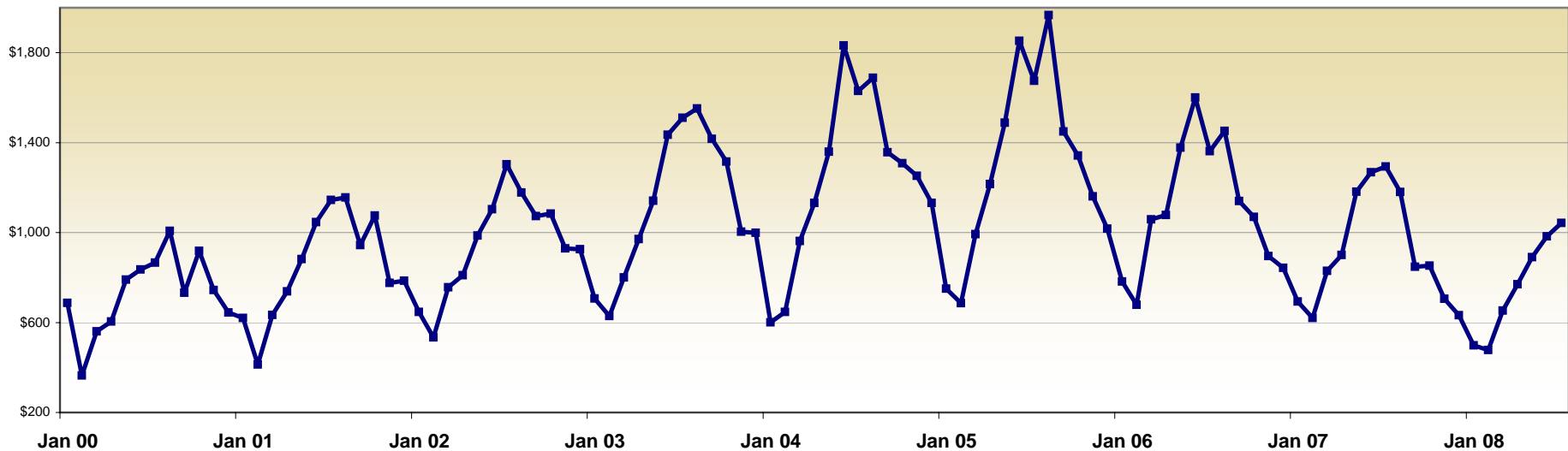
July



Year to Date



Historical Dollar Volume (in millions)

