MINNEAPOLIS AREA Association of REALTORS®

A free research tool from the **Minneapolis Area Association of REALTORS®** brought to you by the unique data-sharing traditions of the REALTOR® community

November 2008

THE Skinny

A combination of substantial declines in mortgage rates and the continued downward movement of home prices is leading to an unusually attractive affordability environment. The November Housing Affordability Index is up by 19 points over last month to 180. This is up 27.7 percent from last December's mark of 141, and is the highest recorded HAI since we began tracking the data in 1990.

It is absolutely 'go time' for anyone interested in making an affordable home purchase. Mortgage rates haven't been this low in 5 years.

The stark differences in home prices between the lender-mediated market and the traditional sales market has led to two very different market segments, each comprising roughly half of total market activity.

Contents

New Listings

A Monthly Indicator from the **Minneapolis Area Association of REALTORS®**

MINNEAPOLIS AREA Association of REALTORS®

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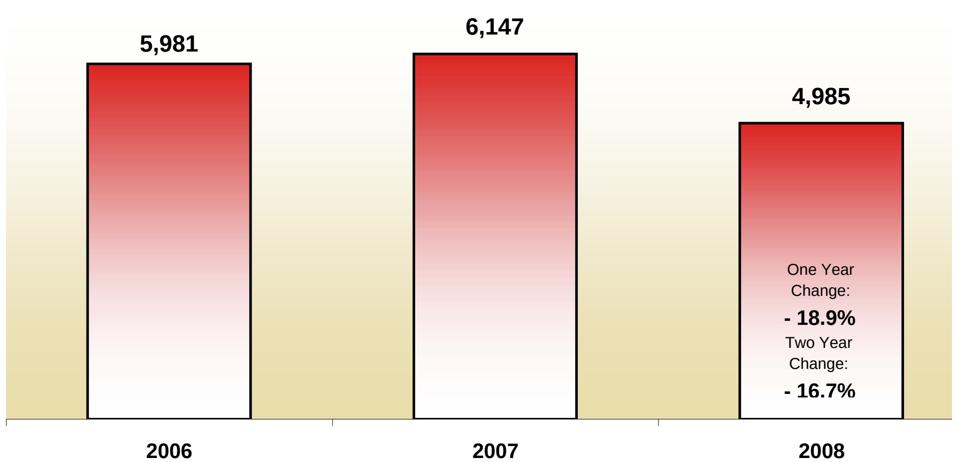
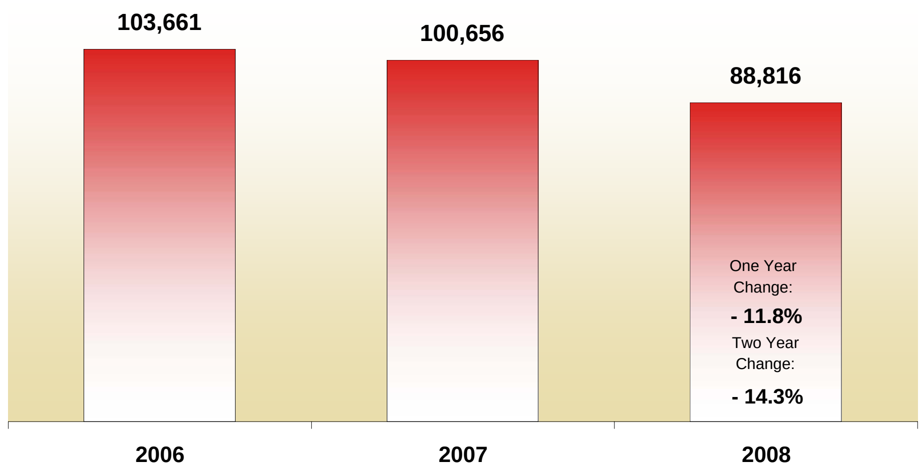
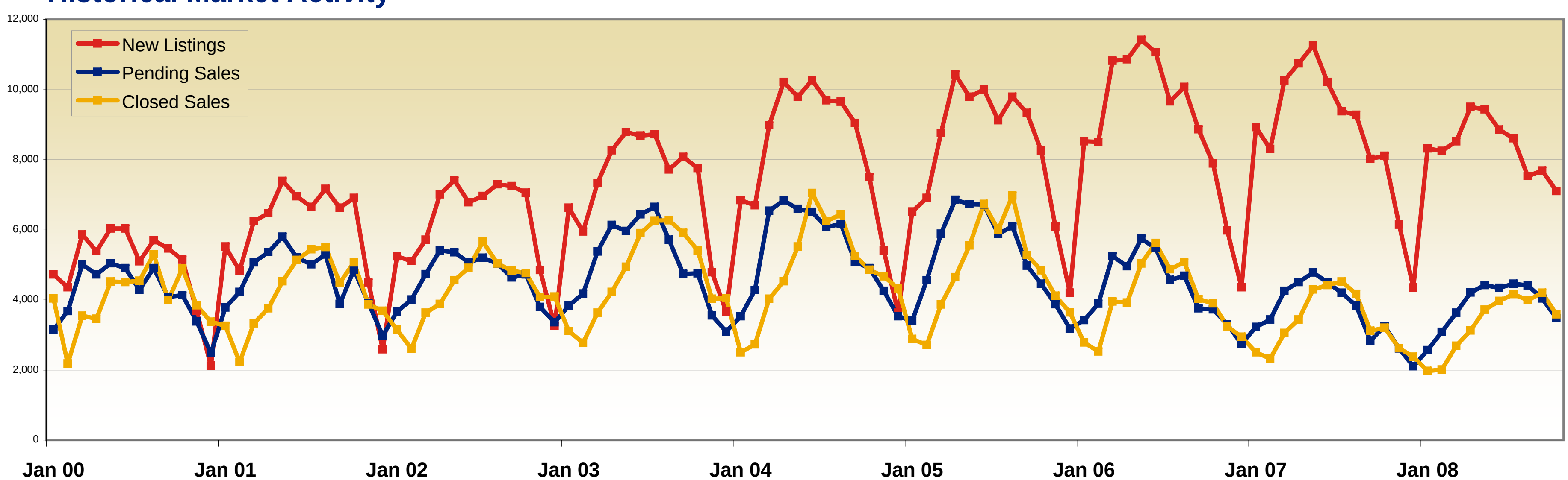


Year to Date



Historical Market Activity



Pending Sales

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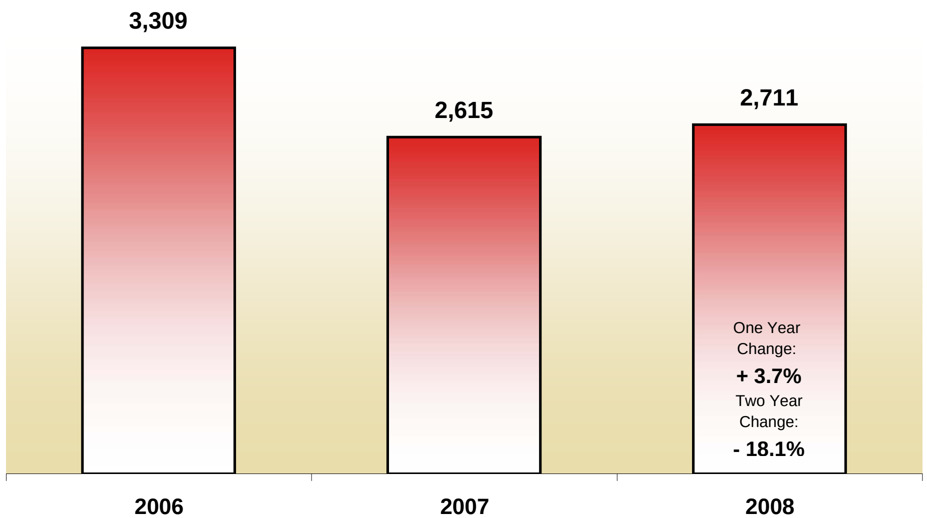

