



# THE **DATA DIVE**



WITH **David Arbit**  
*MNR Director of Research*



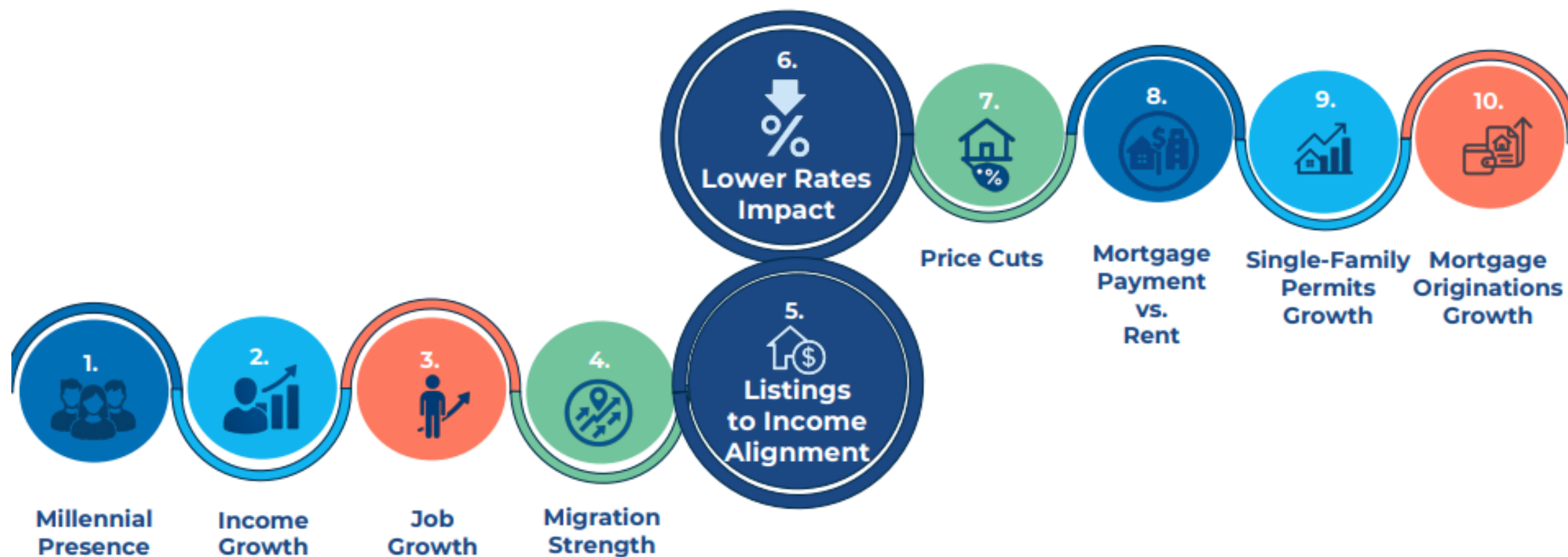
**Minnesota  
Realtors®**

## December 2025

Mpls-St. Paul in Top 10  
Hottest Housing Markets  
for 2026

# WHERE WILL OPPORTUNITIES BE?

## The 10 Forward-Looking Indicators for 2026

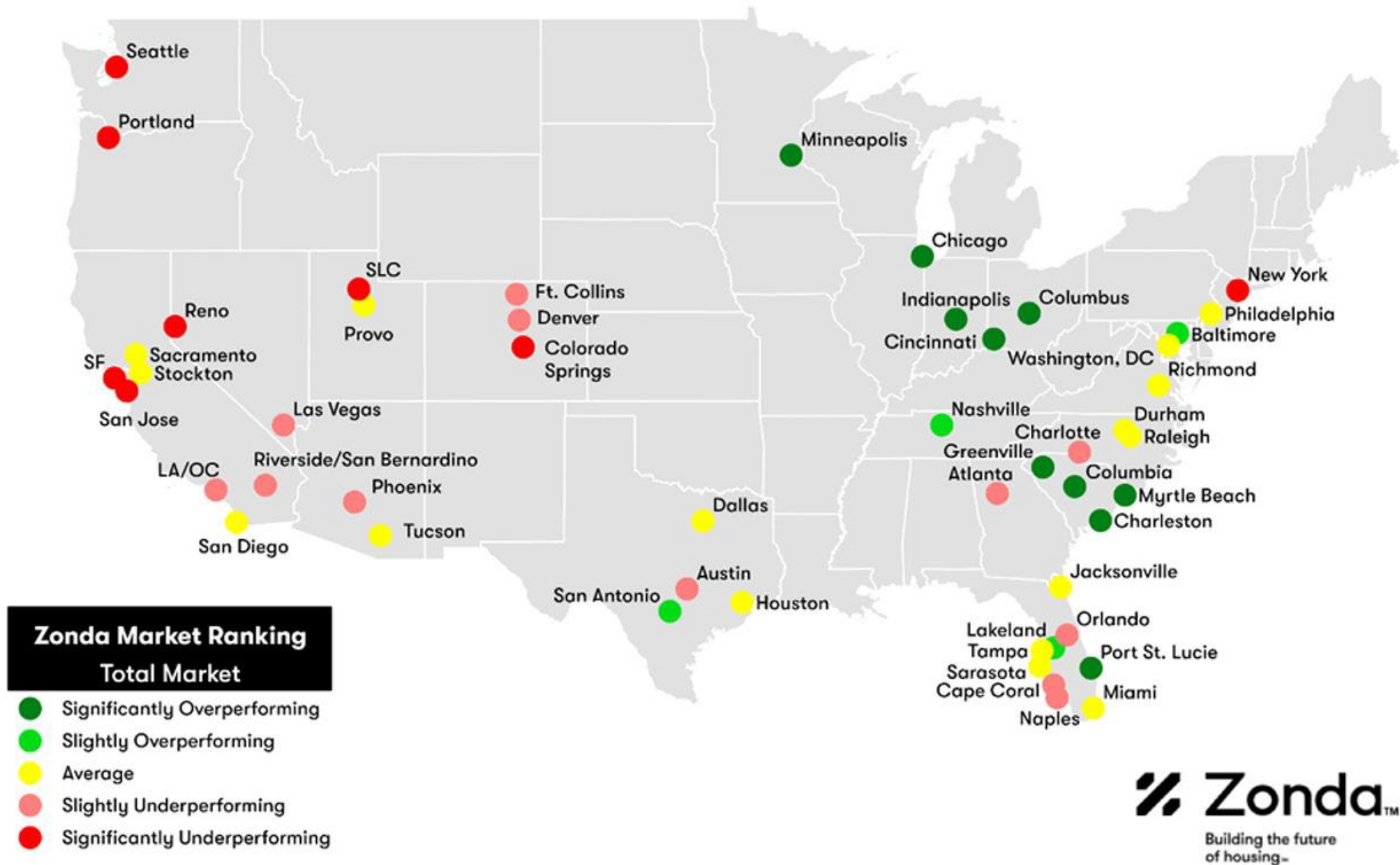


# TOP HOT SPOTS 2026



# WHY THIS MATTERS FOR REALTORS®

- **Demand and activity will improve, but not everywhere the same.**
  - ➔ The recovery will be concentrated in markets where housing and incomes are coming closer together.
- **Target the new pool of rate-qualified buyers.**
  - ➔ Reach out to buyers who stepped back.
- **Pricing strategy matters more than ever.**
  - ➔ Well-priced homes sell quickly.
- **Inventory mix is becoming a competitive advantage.**
  - ➔ Highlight mid-priced inventory.
- **Migration patterns remain a driving force.**
  - ➔ Knowing where buyers are coming from and why is essential.