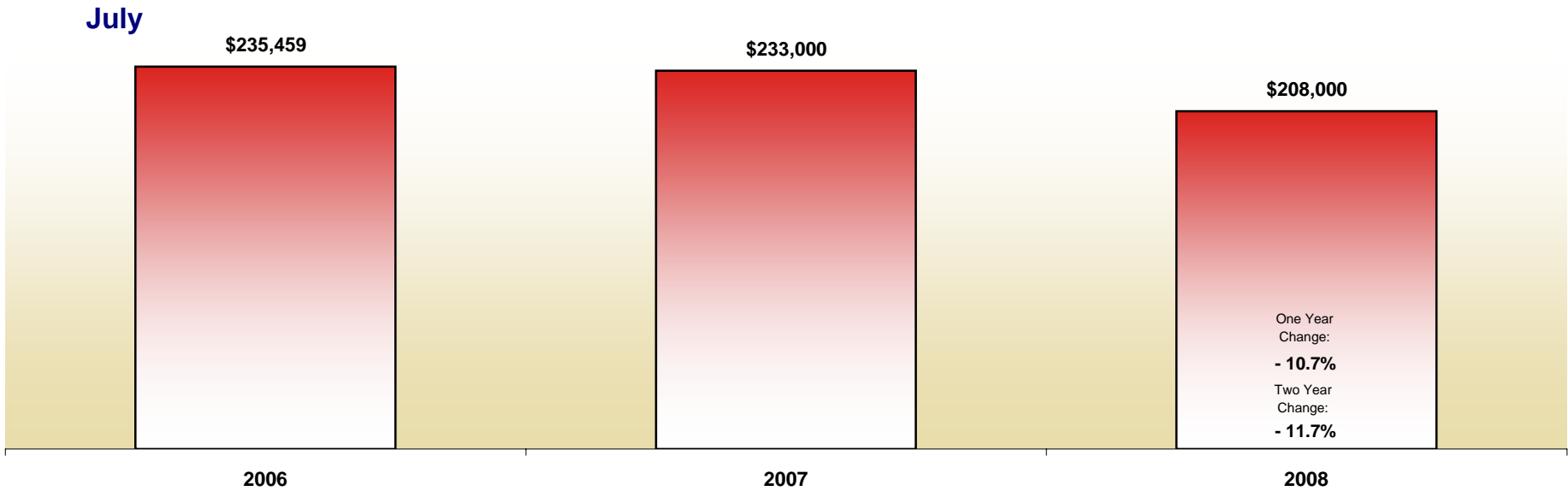


Median Sales Price

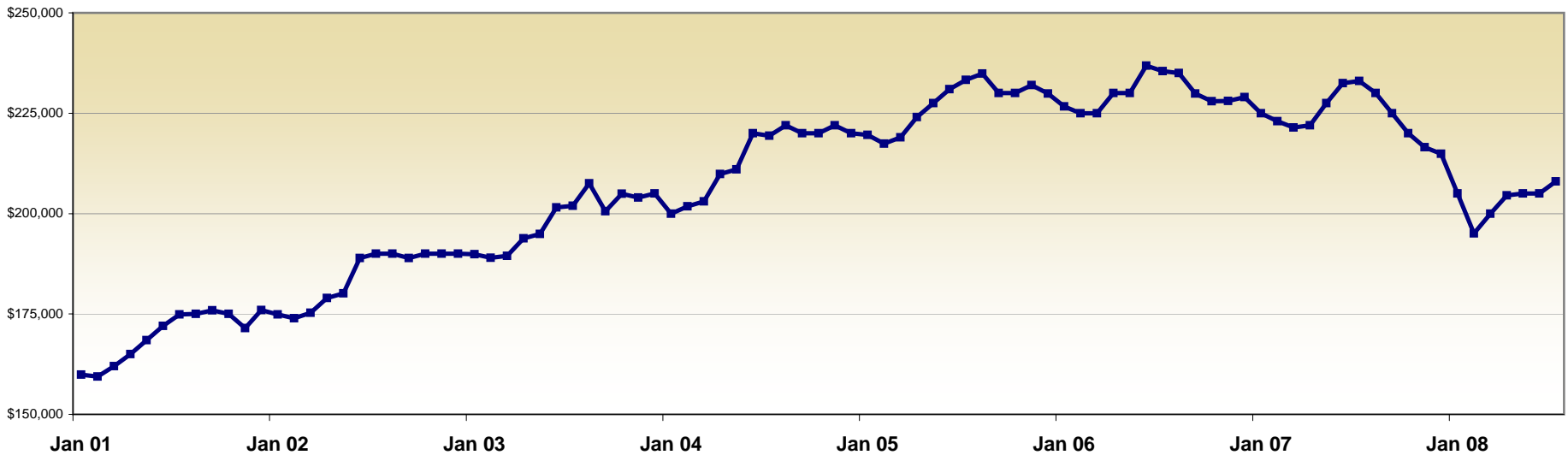
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Historical Median Sales Prices



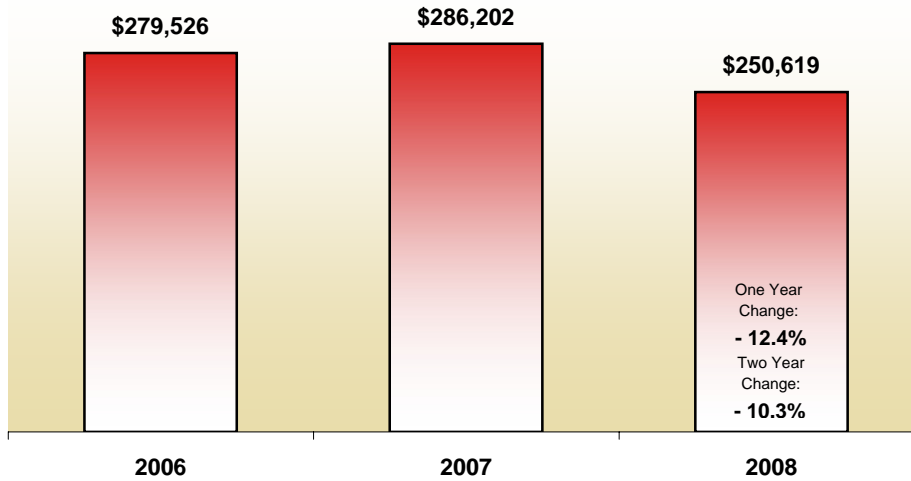
Average Sales Price

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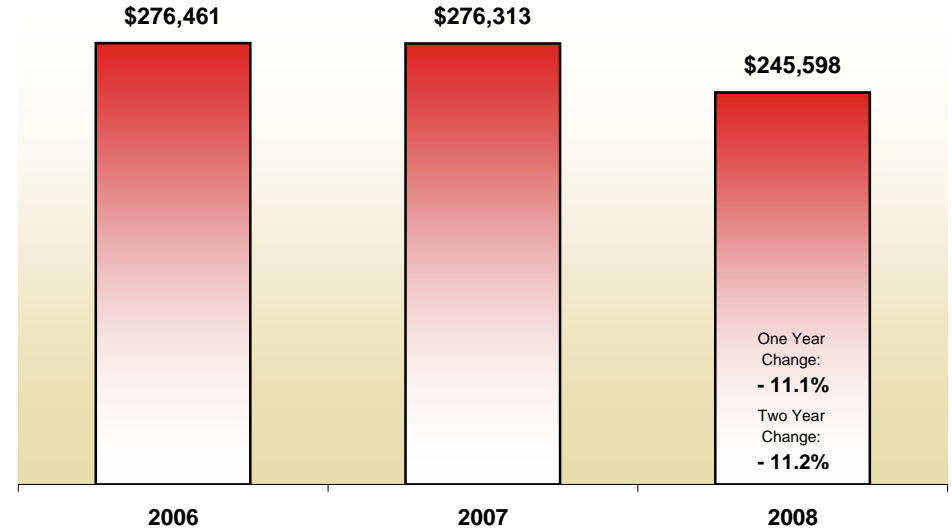