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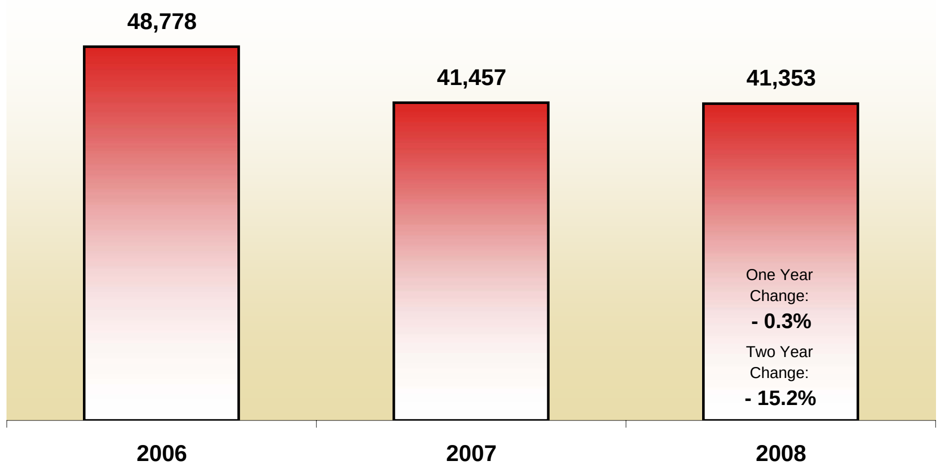
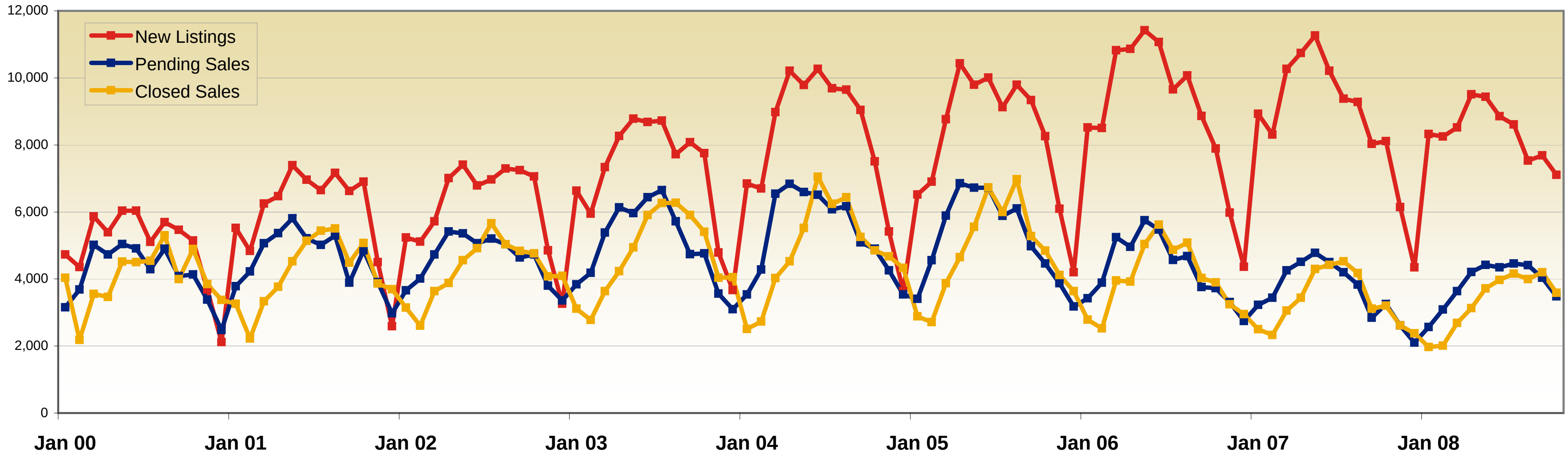


Historical Market Activity



Closed Sales

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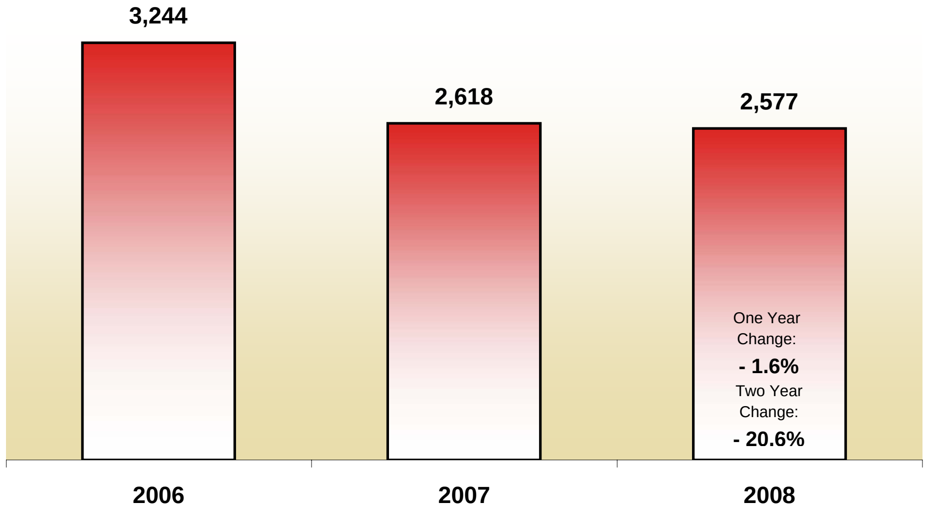

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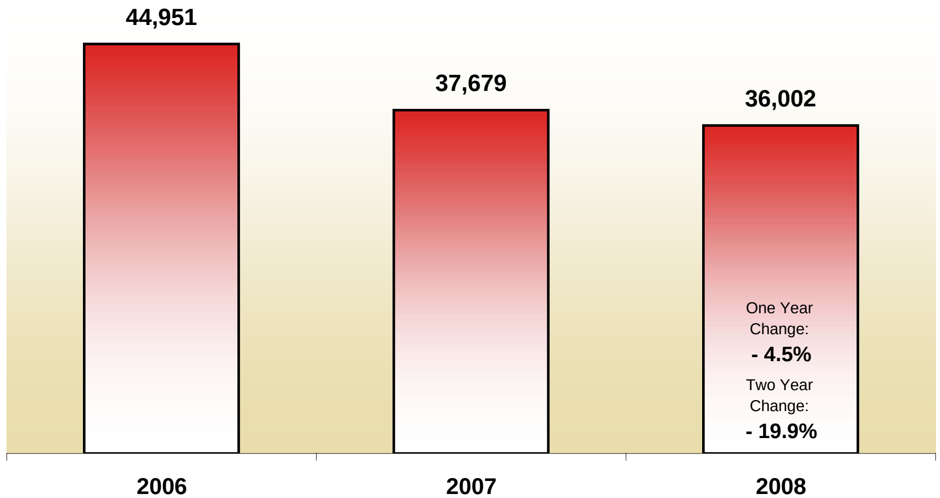
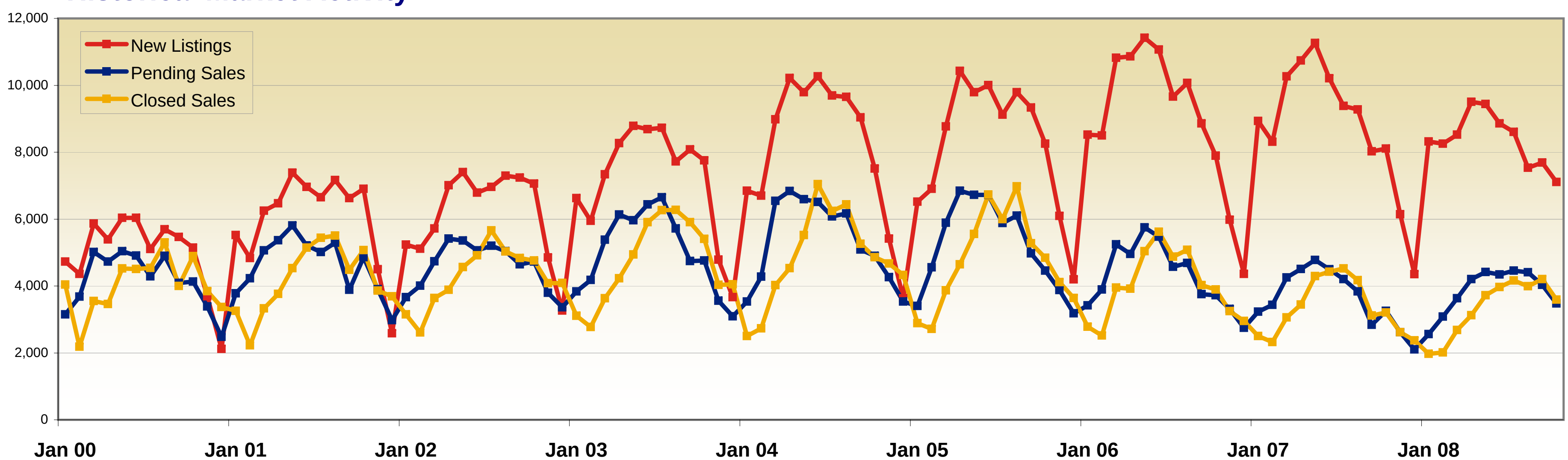


