



MINNESOTA

Despite rising interest rates and increased inventory bringing some balance to the housing market, RE/MAX real estate professionals in Minnesota expect 2019 to remain a sellers' market. First time homebuyers are still finding the market particularly challenging, as median sales price in the Twin Cities and other metropolitan areas continues to climb toward \$300,000.

After a period of historically low rates, brokers predict that homebuyers - and homeowners who have refinanced at a much lower rate - may perceive 5-6 percent interest rates as unaffordable and may hesitate to purchase a home, especially when coupled with high housing prices. Those who do look to buy will take their time, and they will be less willing to make an offer on just any home in their price range.

There are several reasons why the Minnesota market may begin to balance in 2019 in addition to interest rates:

- Waning buyer demand due to prolonged lack of inventory
- Builders in suburbs and rural areas taking a chance on building more affordable homes
- The construction of market-to-luxury rate apartments, an option for first-time homebuyers being priced out of the market and for homeowners who sell before they find a home to buy

Across Minnesota home prices are still increasing, but rising interest rates and buyer fatigue are expected to slow down price increases in 2019, which will also contribute to a more balanced market.

While some affordable new builds are popping up in suburbs and rural areas, overall, the rising cost of newly constructed homes continues to outpace buyers' ability to pay for them. However, newly constructed apartments and townhomes are helping to free up the market in Minnesota's smaller cities. They offer smart technology, updated kitchens and bathrooms and neutral color schemes - all 'must haves' for buyers - at a more affordable price point. They also offer an option for those who sell their homes and haven't yet found a home to purchase.

In Minnesota, housing remains affordable due to a strong economy, so RE/MAX real estate experts expect the housing market to remain strong in 2019.

This year from January through October, Minnesota's housing market experienced the following compared to the same time period last year:

- **Average sales price increased 6.1% to \$277,059.**
- **Average days on market decreased 7.4% to 50 days.**
- **The number of homes sold decreased by 2.6% to 72,145.**



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Region	Year	Homes Sold	% Change	Avg. Days on Market	% Change	Median Sales Price	% Change	2019 Predictions		
								Market	Avg. Sales Price	Inventory
Minnesota	2017	74,063	-2.60%	54	-7.40%	\$261,114	6.10%			
	2018	72,145		50		\$277,059				
Headwaters	2017	891	1.20%	122	-12.30%	\$160,000	9.40%	Decrease	Increase	Remain
	2018	902		107		\$175,000				
Arrowhead	2017	4,120	0.30%	100	-5.00%	\$153,900	2.70%	N/A	N/A	N/A
	2018	4,133		95		\$158,000				
West Central	2017	1,653	0.60%	86	-4.70%	\$171,000	13.50%	Remain	Remain	Decrease
	2018	1,663		82		\$194,000				
North Central	2017	2,615	0.40%	91	-8.80%	\$173,000	8.10%	Remain	Remain	Decrease
	2018	2,626		83		\$187,000				
Southwest Central	2017	1,357	6.20%	73	-8.20%	\$145,000	9.80%	Increase	Decrease	Decrease
	2018	1,441		67		\$159,250				
East Central	2017	2,481	3.10%	60	-11.70%	\$190,000	10.50%	Increase	Remain	Increase
	2018	2,557		53		\$210,000				
Central	2017	6,289	-0.90%	50	-8.00%	\$212,000	6.10%	Remain	Remain	Remain
	2018	6,232		46		\$225,000				
Southwest	2017	668	18.30%	99	-17.20%	\$117,000	1.90%	Increase	Remain	Decrease
	2018	790		82		\$119,200				
South Central	2017	2,636	-3.60%	98	-11.20%	\$154,900	7.80%	Increase	Decrease	Remain
	2018	2,541		87		\$167,000				
Southeast	2017	6,225	-6.20%	61	-6.60%	\$182,950	8.70%	Increase	Increase	Increase
	2018	5,837		57		\$198,918				
Twin Cities	2017	44,337	-3.90%	39	-10.30%	\$251,000	7.60%	Remain	Increase	Increase
	2018	42,625		35		\$270,000				

Data reported by the Minnesota Association of REALTORS and reflects January - October 2018 and the same timeframe for 2017. Predictions and insight provided by RE/MAX INTEGRA, Midwest.