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July



Year to Date



Historical Average Prices



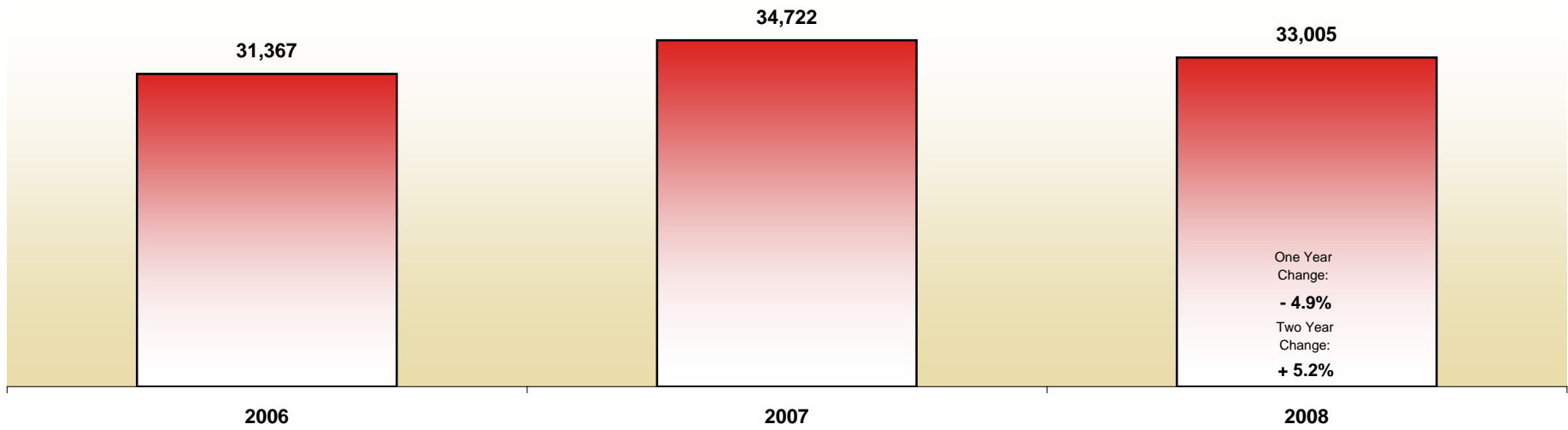
Total Active Listings Available

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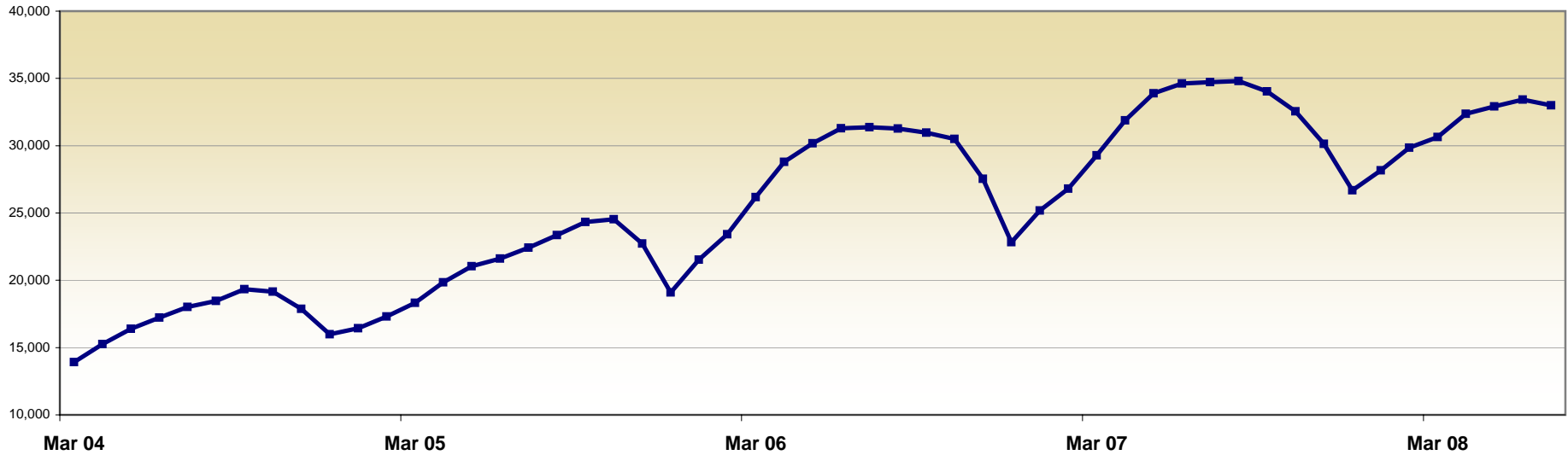