Historical Market Activity



Dollar Volume of Closed Sales (in millions)

A Monthly Indicator from the **Minneapolis Area Association of REALTORS®**

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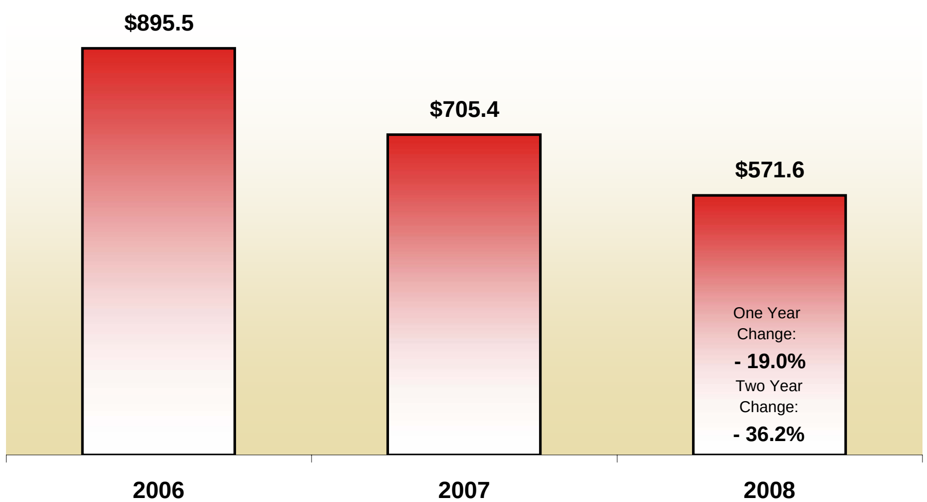

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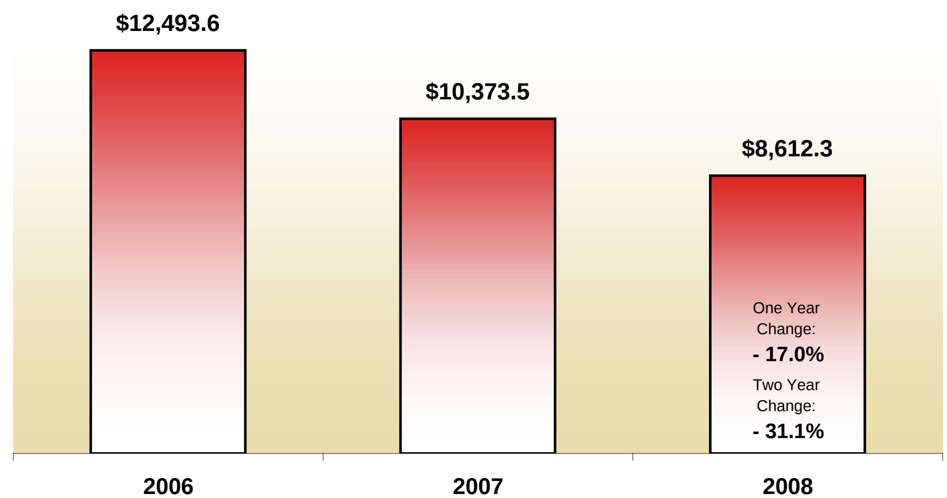
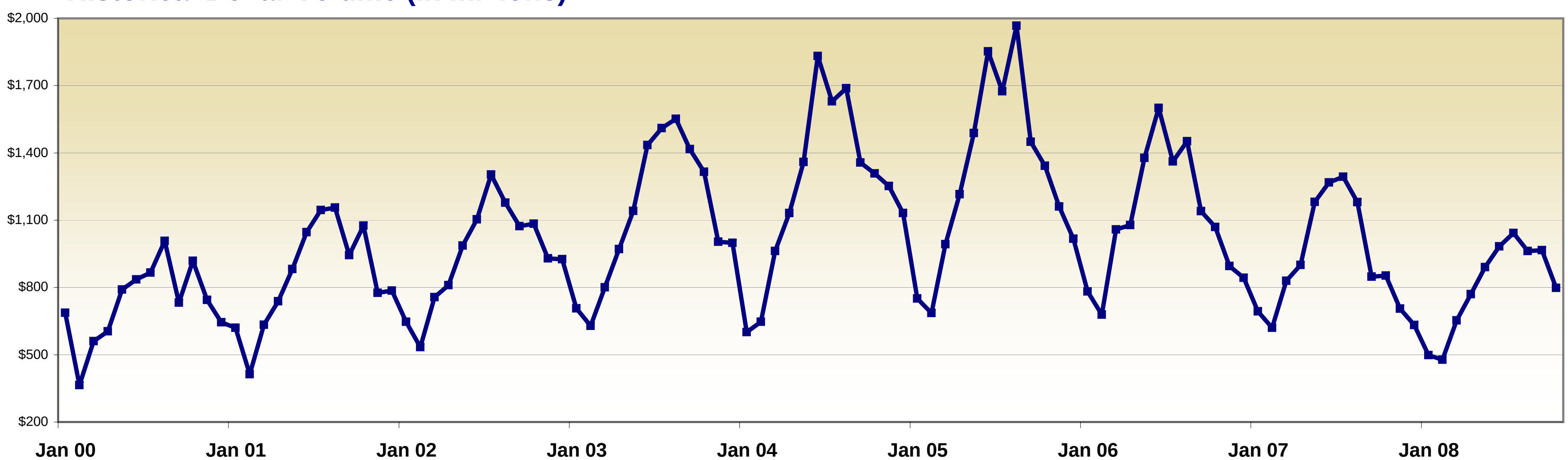


Historical Dollar Volume (in millions)



