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Market Sheds Distressed Listings as Traditional Segment Rallies

Minneapolis, Minnesota (February 12, 2014) – The 13-county Minneapolis-St. Paul metropolitan area housing market continued its return to a market with less emphasis on lender-mediated (foreclosures and short sales) activity in January. While some measures of housing demand may suggest a slowdown, most deceleration is the result of lender-mediated sales comprising a shrinking share of the residential sales pie compared to last year.

Although new listings declined 11.5 percent to 4,247 overall during January, seller activity is likely to pick up during the spring and summer months. More importantly, traditional new listings rose 7.9 percent over the same period, while foreclosure and short sale new listings fell about 50.0 percent each.

Buyers closed on 2,536 properties overall, a 12.8 percent decrease from last January. Once again, traditional sales were up 6.2 percent while foreclosure sales and short sales fell 34.7 and 54.3 percent, respectively. Twin Citizens shopping for homes now have 11,690 properties to choose from – or 10.6 percent fewer than last January.

"Foreclosures and short sales are getting out of the way," said Emily Green, President of the Minneapolis Area Association of REALTORS® (MAAR). "As foreclosures and short sales move out of the system, it may temporarily bring down overall listing, inventory or sales activity, but the resulting move back toward a market of traditional properties is positive."

The median sales price for the metro increased 12.4 percent to $179,900, marking a 23rd straight month of year-over-year median price gains. Last January, foreclosures and short sales comprised 42.2 percent of all closed sales. In January 2014, these segments made up 29.4 percent of all sales. Traditional homes are selling at a median price of $212,500; foreclosures for $130,500; short sales for $138,900.

On average, homes spent just 93 days on the market – quite brisk compared to past years. Sellers are receiving an average of 93.5 percent of their original list price – which is dead even with last year. The Twin Cities now has 2.7 months' supply of inventory, suggestive of a seller's market, and interest rates remain affordable.

"Our local unemployment rate is 35 percent below the nation's average, job growth is gaining momentum and household finances are stabilizing." said Mike Hoffman, MAAR President-Elect. "These signs lead us to believe that we will see a continuation of 2013's recovery pattern into 2014."