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Historical Inventory Count



Percent of Original List Price Received at Sale

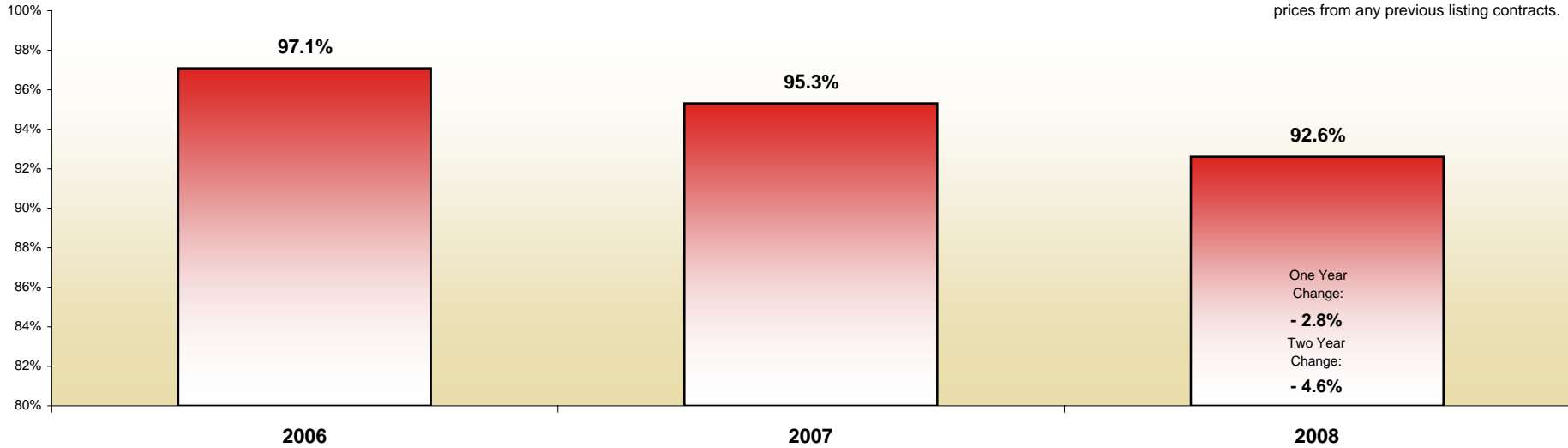
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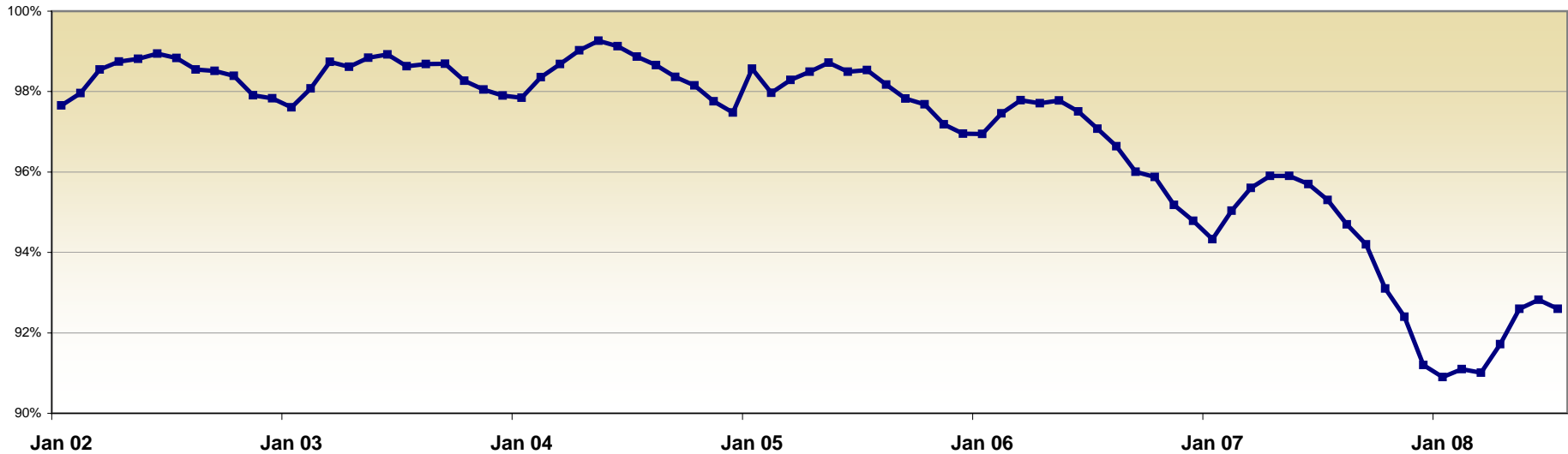
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The Percent of Original List Price Received at Sale is calculated by comparing the final sales prices of closed sales to their original list prices. This does not account for list prices from any previous listing contracts.