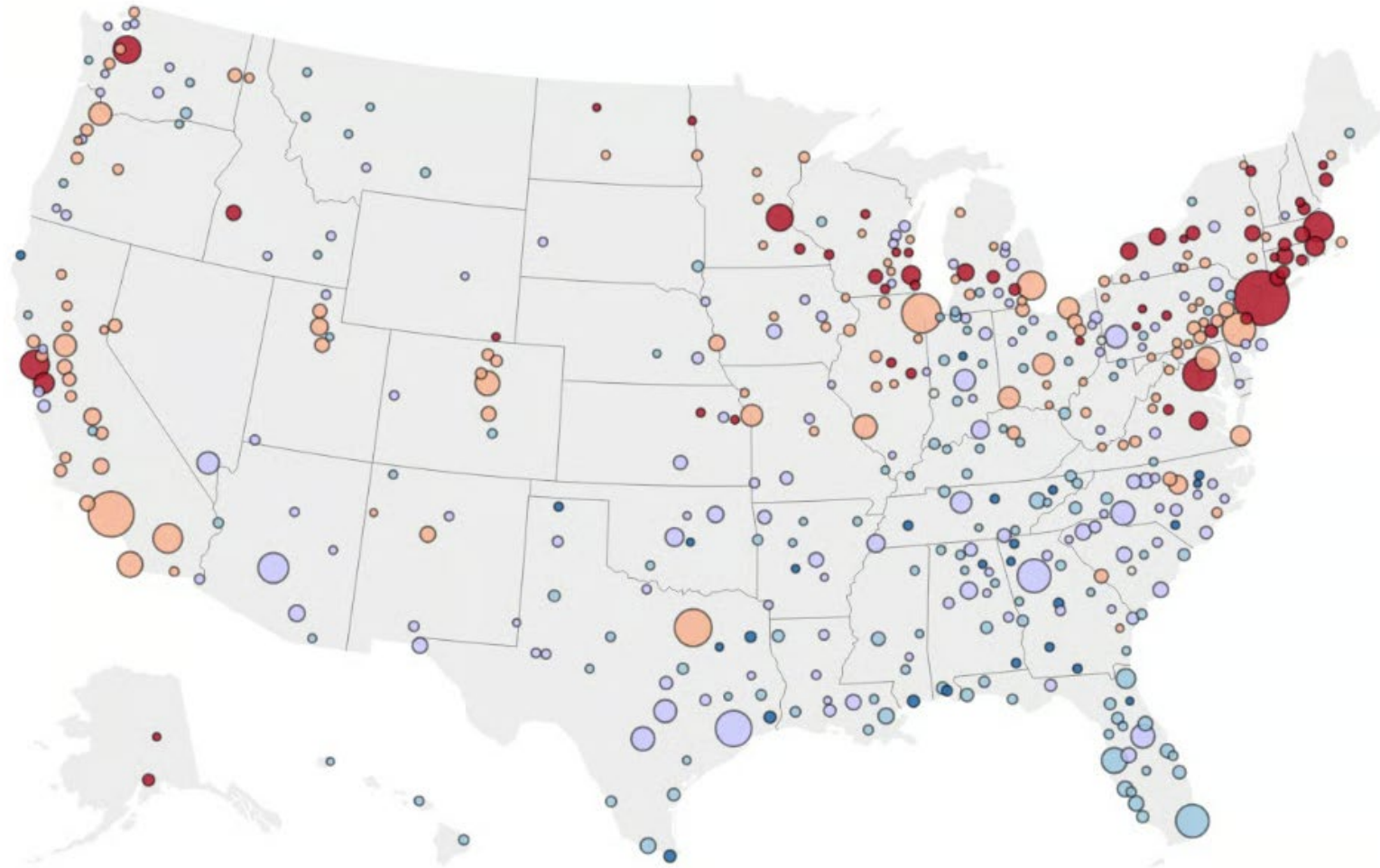


Note: The ZMR measures new home sales adjusted for supply and seasonality and compared to history. The data is as of July.

Source: Zonda

# Zillow's Market Heat Index: February 2025

A higher score indicates a hotter metro area housing market where sellers have more power. A lower score indicates a colder metro area housing market where buyers have more power.

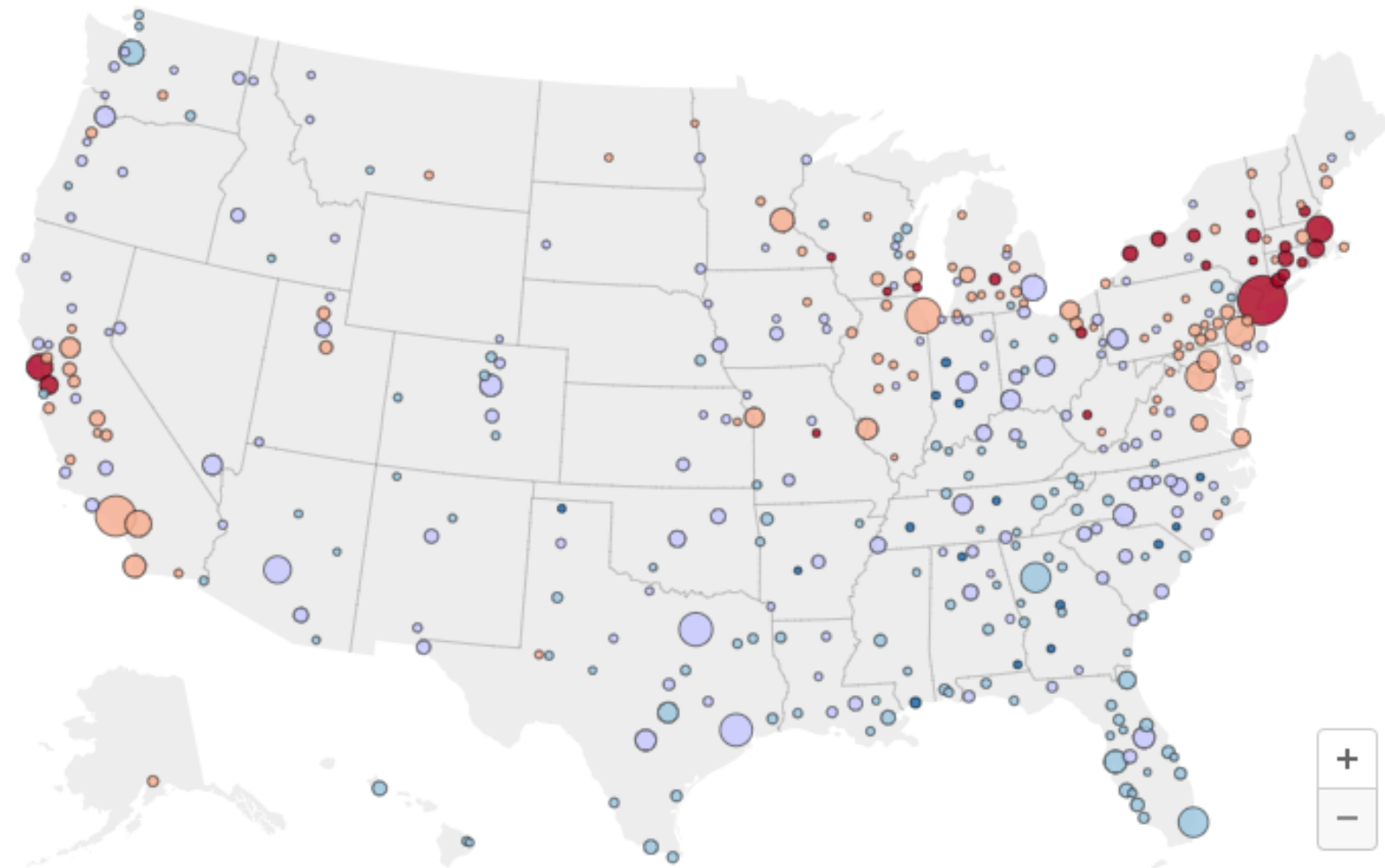
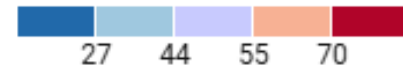