Median Sales Price

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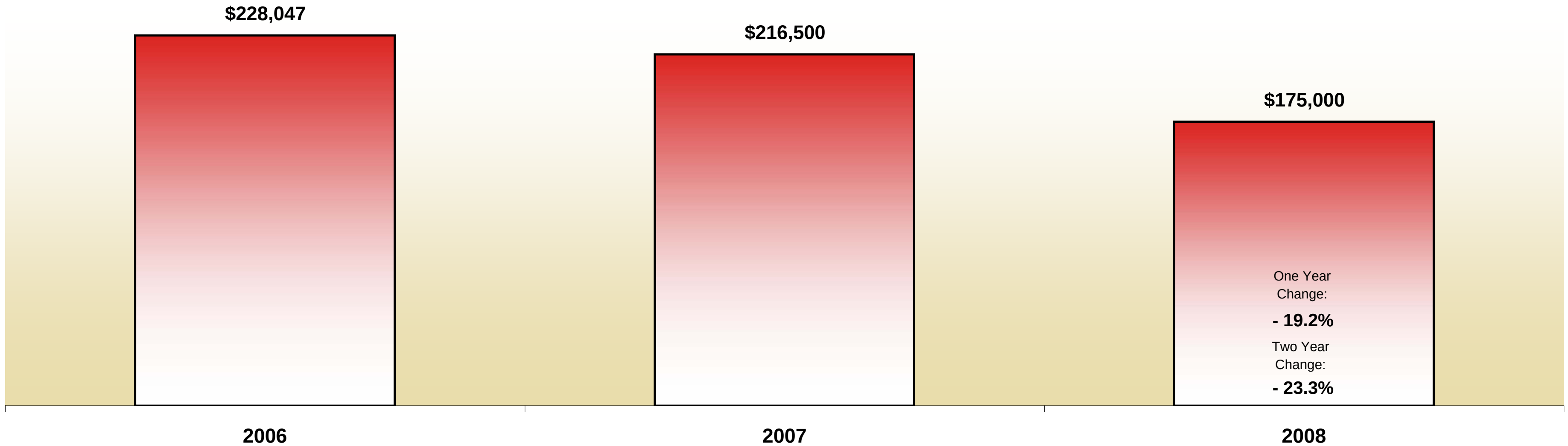
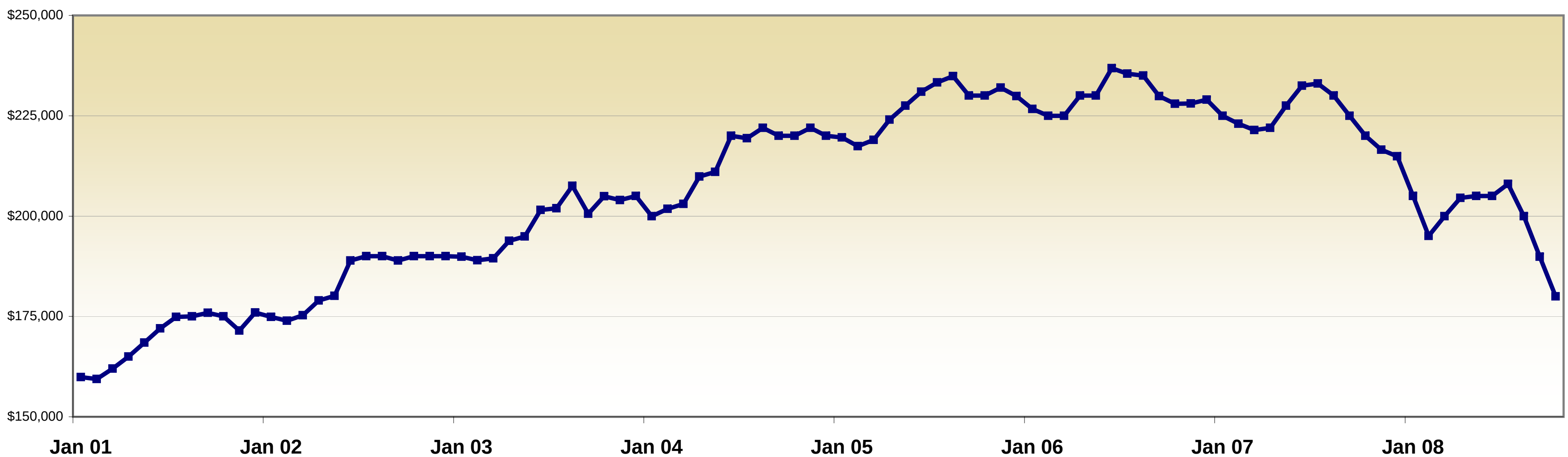


Historical Median Sales Prices



Average Sales Price

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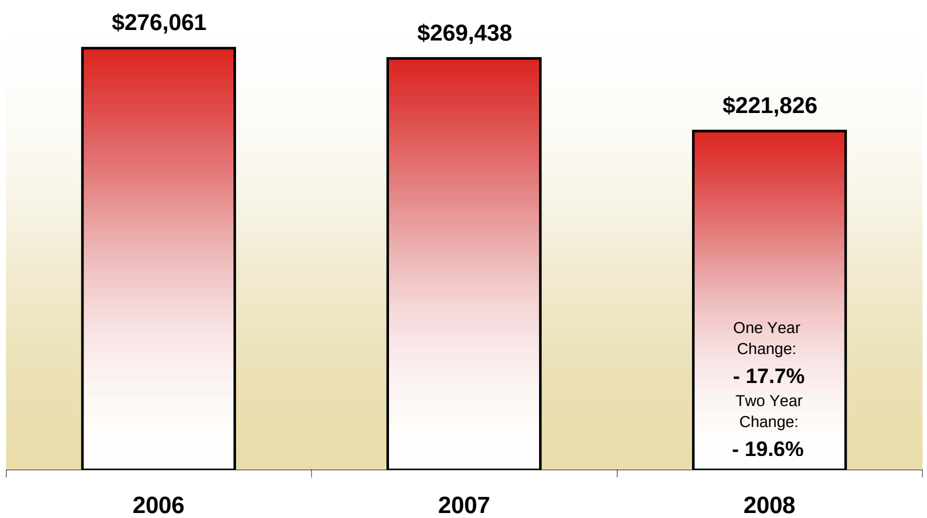
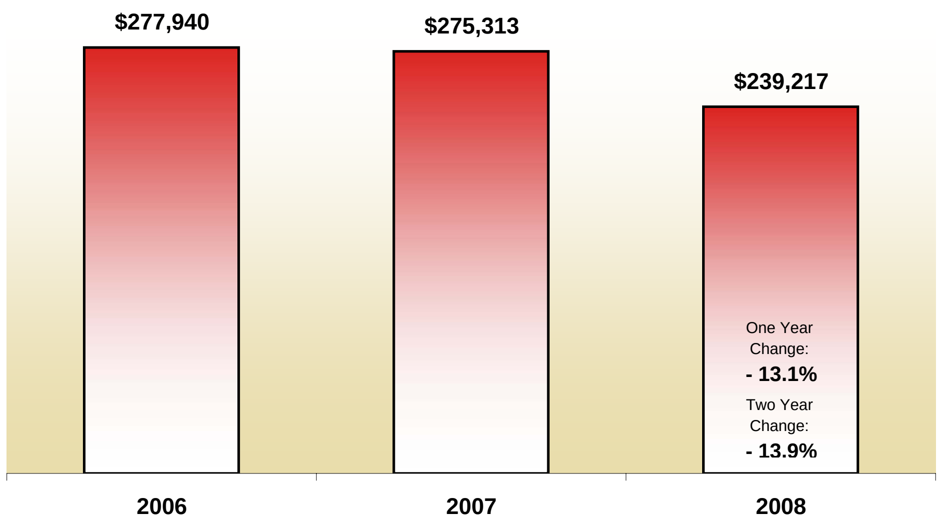