Historical Percent of Original List Price Received at Sale



Mortgage Rates

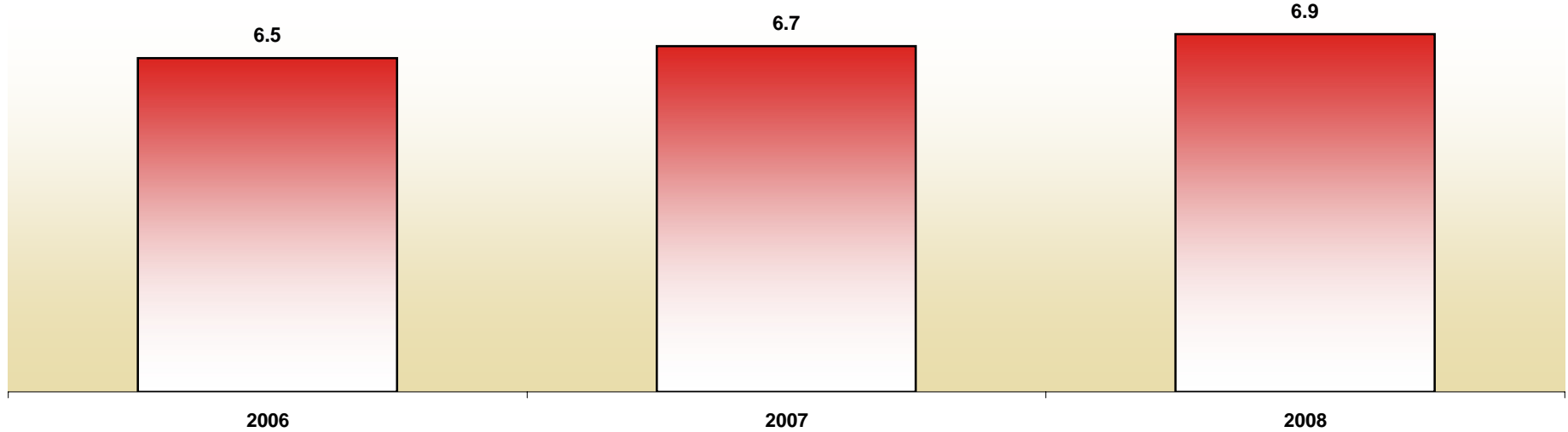
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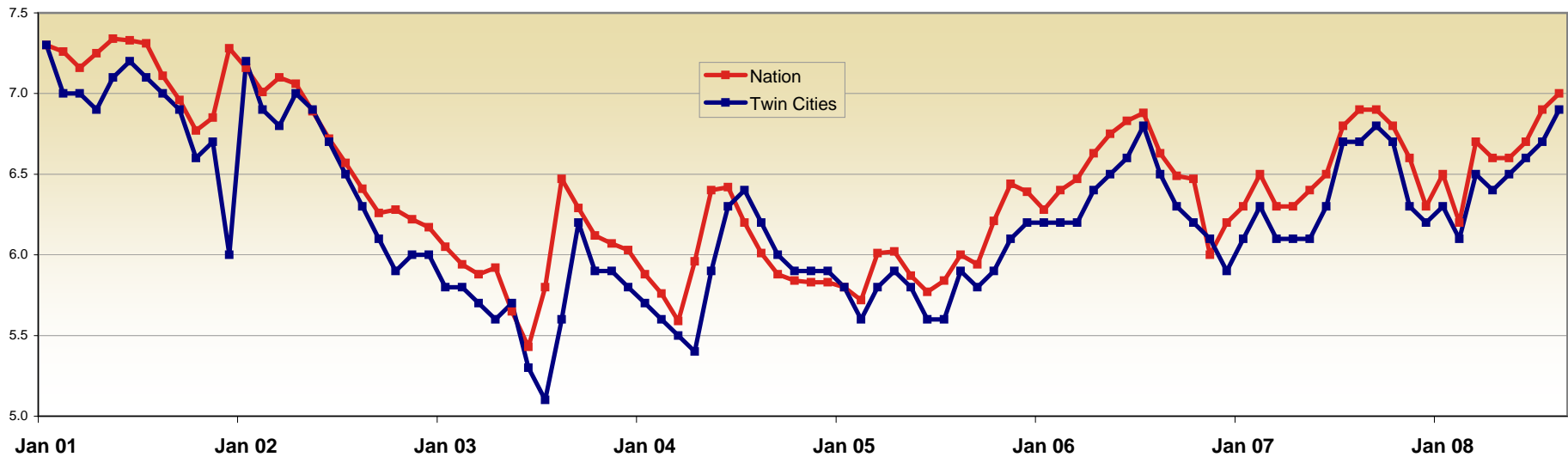
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August

Mortgage rate information is gathered from HSH Associates Financial Publishers, Inc (www.hsh.com). Data represents 30-year fixed-rate mortgages in the Twin Cities region.