*Circle sized by metro-area population*

Map: Lance Lambert • Source: Zillow's Market Heat Index metro-level reading for February 2025 published in March 2025 • Created with Datawrapper

# Zillow's Market Heat Index: August 2025

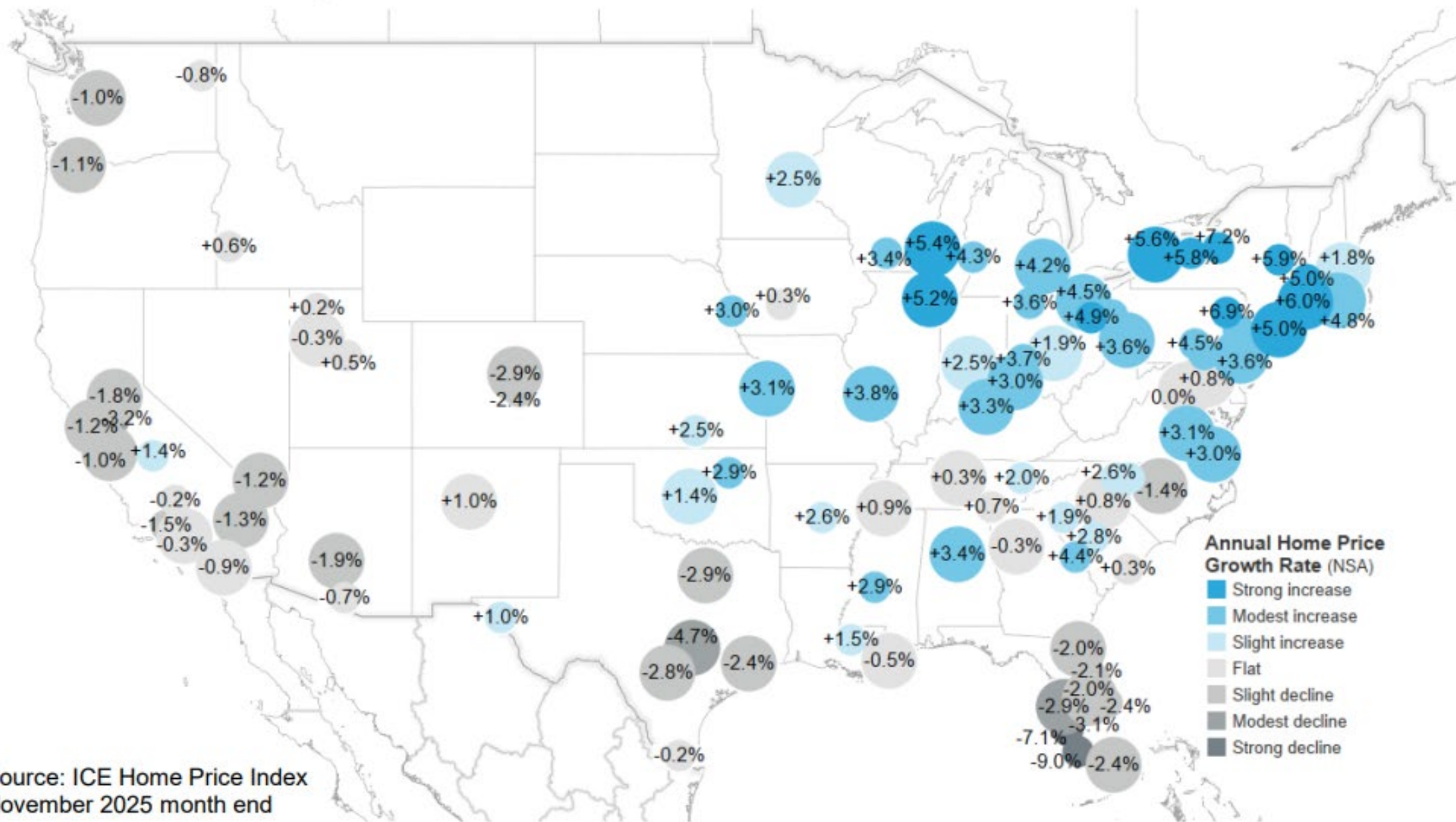
A higher score indicates a hotter metro area housing market where sellers have more power. A lower score indicates a colder metro area housing market where buyers have more power.



*Circle sized by metro-area population*

Map: Lance Lambert • Source: Zillow's Market Heat Index metro-level reading for August 2025 published in September 2025 • Created with [Datavrapper](#)