Year to Date



Historical Average Prices

Total Active Listings Available

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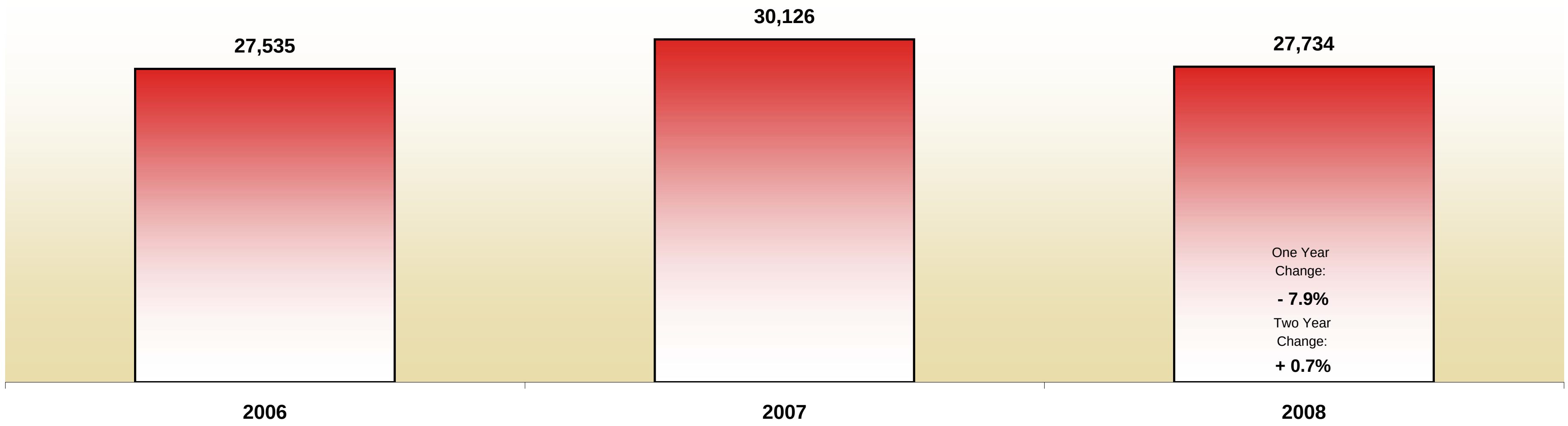
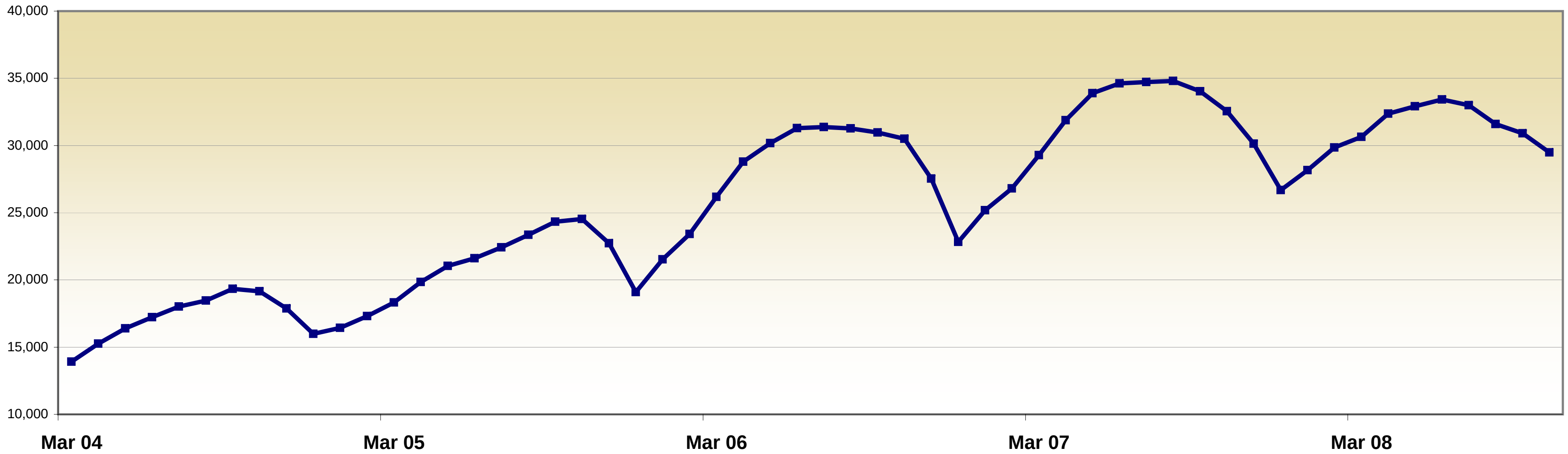


Historical Inventory Count



Percent of Original List Price Received at Sale

A Monthly Indicator from the **Minneapolis Area Association of REALTORS®**

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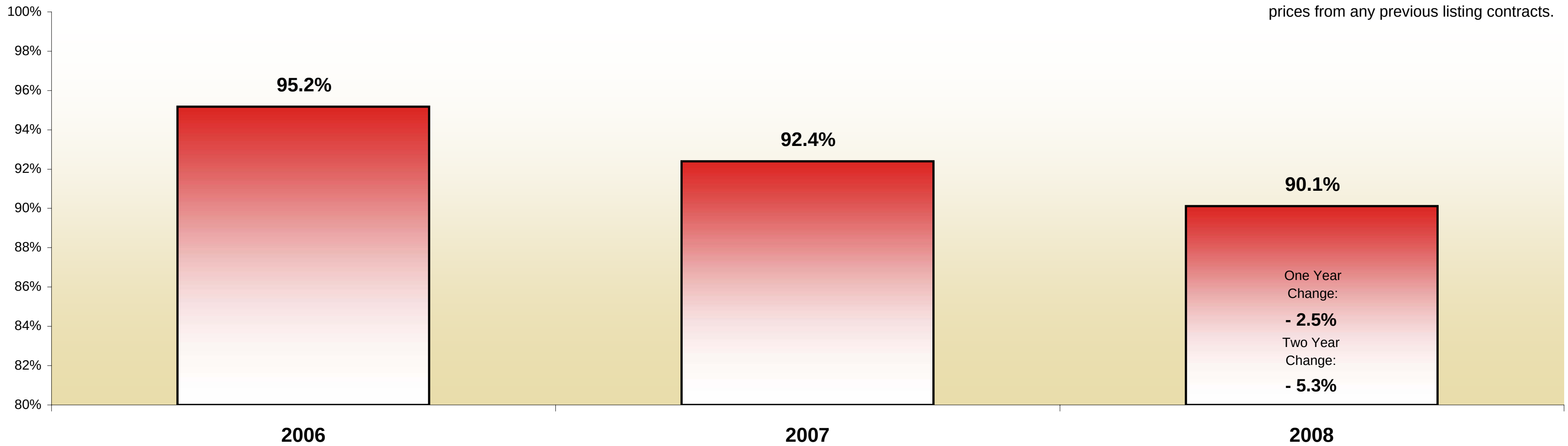
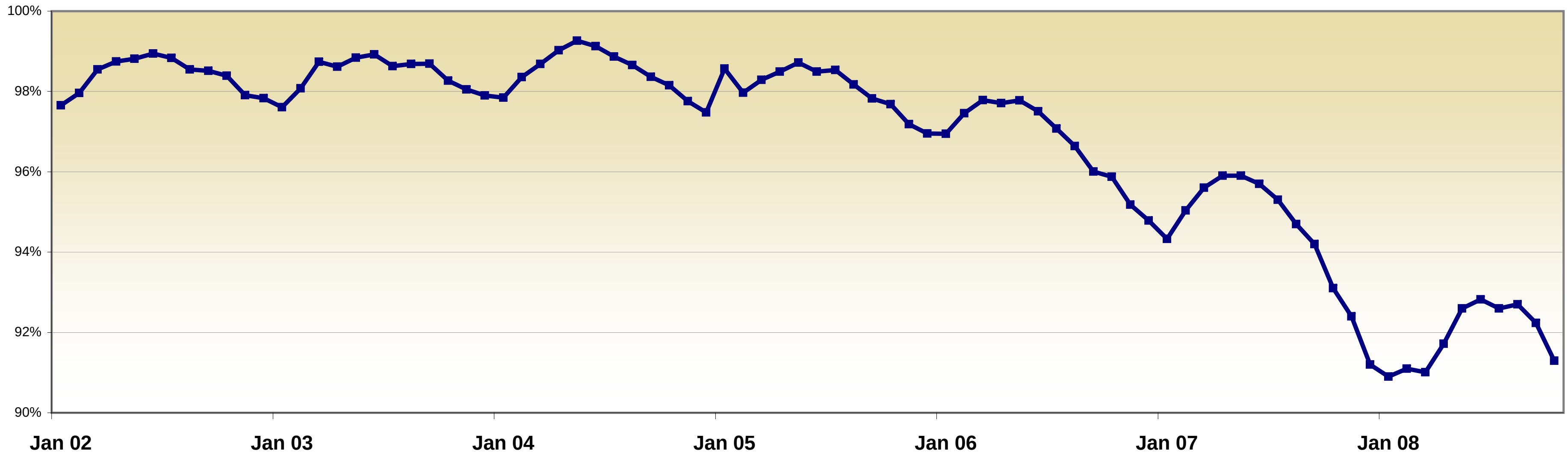
The Percent of Original List Price Received at Sale is calculated by comparing the final sales prices of closed sales to their original list prices. This does not account for list prices from any previous listing contracts.