Historical Interest Rates



Supply-Demand Ratio

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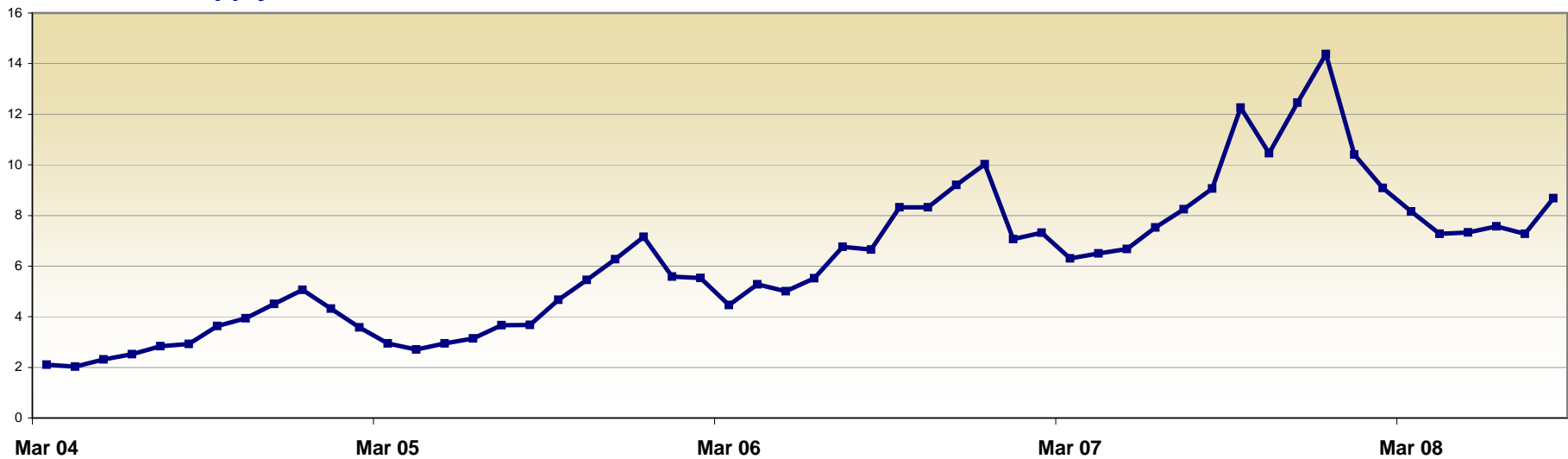
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August

The Supply-Demand Ratio (SDR) is calculated by comparing the number of homes for sale at the beginning of each month with the number of total pending sales for the month. The higher the SDR, the more supply there is relative to demand.



Historical Supply-Demand Ratio



Housing Affordability Index

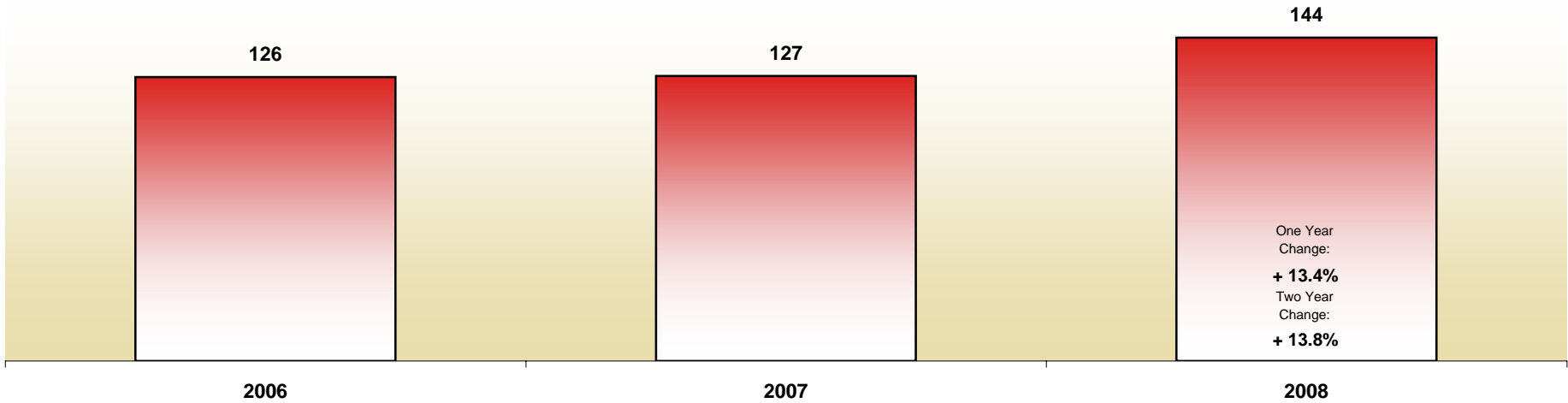
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August

Note: The HAI formula measures housing affordability for the Minneapolis/St. Paul market. An HAI of 144 means the median family income is 144% of the necessary income to qualify for the median priced home using a 20% down payment, 30-year fixed mortgage.



