



MINNEAPOLIS AREA Association
of REALTORS®

MGIC/MAAR Home Payment Report Q1 2018

It's a great time to be a home seller – and there's good news for buyers, too

If you're toying with the idea of selling your home, local REALTORS® have three words for you: Seize the day. The current market could be the most favorable environment sellers will see in a decade or more when it comes to making a quick and easy sale at a healthy price. For that, they can thank a growing economy, low mortgage interest rates, rising rents and a super-tight inventory of available homes.

As for buyers, says longtime REALTOR® Deb Greene with Coldwell Banker Burnet, "Yes, it's a tight market. But there are still thousands of homes for sale and people finding ones that thrill them every day." In

other good news for buyers, **the quarterly MGIC/MAAR Home Payment Report shows that monthly payments – including principal, interest, property taxes and private mortgage insurance for down payments of less than 20% - have been rising more slowly than prices. In some cases, the monthly payment has even fallen despite a higher sale price.**

How tight is the inventory of homes for sale? According to the Minneapolis Area Association of REALTORS®, the inventory level fell a whopping 27.3% in 2017, to 6,850 at year-end versus 9,425 a year earlier. For would-be sellers, that translates to less competition and more maneuvering room, notes Kath Hammerseng, newly installed president of MAAR and REALTOR® with Edina Realty.

Worried about a fast home sale in a tight market that leaves you with no appealing home to move into? Hammerseng offers three possible solutions:



“People who fear selling and not having options on where to go, need not fear. Sellers can definitely maintain control while maximizing the price they can command.”

– Kath Hammerseng, MAAR President.

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You could lock up your new place before selling the old, knowing the risk of getting stuck with two homes is extremely low if your current home is well priced and otherwise marketable. You could add a contingency to the sale agreement that the sale of your current home is subject to your finding an acceptable relocation option. Or you could always sell and move to temporary housing, taking as much time as you need to find the just-right new home.

“People who fear selling and not having options on where to go, need not fear,” she said. “Sellers can definitely maintain control while maximizing the price they can command.”

REALTOR® Gary Bennet with Lakes Area Realty said low inventory is more an issue in the under-\$400,000 market. While average days on market is around 40 overall, that timeline lengthens as home values rise. Still, it’s a good time to be a seller in virtually any price range, he said, adding, “I just sold a house listed at \$1.485 million in 89 days, which is really fast at that price point.”

Prices aren’t skyrocketing

While the tight supply has pushed up prices, values haven’t skyrocketed the way they did in the housing bubble of the early 2000s. REALTORS® say more stringent lending and appraisal standards have kept buyers from bidding up prices to unsustainable levels.

The MGIC/MAAR quarterly Home Payment Report shows that 2017 brought some healthy year-over-year increases in median sale prices in the Twin Cities area, but also some modest ones. And thanks to persistently low mortgage interest rates, some monthly payments were actually slightly lower at the end of 2017 than a year earlier. A few examples:

- In **Brooklyn Center**, the median sale price for a mid-range home was up 12% to \$189,900 in the fourth quarter of 2017, versus \$170,000 a year earlier. But the median monthly payment – including principal, interest, property taxes and private mortgage insurance on a 10%-down loan – was down 2% to \$968 versus \$984 in the fourth quarter of 2016.

- In **Hudson**, the median sale price for a lower-end home was up 5% to \$194,713, versus \$185,000 a year earlier. But the median monthly payment was down 3% to \$1,017 versus \$1,046 a year earlier.

- In the **Powderhorn area of Minneapolis**, the median sale price for an upper-end home was up 10% to \$275,000 versus \$249,750 a year earlier. But the median monthly payment was down 1% to \$1,393 versus \$1,405 a year earlier.

- In **Saint Paul**, the median sale price for a mid-range home was up 15% to \$201,016 vs. \$175,000 a year earlier. But the median monthly payment was up just 4% to \$1,030 from \$993.

“Locally, homes have been selling at a record pace,” said David Arbit, MAAR Director of Research and Economics. “The median sale price in the Twin Cities area hit an all-time high of \$246,000 last year. Sellers listing for under \$250,000 tend to get 100% of their asking price. Homes listed for over \$1 million are averaging 95% of the asking price.”

“In terms of homes sold, we fell just a few units shy of breaking through the all-time high of 2004,” he added. “So many people are excited about buying homes. But in this low-inventory market, it’s challenging for discerning buyers who are looking for turn-key listings.”

