

## January 14, 2014

### 2013 Annual Wrap-Up: Widespread Market Recovery Continues

Lower supply levels, strong demand and higher prices are among the encouraging developments in 2013 that brought about ongoing market recovery. Consumer purchase demand increased notably, reaching levels not seen since 2005. As the active supply of homes for sale fell to an 11-year low, absorption rates improved to levels not seen since before 2003. Low but upwardly-mobile interest rates, affordable prices and record housing affordability resulted in an 8.8 percent increase in home sales for the 13-county metro.

#### 2013 by the Numbers

- Sellers listed 72,128 properties on the market, a 9.4 percent increase from 2012 and the first gain in seven years.
- Buyers closed on 53,087 homes, up 8.8 percent from 2012 and the highest figure since 2005.
- Inventory levels dropped 10.5 percent from 2012 to 11,646 units, the lowest level in 11 years.
- Months Supply of Inventory dropped 18.8 percent to 2.6 months, also an 11-year low.
- The Median Sales Price of closed sales rose 14.4 percent to \$192,000, marking a five-year high.
  - This measure of home prices is 16.5 percent below its 2006 peak and 28.0 percent above its 2011 valley
- Cumulative Days on Market was down 29.1 percent to 83 days, on average—an eight-year record pace.
- Lender-mediated properties made up a significantly smaller share of overall activity across multiple metrics
  - 21.6 percent of all New Listings were lender-mediated (either foreclosures or short sales), down from 34.7 percent in 2012 and 41.9 percent in 2011
  - 25.6 percent of all Inventory was lender-mediated, down from 38.8 percent in 2012 and 44.4 percent in 2011
  - 26.4 percent of all Closed Sales were lender-mediated, down from 39.7 percent in 2012 and 50.0 percent in 2011

#### Potent Quotables

“We are quite pleased with the breadth and depth of this recovery. The increase in seller activity was hugely important. Motivated by still-low interest rates, rising rents and more job opportunities, buyers drove home sales to an eight-year high,” said Emily Green, President of the Minneapolis Area Association of REALTORS®.

“As always, market conditions vary from neighborhood to neighborhood, but homeowners are feeling energized by these ongoing improvements,” said Michael Hunstad, President of the Saint

Paul Area Association of REALTORS®. “Though markets vary, many areas of the metro are seeing homes selling in record time and with multiple offers.”

Improvements in the local economy will boost the Twin Cities real estate market in 2014. The outlook is positive: job growth is accelerating, interest rates remain attractive and an unemployment rate well below the nation’s are all reasons our region continues to outperform.

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