Historical Housing Affordability Index



Months Supply of Inventory

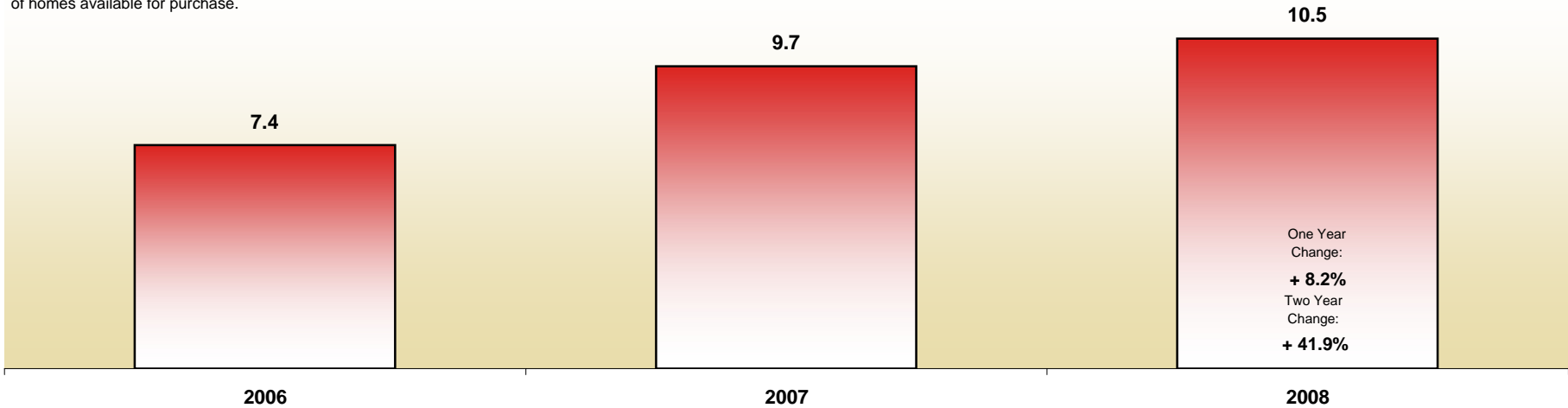
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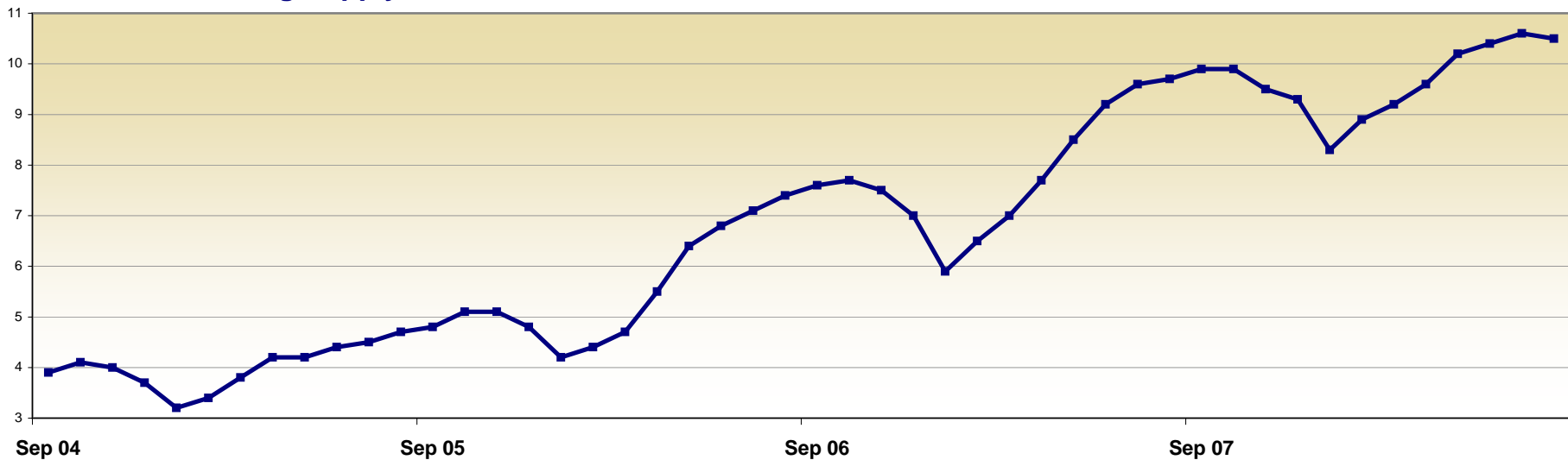
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August

The market is considered balanced between buyers and sellers when there is roughly a 5-month supply of homes available for purchase.