Home Payment Report: Twin Cities*

Home Sales Q4 10% Down Payment	Lowest Third		Middle Third		Highest Third	
	Sales Price	Monthly Payment	Sales Price	Monthly Payment	Sales Price	Monthly Payment
ANDOVER	\$229,900	\$1,112	\$281,000	\$1,374	\$398,625	\$1,998
APPLE VALLEY	\$165,000	\$815	\$250,000	\$1,242	\$387,000	\$1,964
BLAINE	\$182,250	\$891	\$251,450	\$1,229	\$409,900	\$2,090
BLOOMINGTON	\$184,650	\$907	\$246,750	\$1,227	\$324,900	\$1,642
BROOKLYN CENTER	\$142,000	\$721	\$189,900	\$968	\$221,000	\$1,140
BROOKLYN PARK	\$155,000	\$780	\$225,000	\$1,139	\$317,500	\$1,645
BURNSVILLE	\$159,000	\$775	\$240,000	\$1,197	\$300,000	\$1,507
CHANHASSEN	\$188,944	\$932	\$324,950	\$1,605	\$580,000	\$2,924
CHASKA	\$185,500	\$917	\$279,000	\$1,384	\$445,950	\$2,273
COON RAPIDS	\$150,000	\$737	\$212,950	\$1,038	\$263,000	\$1,313
COTTAGE GROVE	\$190,250	\$961	\$252,450	\$1,282	\$371,153	\$1,891
CRYSTAL	\$170,000	\$861	\$199,000	\$1,021	\$235,000	\$1,214
EAGAN	\$166,750	\$807	\$265,000	\$1,303	\$375,000	\$1,889
EDEN PRAIRIE	\$199,900	\$984	\$309,950	\$1,547	\$510,000	\$2,591
EDINA	\$180,000	\$893	\$450,000	\$2,270	\$810,000	\$4,123
ELK RIVER	\$171,000	\$856	\$259,680	\$1,323	\$327,000	\$1,698
FARMINGTON	\$167,000	\$855	\$255,500	\$1,326	\$331,443	\$1,743
HUDSON	\$194,713	\$1,017	\$294,500	\$1,532	\$423,690	\$2,216
INVER GROVE HEIGHTS	\$172,000	\$843	\$259,000	\$1,278	\$402,500	\$2,065
LAKE MINNETONKA AREA	\$237,000	\$1,173	\$478,250	\$2,399	\$1,187,500	\$5,938
LAKEVILLE	\$239,000	\$1,159	\$340,000	\$1,699	\$468,228	\$2,390
MAPLE GROVE	\$190,000	\$956	\$270,000	\$1,382	\$443,750	\$2,316
MAPLEWOOD	\$167,500	\$857	\$215,000	\$1,110	\$289,500	\$1,529
MINNETONKA	\$188,000	\$942	\$317,000	\$1,600	\$524,000	\$2,670
MPLS-CAMDEN	\$115,000	\$577	\$157,200	\$781	\$199,900	\$1,001
MPLS-CENTRAL	\$159,000	\$811	\$307,000	\$1,584	\$551,500	\$2,859
MPLS-NOKOMIS	\$195,000	\$986	\$250,000	\$1,282	\$387,825	\$1,960
MPLS-NORTHEAST	\$183,000	\$916	\$240,000	\$1,201	\$299,413	\$1,506
MPLS-POWDERHORN	\$156,004	\$792	\$214,725	\$1,083	\$275,000	\$1,393
MPLS-SOUTHWEST	\$241,500	\$1,236	\$360,000	\$1,861	\$575,000	\$2,985
OAKDALE	\$150,000	\$744	\$208,000	\$1,037	\$273,750	\$1,375
OTSEGO	\$178,000	\$888	\$273,500	\$1,363	\$349,925	\$1,795
PLYMOUTH	\$196,700	\$956	\$330,000	\$1,631	\$521,000	\$2,651
PRIOR LAKE	\$212,900	\$1,043	\$279,900	\$1,379	\$472,500	\$2,414
RAMSEY	\$174,950	\$857	\$222,925	\$1,120	\$325,000	\$1,613
RICHFIELD	\$192,500	\$977	\$234,000	\$1,185	\$275,000	\$1,392
ROSEMOUNT	\$200,000	\$991	\$282,500	\$1,409	\$394,250	\$1,992
ROSEVILLE	\$170,000	\$848	\$247,900	\$1,241	\$330,000	\$1,677
SAINT LOUIS PARK	\$185,250	\$935	\$265,450	\$1,348	\$381,000	\$1,922
SAINT PAUL	\$137,150	\$690	\$201,016	\$1,030	\$321,500	\$1,663
SAVAGE	\$213,100	\$1,053	\$285,000	\$1,451	\$384,000	\$1,967
SHAKOPEE	\$172,500	\$854	\$232,000	\$1,154	\$359,900	\$1,826
SHOREVIEW	\$174,000	\$859	\$260,000	\$1,314	\$400,000	\$2,076
STILLWATER	\$223,000	\$1,079	\$349,000	\$1,689	\$490,000	\$2,454
STP-GREATER EAST SIDE	\$145,000	\$722	\$172,000	\$876	\$203,000	\$1,038
WOODBURY	\$178,900	\$886	\$310,000	\$1,554	\$449,900	\$2,298

*Figures shown are for the median-price home sold between October 1 and December 31, 2017 among the lowest, middle and highest-priced homes in each community. Monthly payment includes principal repayment, interest, private mortgage insurance (PMI) fee and property taxes. Assumes a down payment of 10%, credit score of 740 and 30-year fixed loan.

Sources: MLS home sales data, municipal property tax data, prevailing interest rate from Federal Home Loan Mortgage Corp, MGIC private mortgage insurance rate.

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If you're toying with the idea of selling your home, local REALTORS® have three words for you: Seize the day.

The inventory shortage makes it easier to sell a home in need of some updates, Bennett said. "Even in a tight market, you have to do some staging. But houses where the major amenities are dated – kitchen, bath – you can clean and paint, buff the hardwood floors and the market is there for you to sell."

Mike Spicer, a broker with RE/Max Metro in Brooklyn Park, agreed. "Buyers aren't quite as picky as they would be in a more balanced market," he said. "Yes, you still need to do things to spruce your place up. But if your home would have trouble selling in a buyer's market, this is the time to sell."

The timing is good from a demographic standpoint, too, he added. "As we have more baby boomers retiring, there's likely to be more homes for sale and more competition among sellers. So you may be better off selling sooner rather than later."

That's especially true for those who intend to sell in, say, five years and plan to get by with some remodeling in the meantime, said MAAR President Hammerseng, "Where are interest rates going to go? Nowhere but up," she said. "If a remodel buys you five years, there's a good chance you'll lose whatever appreciation you gain in the change in interest rates."

"Sellers who are considering remodeling or adding on rather than moving up should consult their agent to be sure they are not over-improving their home for the neighborhood," she added. "They should check the possible return before this type of investment is made."

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MGIC Plaza
Milwaukee, WI 53202
mgic.com

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