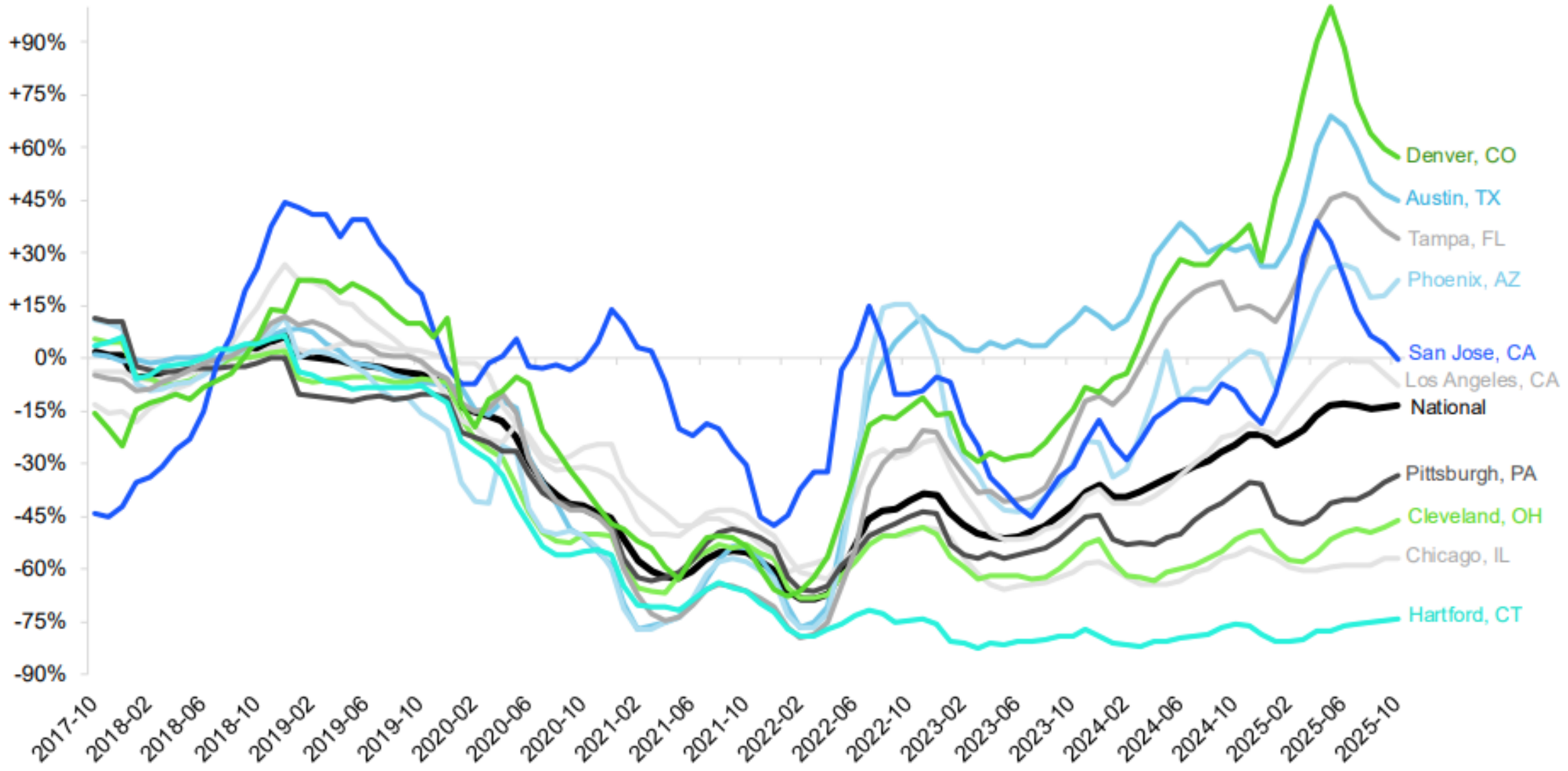
## Annual home price growth rate (NSA, September 2025)



Source: ICE Home Price Index  
November 2025 month end

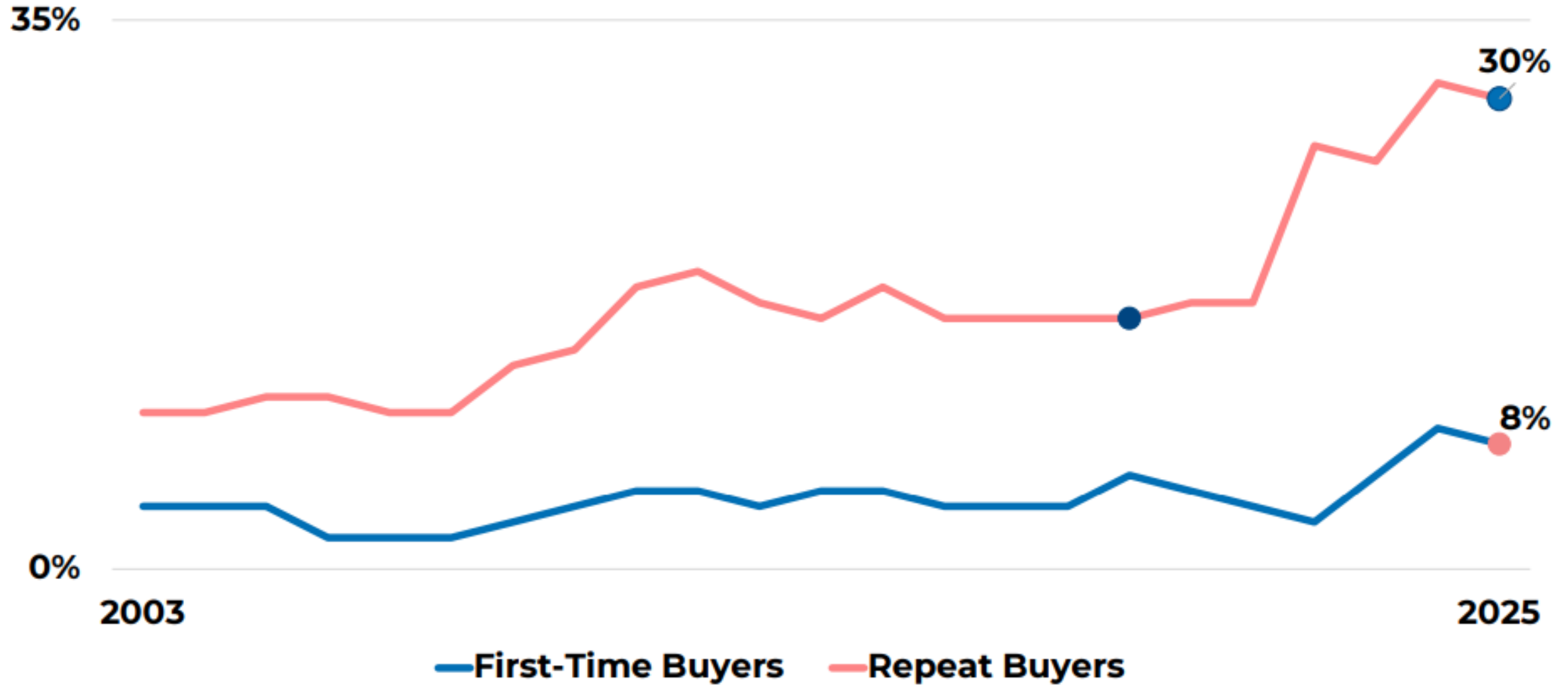
# Surplus / Deficit of homes listed for sale by market