Historical Housing Supply Outlook



Market Overview

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July 2008		2008	2007	Percent Change	5-Year Average	3-Month Forecast	2008 Year-to-Date	2007 Year-to-Date	Percent Change	5-Year Year-to-Date Average	Market Conditions
New Listings	May	9,436	11,261	- 16.2%	10,340	↓	44,039	49,506	- 11.0%	45,723	New supply continues its 2008 decline, with sellers and builders cutting back their output dramatically
	Jun	8,858	10,211	- 13.3%	10,081		52,897	59,717	- 11.4%	55,804	
	Jul	8,608	9,379	- 8.2%	9,291		61,505	69,096	- 11.0%	65,095	
Pending Sales	May	4,418	4,781	- 7.6%	5,654	↓	17,907	20,211	- 11.4%	23,319	This is the first year-over-year increase in pending sales in 30 months
	Jun	4,346	4,502	- 3.5%	5,510		22,253	24,713	- 10.0%	28,829	
	Jul	4,462	4,202	+ 6.2%	5,038		26,715	28,915	- 7.6%	33,867	
Closed Sales	May	3,720	4,298	- 13.4%	4,827	↔	13,512	15,621	- 13.5%	17,266	We are nearing the bottom for buyer activity; while sales won't rebound dramatically, they won't be falling much further
	Jun	3,969	4,423	- 10.3%	5,559		17,481	20,044	- 12.8%	22,824	
	Jul	4,160	4,522	- 8.0%	5,159		21,641	24,566	- 11.9%	27,983	
Dollar Volume of Closed Sales (in millions)	May	\$890.6	\$1,181.9	- 24.6%	\$1,259.7	↔	\$3,289.8	\$4,225.3	- 22.1%	\$4,465.1	Total dollar volume shows year-over-year declines despite seasonal sales gains
	Jun	\$982.6	\$1,268.4	- 22.5%	\$1,507.4		\$4,272.4	\$5,493.7	- 22.2%	\$5,972.5	
	Jul	\$1,042.6	\$1,294.2	- 19.4%	\$1,400.7		\$5,315.0	\$6,787.9	- 21.7%	\$7,373.1	
Median Sales Price	May	\$205,000	\$227,495	- 9.9%	--	↓	--	--	--	--	Increased market share of foreclosures and short sales continues to drag the overall median price downward
	Jun	\$205,000	\$232,500	- 11.8%	--		--	--	--	--	
	Jul	\$208,000	\$233,000	- 10.7%	--		--	--	--	--	
Average Sales Price	May	\$239,405	\$274,979	- 12.9%	\$260,402	↓	\$243,474	\$270,485	- 10.0%	\$258,311	Increased market share of foreclosures and short sales continues to drag the overall average price downward
	Jun	\$247,565	\$286,782	- 13.7%	\$270,860		\$244,403	\$274,082	- 10.8%	\$261,373	
	Jul	\$250,619	\$286,202	- 12.4%	\$271,349		\$245,598	\$276,313	- 11.1%	\$263,231	
Total Active Listings Available at Month End	May	32,912	33,898	- 2.9%	--	↓	--	--	--	--	Inventory continues to decline relative to one year ago
	Jun	33,425	34,630	- 3.5%	--		--	--	--	--	
	Jul	33,005	34,722	- 4.9%	--		--	--	--	--	
Percent of Original List Price Received At Sale	May	92.6%	95.9%	- 3.4%	96.9%	↓	91.6%	95.5%	- 4.0%	96.4%	Sellers will receive less relative to their asking prices in the fall
	Jun	92.8%	95.7%	- 3.0%	96.7%		91.9%	95.5%	- 3.8%	96.5%	
	Jul	92.6%	95.3%	- 2.8%	96.5%		92.0%	95.5%	- 3.6%	96.5%	
Mortgage Rates	Jun	6.6	6.3	+ 4.8%	6.3	↔	--	--	--	--	Uncertainties in the lending industry may bring additional near-term increases in rates
	Jul	6.7	6.7	- 0.0%	6.4		--	--	--	--	
	Aug	6.9	6.7	+ 3.0%	6.4		--	--	--	--	
Supply-Demand Ratio (Homes for Sale Per Buyer)	Jun	7.57	7.53	+ 0.5%	--	↑	--	--	--	--	SDR is now below this time last year, the surest sign yet that the market is no longer charging headlong in the buyer's favor
	Jul	7.27	8.24	- 11.8%	--		--	--	--	--	
	Aug	8.68	9.06	- 4.2%	--		--	--	--	--	
Housing Affordability Index	Jun	149	134	+ 11.2%	138	↑	--	--	--	--	While down slightly in recent months, affordability is still much improved relative to last few years
	Jul	148	127	+ 16.5%	133		--	--	--	--	
	Aug	144	127	+ 13.4%	133		--	--	--	--	
Months Supply of Inventory	Jun	10.4	9.2	+ 13.0%	--	↓	--	--	--	--	Make no mistake: We are still in a buyer's market
	Jul	10.6	9.6	+ 10.4%	--		--	--	--	--	
	Aug	10.5	9.7	+ 8.2%	--		--	--	--	--	