

PRESS RELEASE

Contact:

Release

Patrick Ruble
Saint Paul Area Association of REALTORS®
651.772.6343
pruble@spaar.com

For Immediate

March 12, 2008

Signs of improvement in the local housing market

Consumers and REALTORS® agree that, in the past two months, there has been an increase in foot traffic through open houses and a stronger interest in showings of “for sale” properties in the 13-county Twin Cities metro area. REALTOR® offices in the east metro have reported February showings up more than 10 percent over the previous month. March showings have come on even stronger.

“The interest of home buyers to make that purchase decision has ramped up this past month,” Greg Bauman, president of the Saint Paul Area Association of REALTORS® stated today. He went on to say, “We are beginning to see positive signs that the credit crisis is being addressed at the federal level and this will translate into more confidence at the local level where the transactions take place.”

While this heightened level of activity has not resulted in stronger closed home sales for January and February, there are some positive indicators that bode well for the future of existing, residential real estate sales: pending sales, inventory and affordability.

Pending sales, a leading indicator of future closed home sales, moved strongly forward from January to February increasing 20.49 percent for the month. There were 3,087 pending sales reported in February compared to 2,562 in January. That is the third highest percentage increase of pending sales from January to February in the past eight years. That rate was exceeded in 04 (21.02 percent) and 05 (33.9 percent).

At the end of February there were 29,667 active listings reported for the 13-county metro area in the Regional Multiple Listing Service of Minnesota’s (RMLS) system. That is a 5.0 percent increase from February 07 when 28,256 active listings were reported. The significance of the current level of inventory is the rate at which new inventory has been added to the system.

The rate of new listings added to the inventory during the first two months of 08 has slowed significantly compared to 07 and 06 when the market began to show serious signs of deterioration. From January 08 to March 08 the level of inventory increased by 12.29 percent, a reasonable number as the traditional selling season kicked off. During the same three month period of 06 the level of inventory increased by 22.71 percent while in 07 the increase was reported at 16.38 percent. The *Months Supply of Inventory* (MSI), the amount of time it would take to sell through the current number of listed properties, is 10.2 months. That’s a drop from the 12.1 MSI reported in January 08.

“The current state of the real estate market is truly an opportunity for first-time home buyers and those looking to purchase more house for their money,” stated Greg Bauman, President of the Saint Paul Area Association of REALTORS®. Bauman added, “It will take good credit and, if you are selling, the willingness to negotiate a reasonable selling price to achieve your homeownership goals today. Residential real estate is where we raise families and become part of a larger community. It remains a stable investment if handled responsibly.”

Prolonged pressure from the high level of inventory, lack of buyer activity, credit concerns and the negative economic information continued to weigh down the median sales price of homes in the metro area. The median price of a closed home sale for the 13-county metro area was \$195,060, a decrease of 12.53 percent from one year ago. As the median price drops and single-family residential properties become more affordable to consumers the level of sales activity should begin to increase substantially. There were 2,009 recorded closed home sales in the 13-county metro area.

Housing statistics include existing single-family homes, condominiums and townhouses. Statistics are provided by the Saint Paul Area Association REALTORS® and are based on data supplied by the Regional Multiple Listing Service.

The Saint Paul Area Association of REALTORS® represents 4,000 members involved in all aspects of the real estate industry.

For more information about Twin Cities area home sales statistics, contact Patrick Ruble at 651-772-6343 (pruble@spaar.com).

###