

NEWS RELEASE

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MINNEAPOLIS AREA Association
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SAINT PAUL AREA ASSOCIATION OF REALTORS®

2013 Annual Wrap-Up: Widespread Market Recovery Continues

Minneapolis–Saint Paul, Minnesota (January 13, 2014) – 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

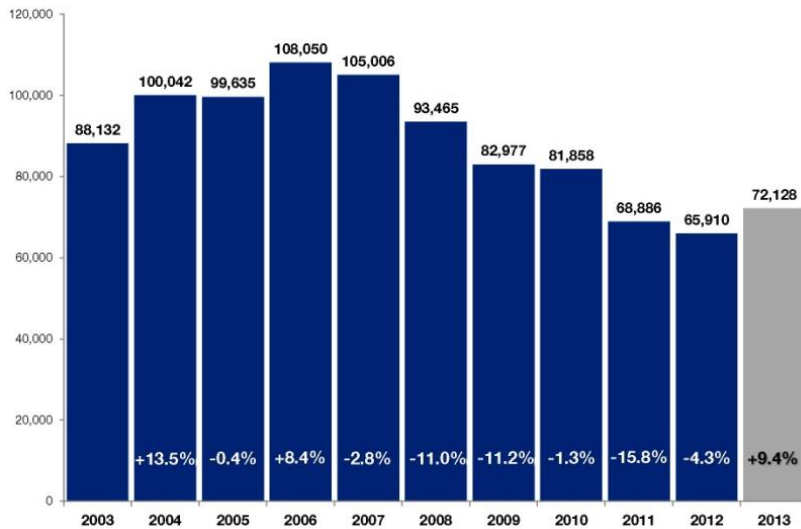
“We are quite pleased with the breadth and depth of this recovery. The increase in seller activity was hugely important. Motivated by still-low interest rates, rising rents and more job opportunities, buyers drove home sales to an eight-year high,” said Emily Green, President of the Minneapolis Area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

For other year-end residential real estate statistics and for stand-alone December 2013 data, please visit www.spaar.com and www.mplsrealtor.com.

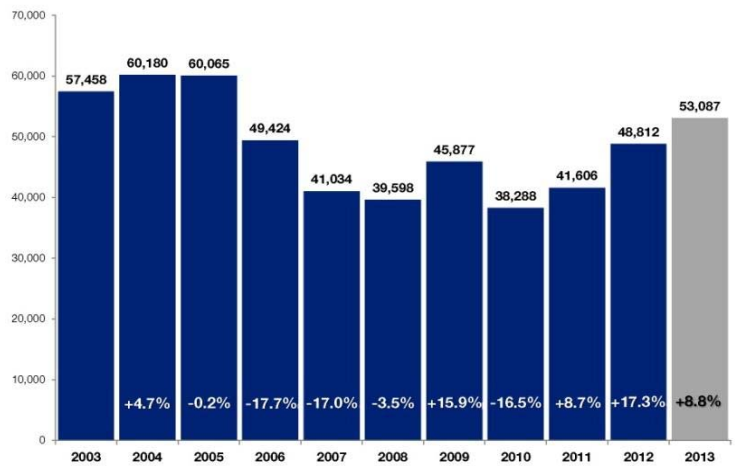
Year in Context – 2013 New Listings



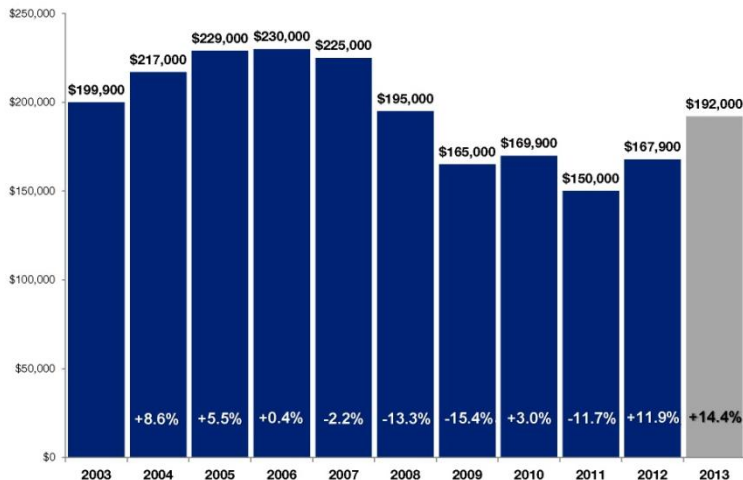
Sellers posted their first annual gain in activity levels in seven years. New listings were up 9.4 percent compared to 2012. From its peak in 2006, seller activity has come down about 33.0 percent. But with rising prices, record market times and multiple offers, this welcomed change is likely to continue in 2014.