Change from 2017-2019 same month average



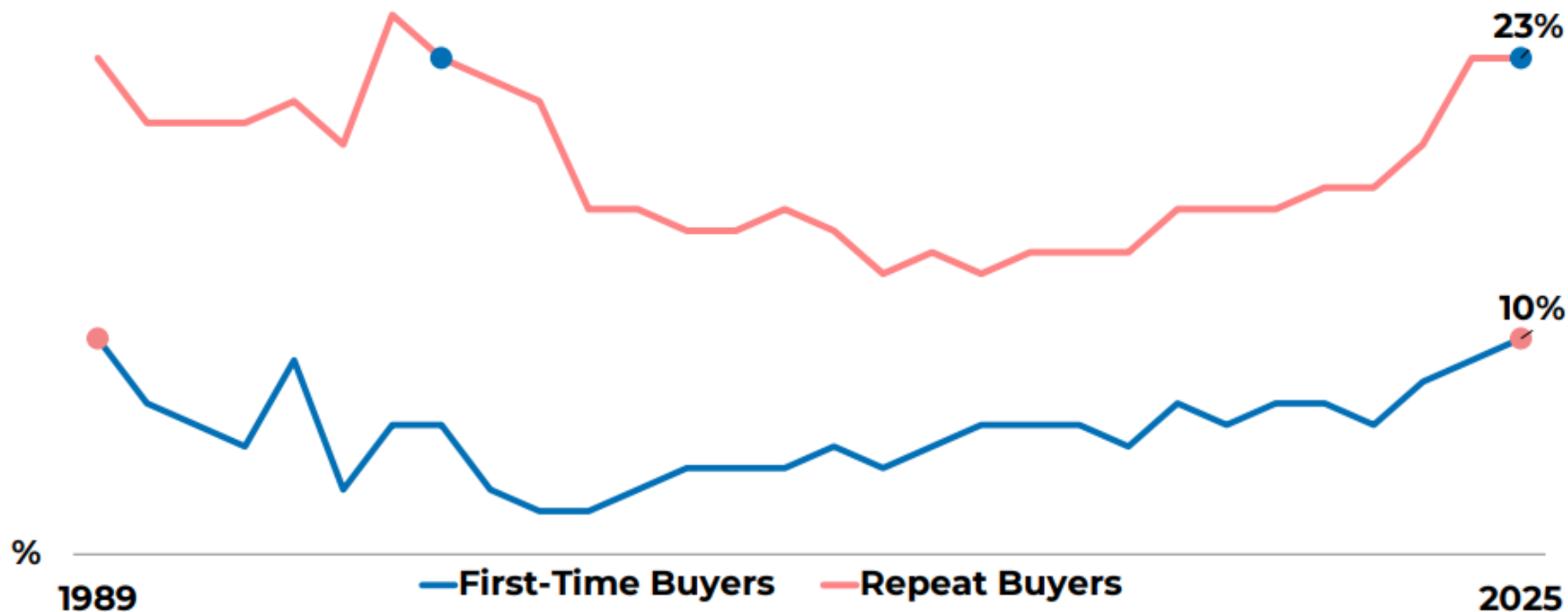
Source: ICE, Realtor.com

# All-Cash Buyers



# Typical Downpayment Among Home Buyers

30%



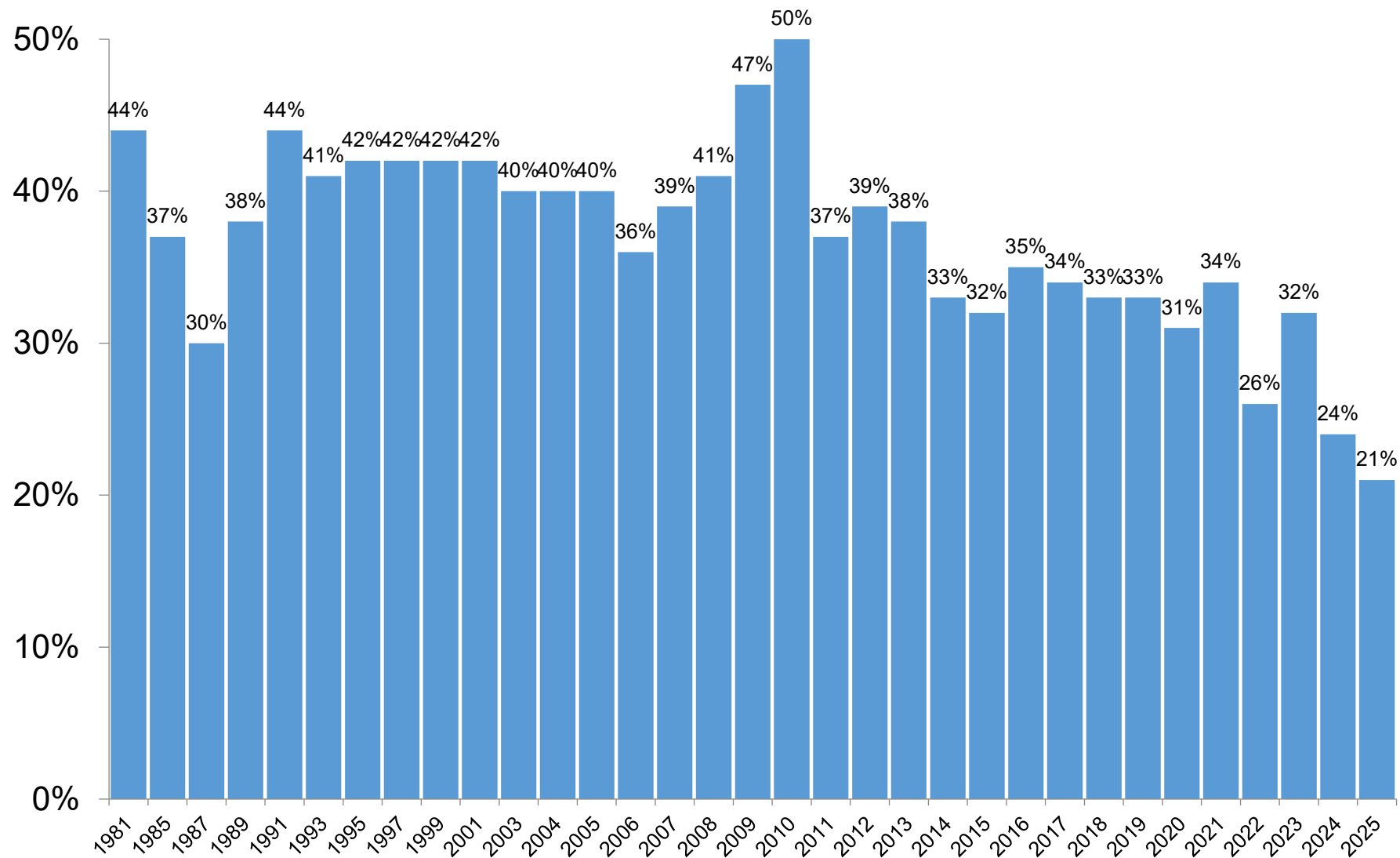
Source: Profile of Home Buyers and Sellers

[www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers](http://www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers)