Historical Percent of Original List Price Received at Sale



Mortgage Rates

A Monthly Indicator from the **Minneapolis Area Association of REALTORS®**

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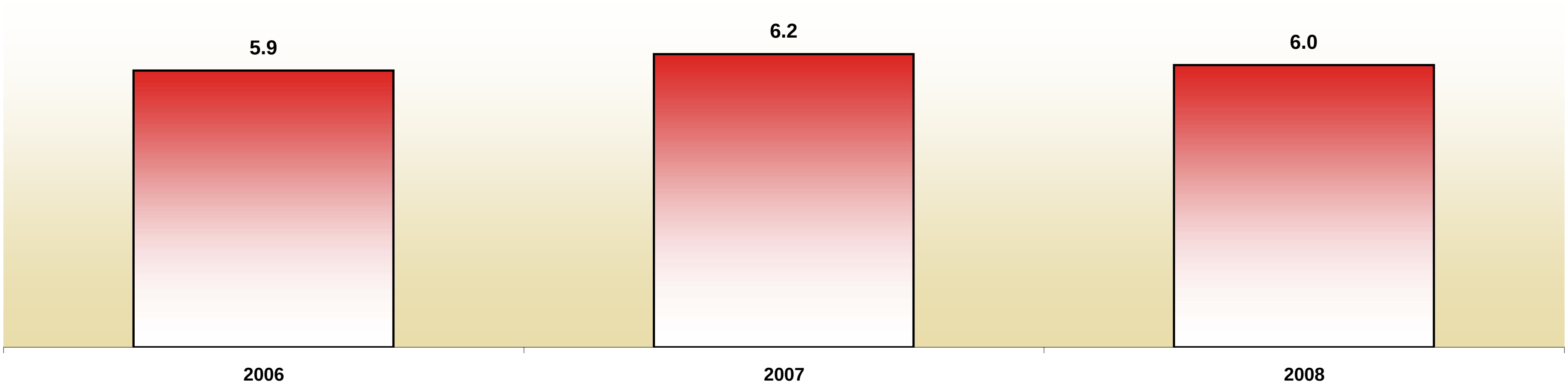
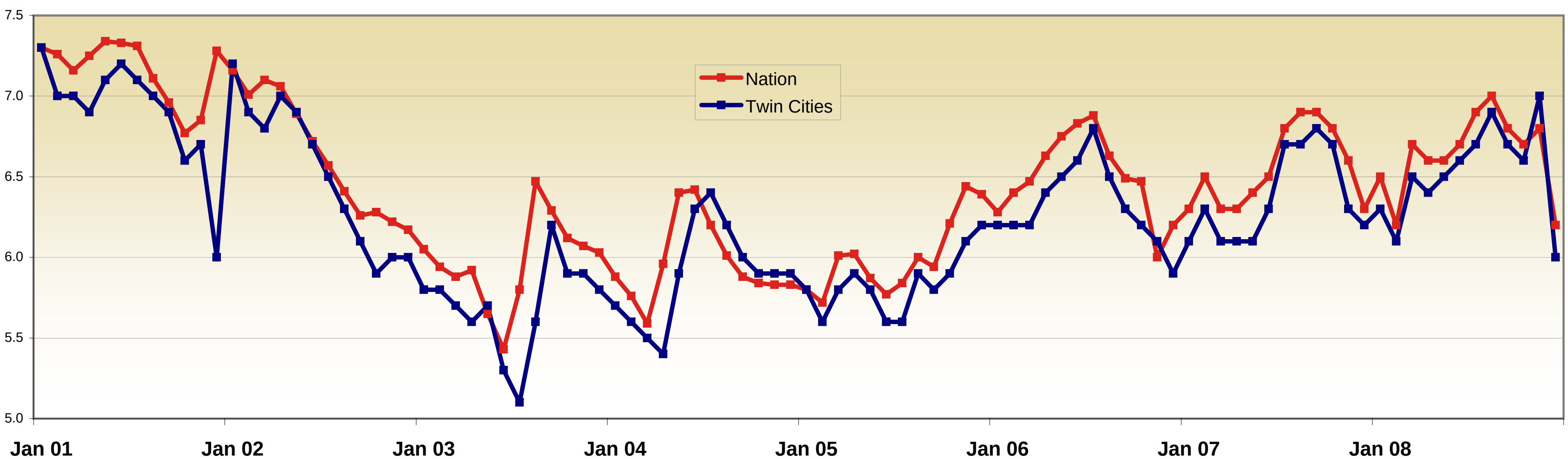
December