Strong buyer demand has paved the road to recovery. Home sales reached levels not seen since 2005. Driven by low interest rates, affordable prices, rising rents and an improved jobs picture, housing demand soared to an eight year high, offering another sign of strengthening consumer confidence.

Year in Context – 2013 Closed Sales



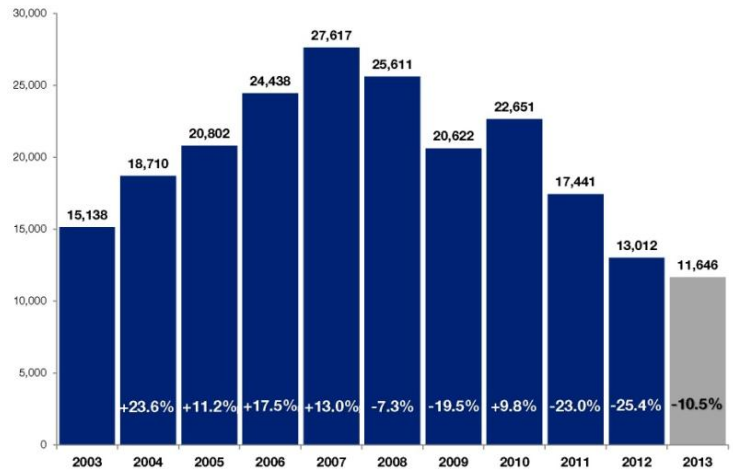
Year in Context – 2013 Median Sales Price



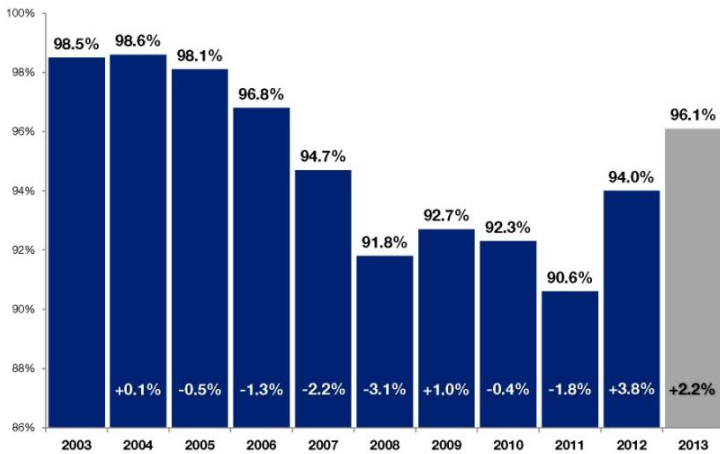
With less supply, more demand and heavily discounted foreclosures far less prevalent, the median sales price increased sharply throughout the year. At \$192,000, the median home price rose 14.4 percent in 2013. This marks a five-year high. Rising prices can lift homeowners "above water" and also replenish local tax bases.

Inventory levels fell for a 3rd straight year, ending at an 11-year low. The number of homes for sale decreased 10.5 percent from 2012. With robust demand, that supply-side constraint has brought out competitive bidding on many listings. Sellers are facing less competition and multiple offers while some buyers struggle to find high-quality, move-in-ready inventory in this listing-depleted environment.

Year in Context – 2013 Inventory



Year in Context – 2013 Percent of Original List Price Received at Sale



In part because of the inventory declines, sellers have been realizing a greater share of their asking price. On average, this figure is up 2.2 percent from 2012 to 96.1 percent. That also reflects the prevalence of multiple offers received by sellers. This is further evidence that the landscape for sellers has improved immensely.

As a result of the above, homes are selling in record time. On average, homes sold in 83 days, a substantial 29.1 percent faster than 2012. Among other factors, the fact that more homes are selling in less time at higher price points should strengthen seller confidence. That confidence is crucial before sellers can list their homes in greater numbers.

Year in Context – 2013 Days on Market