# A Houdini Act

## Percent of all buyers that are first-time buyers | Nationwide

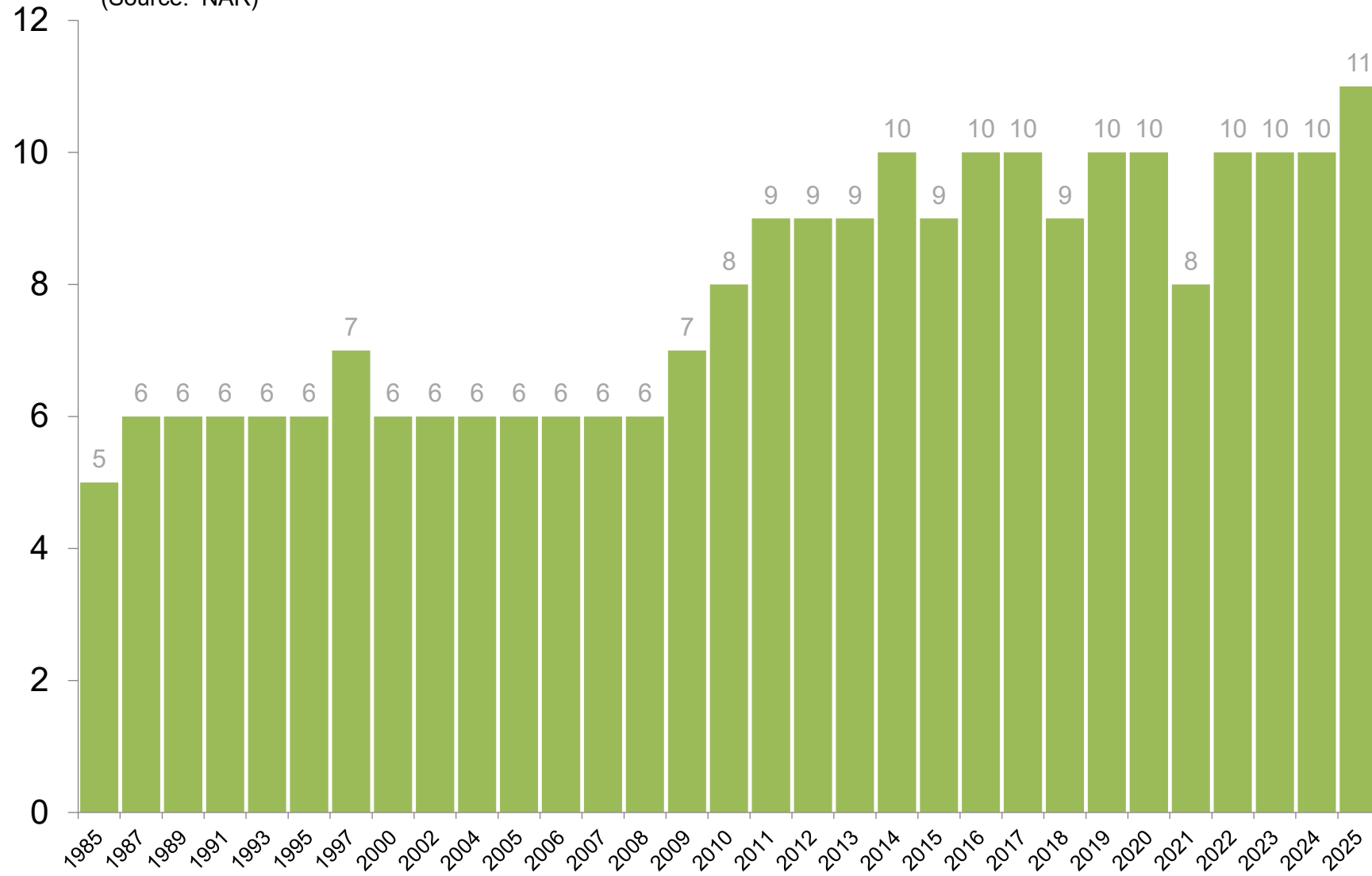
(Source: NAR)



# Stay a while

## Median Seller Tenure | Nationwide

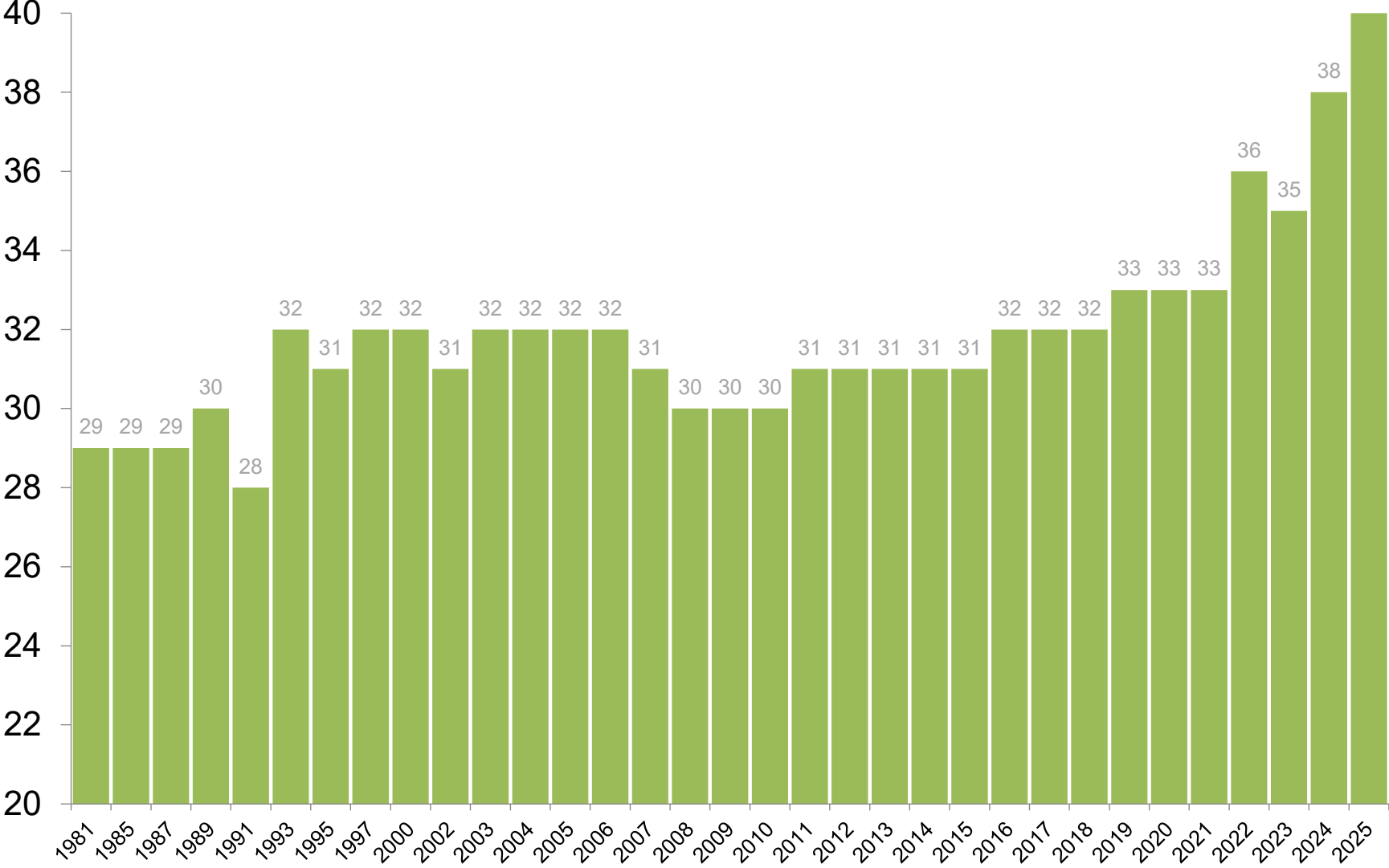
(Source: NAR)