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

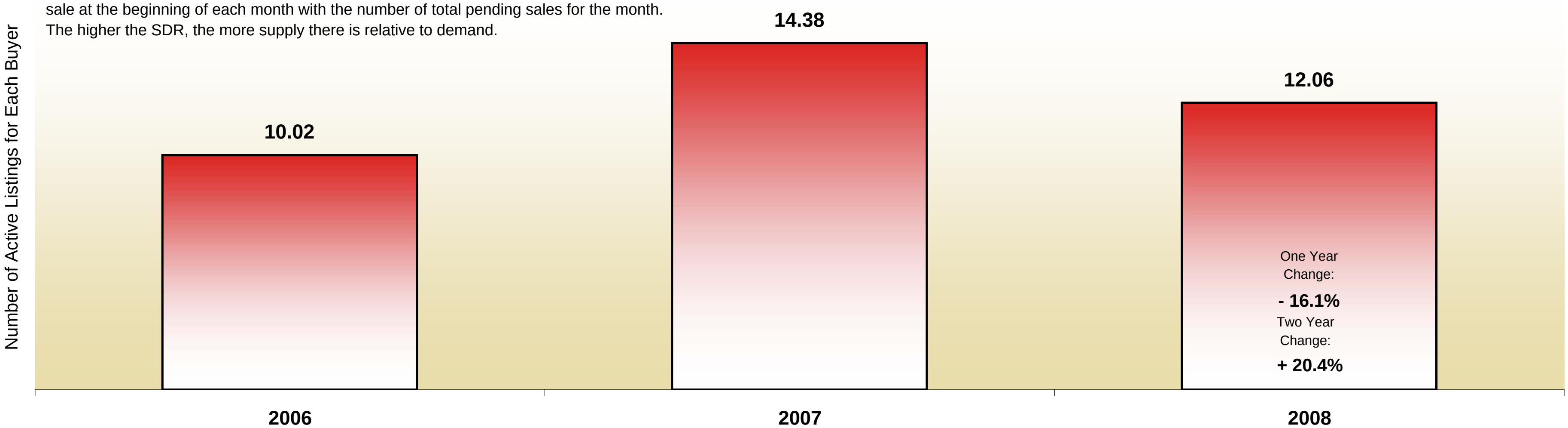


Supply-Demand Ratio

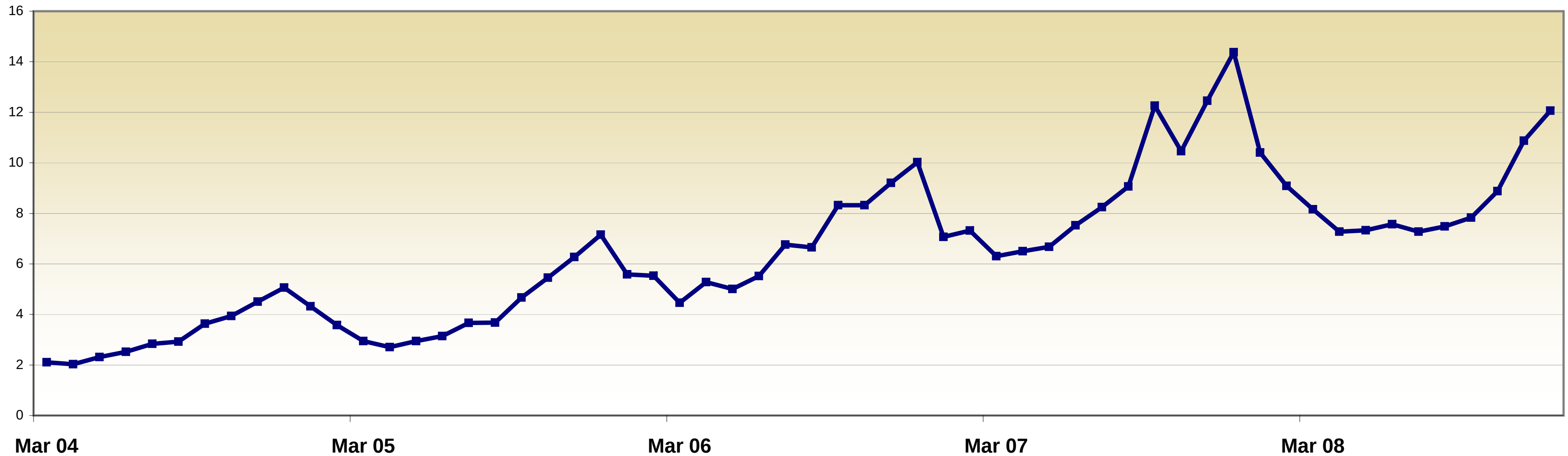
A Monthly Indicator from the **Minneapolis Area Association of REALTORS®**

December

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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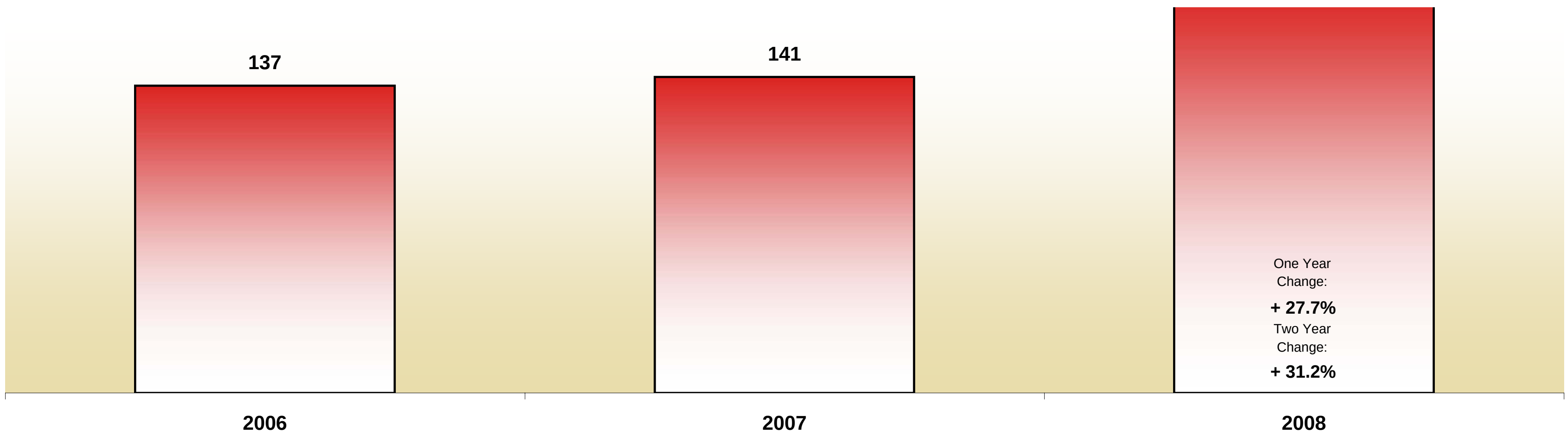
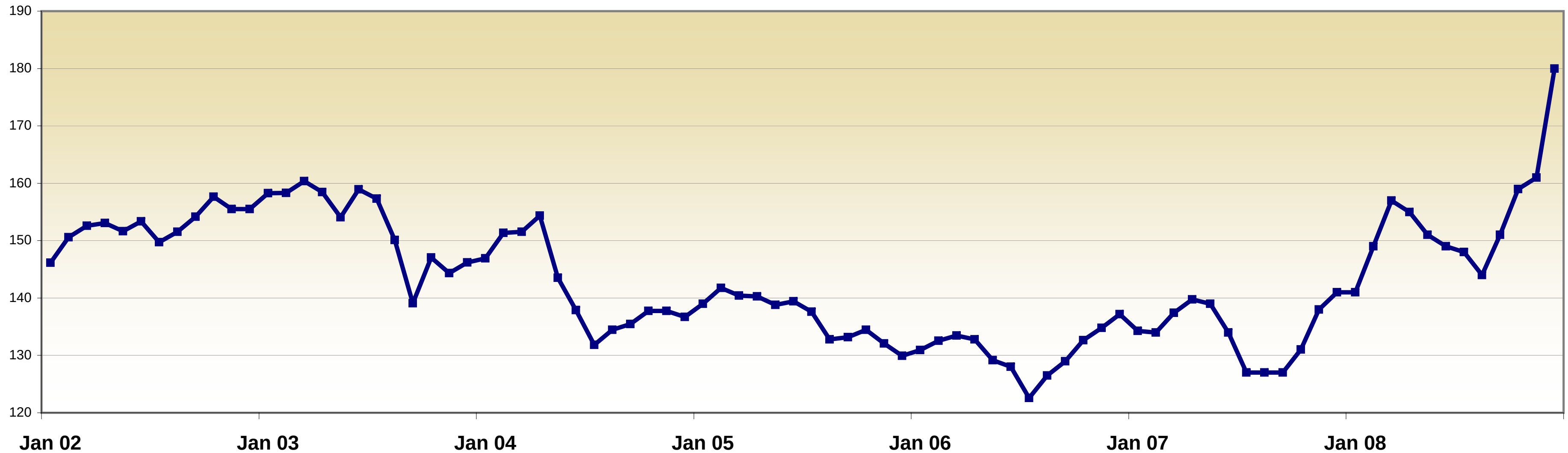
Note: The HAI formula measures housing affordability for the Minneapolis/St. Paul market. An HAI of 180 means the median family income is 180% of the necessary income to qualify for the median priced home using a 20% down payment, 30-year fixed mortgage.