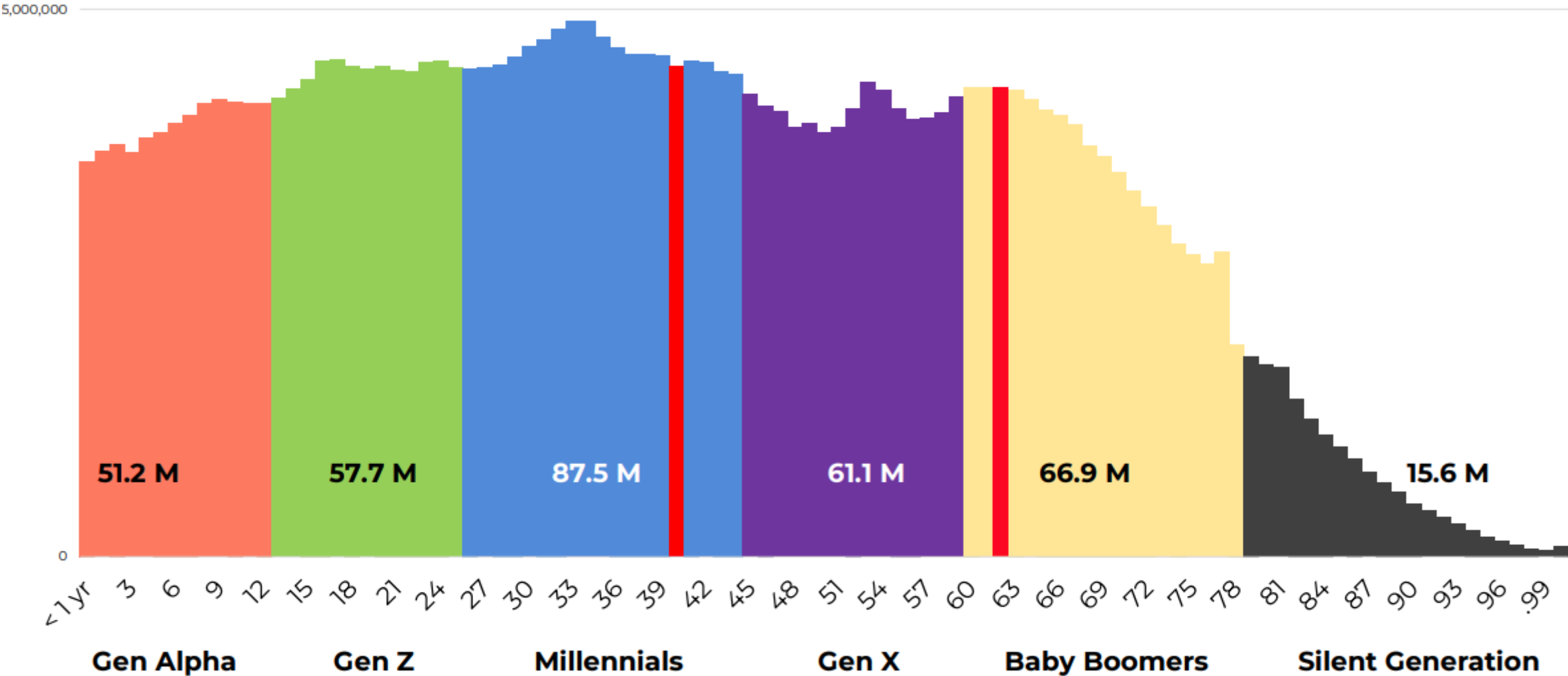
Not getting any younger

# Median Age of First-Time Home Buyers | Nationwide

(Source: NAR)



# U.S. Population by Age (in 2024)



Source: ACS PUMS 2024, Young Buyers Continue to Be Fenced Out of Homeownership  
<https://www.nar.realtor/blogs/economists-outlook/young-buyers-continue-to-be-fenced-out-of-homeownership>



# First-Time Buyers: Household Composition

	1985	2025
Married Couples	75%	50%
Single Women	11	25
Unmarried Couples	4	11
Single Men	9	10
Other (roommates)	0	4

Source: Just the Facts, Ma'am: Single Women Home Buyers Since 1981

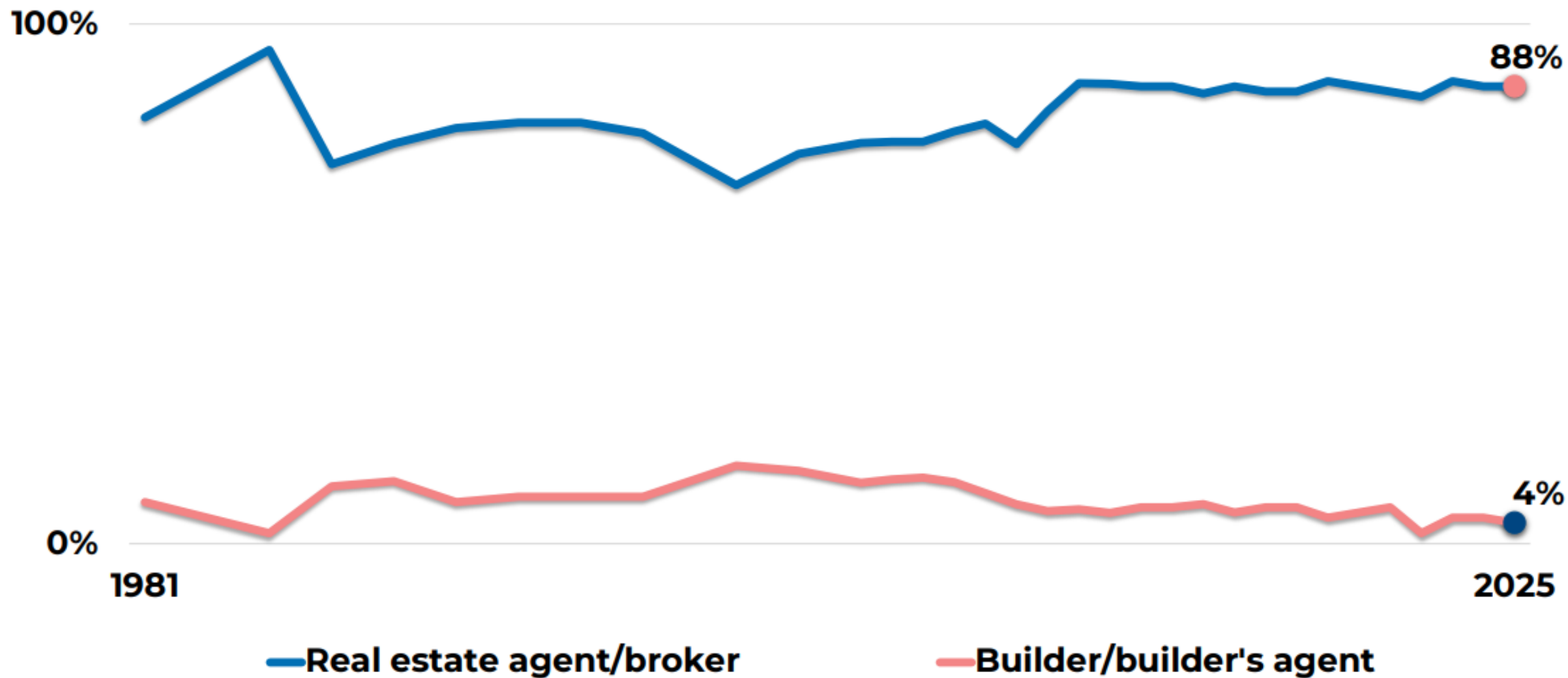
<https://www.nar.realtor/blogs/economists-outlook/just-the-facts-maam-single-women-home-buyers-since-1981>

# Baby Bust Among Buyers



Source: Profile of Home Buyers and Sellers  
[www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers](http://www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers)