Historical Housing Affordability Index



Months Supply of Inventory

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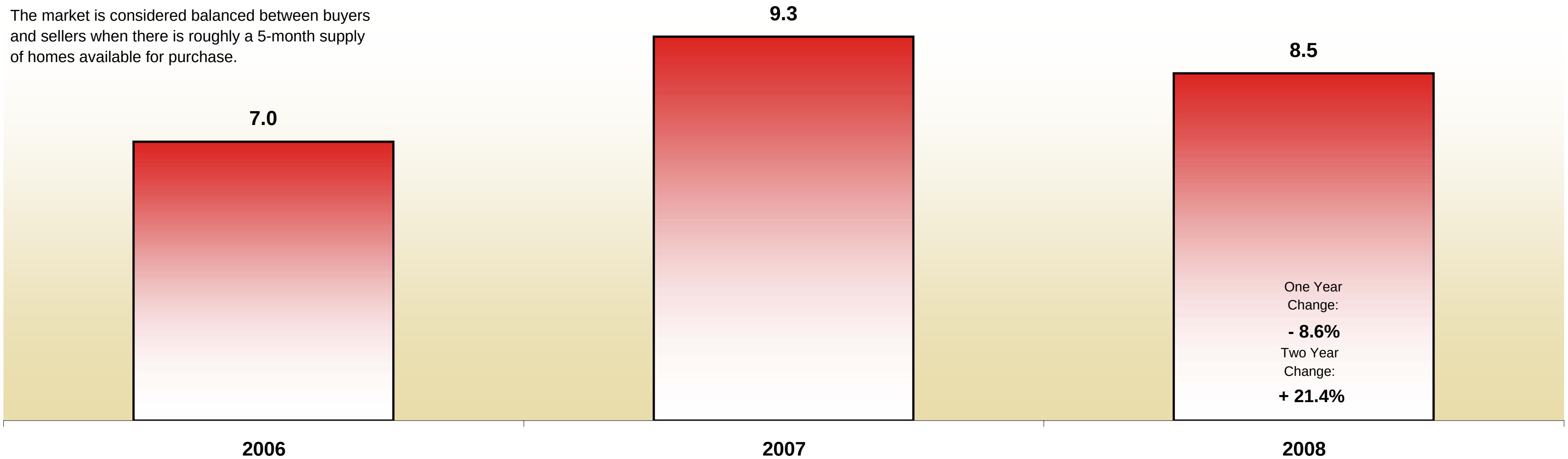
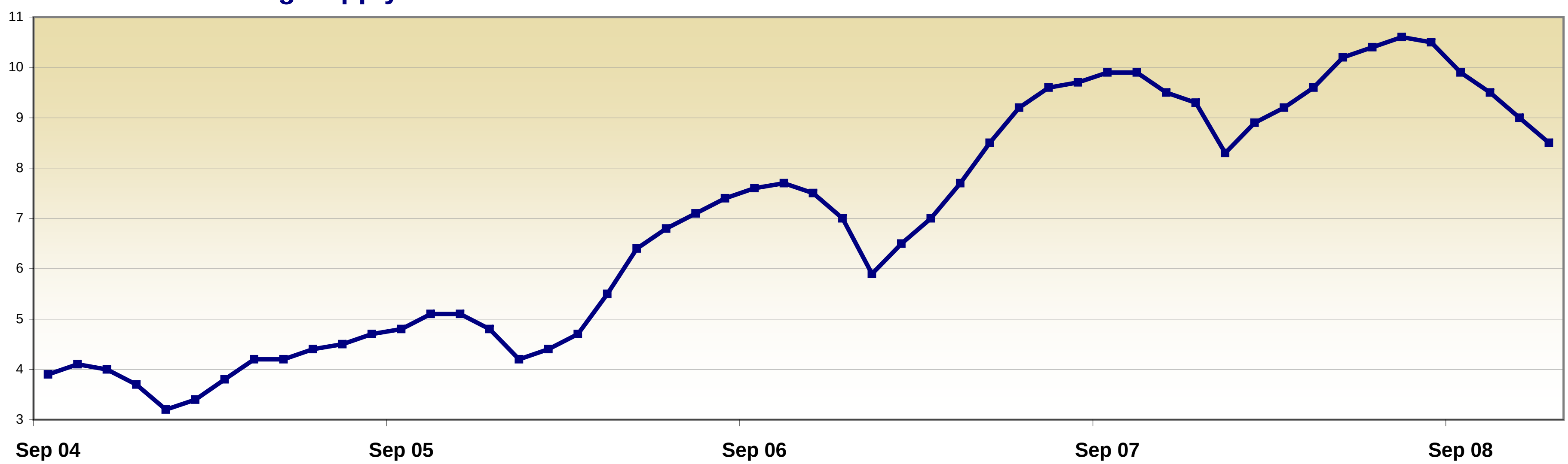
The market is considered balanced between buyers and sellers when there is roughly a 5-month supply of homes available for purchase.



Historical Housing Supply Outlook



Market Overview

A Monthly Indicator from the **Minneapolis Area Association of REALTORS®**

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November 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	Sep	7,689	8,027	- 4.2%	8,591	↓	76,726	86,401	- 11.2%	82,951	New listings continue to decline despite increases in foreclosure and short sale activity
	Oct	7,105	8,108	- 12.4%	7,775		83,831	94,509	- 11.3%	90,726	
	Nov	**4,985**	**6,147**	**- 18.9%**	**5,723**		**88,816**	**100,656**	**- 11.8%**	**96,450**	
Pending Sales	Sep	4,036	2,839	+ 42.2%	4,138	↓	35,162	35,588	- 1.2%	43,045	Sales still trend upward, though not at the extreme levels seen in September
	Oct	3,480	3,254	+ 6.9%	3,964		38,642	38,842	- 0.5%	47,009	
	Nov	**2,711**	**2,615**	**+ 3.7%**	**3,354**		**41,353**	**41,457**	**- 0.3%**	**50,362**	
Closed Sales	Sep	4,202	3,116	+ 34.9%	4,375	↓	29,835	31,855	- 6.3%	37,691	Sales still trend upward, though not at the extreme levels seen in September
	Oct	3,590	3,206	+ 12.0%	4,078		33,425	35,061	- 4.7%	41,769	
	Nov	**2,577**	**2,618**	**- 1.6%**	**3,445**		**36,002**	**37,679**	**- 4.5%**	**45,214**	
Dollar Volume of Closed Sales (in millions)	Sep	$965.8	$847.4	+ 14.0%	$1,152.0	↓	$7,243.2	$8,815.1	- 17.8%	$9,974.8	Declining sales prices mean a lower total dollar volume despite the uptick in sales
	Oct	$797.4	$853.0	- 6.5%	$1,074.2		$8,040.6	$9,668.1	- 16.8%	$11,049.0	
	Nov	**$571.6**	**$705.4**	**- 19.0%**	**$917.2**		**$8,612.3**	**$10,373.5**	**- 17.0%**	**$11,966.3**	
Median Sales Price	Sep	$189,900	$225,000	- 15.6%	--	↓	--	--	--	--	Increased market share of foreclosures and short sales continues to drag the overall median price downward
	Oct	$180,000	$220,000	- 18.2%							
	Nov	**$175,000**	**$216,500**	**- 19.2%**							
Average Sales Price	Sep	$229,831	$271,942	- 15.5%	$263,648	↓	$242,775	$276,725	- 12.3%	$264,295	Increased market share of foreclosures and short sales continues to drag the overall average price downward
	Oct	$222,131	$266,079	- 16.5%	$261,898		$240,558	$275,751	- 12.8%	$264,041	
	Nov	**$221,826**	**$269,438**	**- 17.7%**	**$263,523**		**$239,217**	**$275,313**	**- 13.1%**	**$264,059**	
Total Active Listings Available at Month End	Sep	30,901	34,042	- 9.2%	--	↓	--	--	--	--	Supply remains low compared to last year as consumers absorb more inventory and less is listed
	Oct	29,493	32,547	- 9.4%							
	Nov	**27,734**	**30,126**	**- 7.9%**							
Percent of Original List Price Received At Sale	Sep	92.2%	94.2%	- 2.1%	95.7%	↓	92.1%	95.2%	- 3.3%	96.3%	Sellers will receive less relative to their asking prices in the fall and winter
	Oct	91.3%	93.1%	- 1.9%	95.2%		92.1%	95.1%	- 3.2%	96.2%	
	Nov	**90.1%**	**92.4%**	**- 2.5%**	**94.5%**		**91.9%**	**94.9%**	**- 3.1%**	**96.1%**	
Mortgage Rates	Oct	6.6	6.7	- 1.5%	6.3	↔	--	--	--	--	Substantial declines in mortgage rates in last month, but rates remain volatile
	Nov	7.0	6.3	+ 11.1%	6.3						
	Dec	**6.0**	**6.2**	**- 3.2%**	**6.0**						
Supply-Demand Ratio (Homes for Sale Per Buyer)	Oct	8.88	10.46	- 15.1%	--	↓	--	--	--	--	SDR is now below this time last year, a nice indication of improving supply fundamentals
	Nov	10.88	12.45	- 12.6%							
	Dec	**12.06**	**14.38**	**- 16.1%**							
Housing Affordability Index	Oct	159	131	+ 21.4%	139	↑	--	--	--	--	19 point jump in affordability in last month due to low mortgage rates and home prices
	Nov	161	138	+ 16.7%	141						
	Dec	**180**	**141**	**+ 27.7%**	**145**						
Months Supply of Inventory	Oct	9.5	9.9	- 4.0%	--	↔	--	--	--	--	Months supply of inventory continues to decline as inventory falls and sales increase
	Nov	9.0	9.5	- 5.3%							
	Dec	**8.5**	**9.3**	**- 8.6%**							

All data from the 13-county Twin Cities metro area (residential properties only). Published by the Minneapolis Area Association of REALTORS® based on analysis of data from the Regional Multiple Listing Service, Inc.