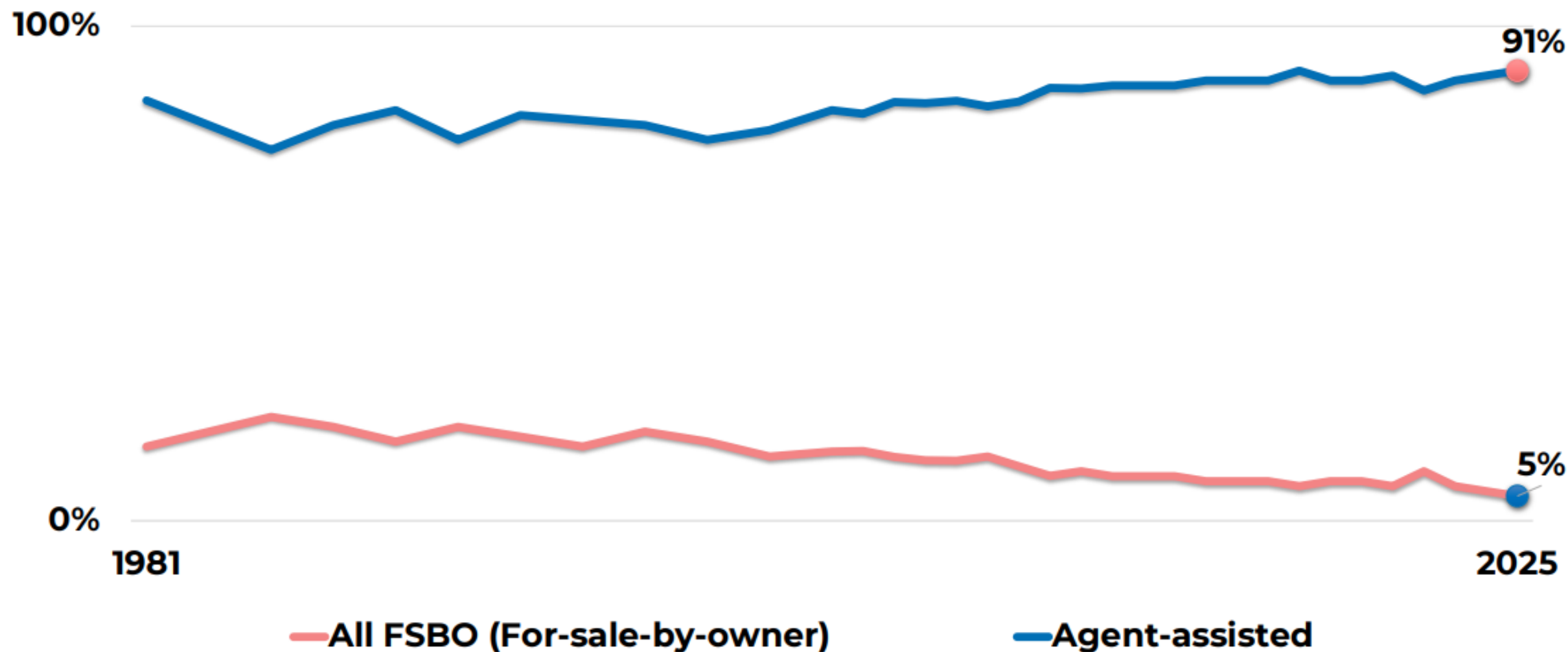
# Buyer Use of Agents



Source: Profile of Home Buyers and Sellers

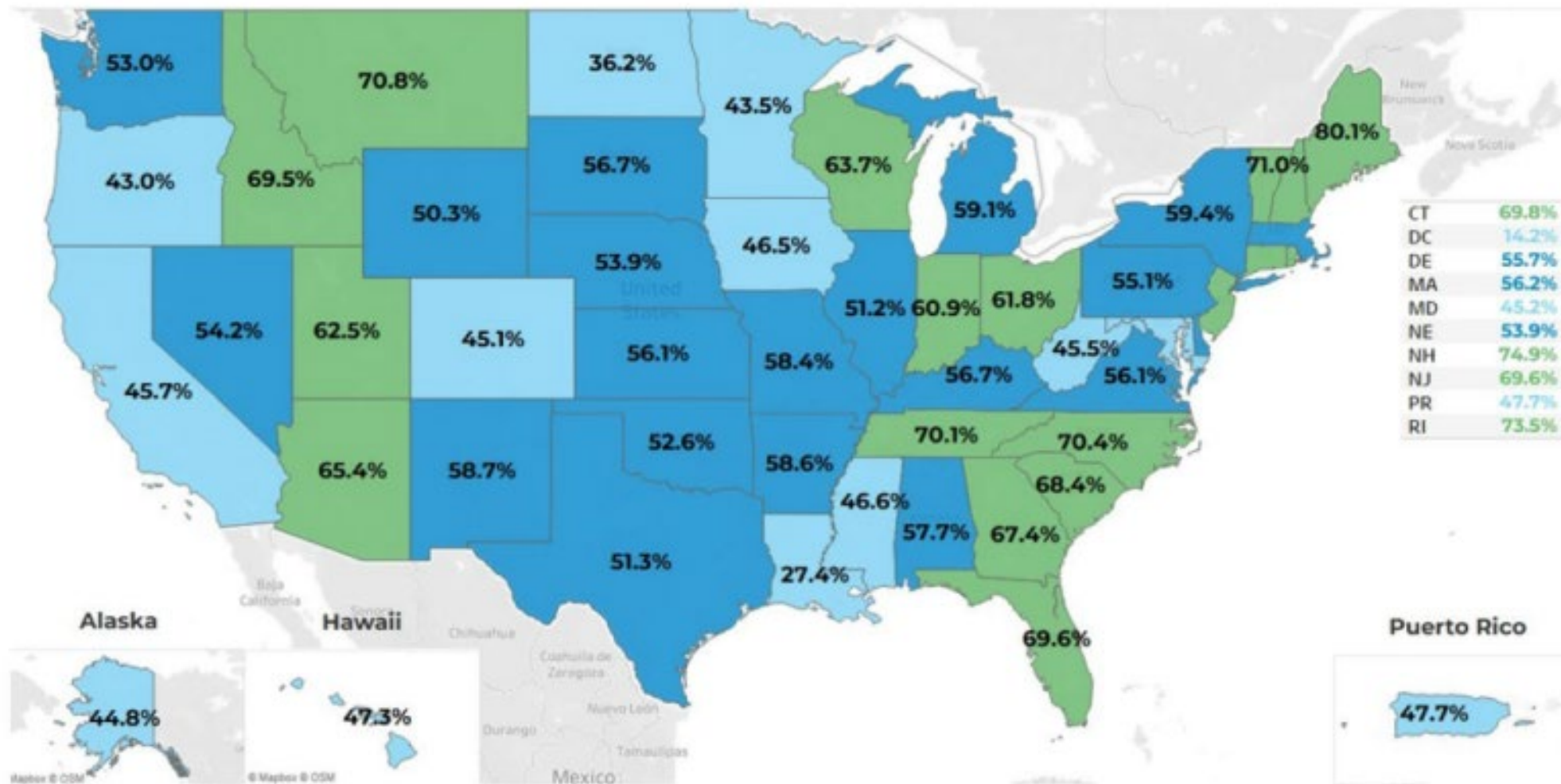
[www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers](https://www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers)

# Seller's Agent Use High, FSBO All-Time Low



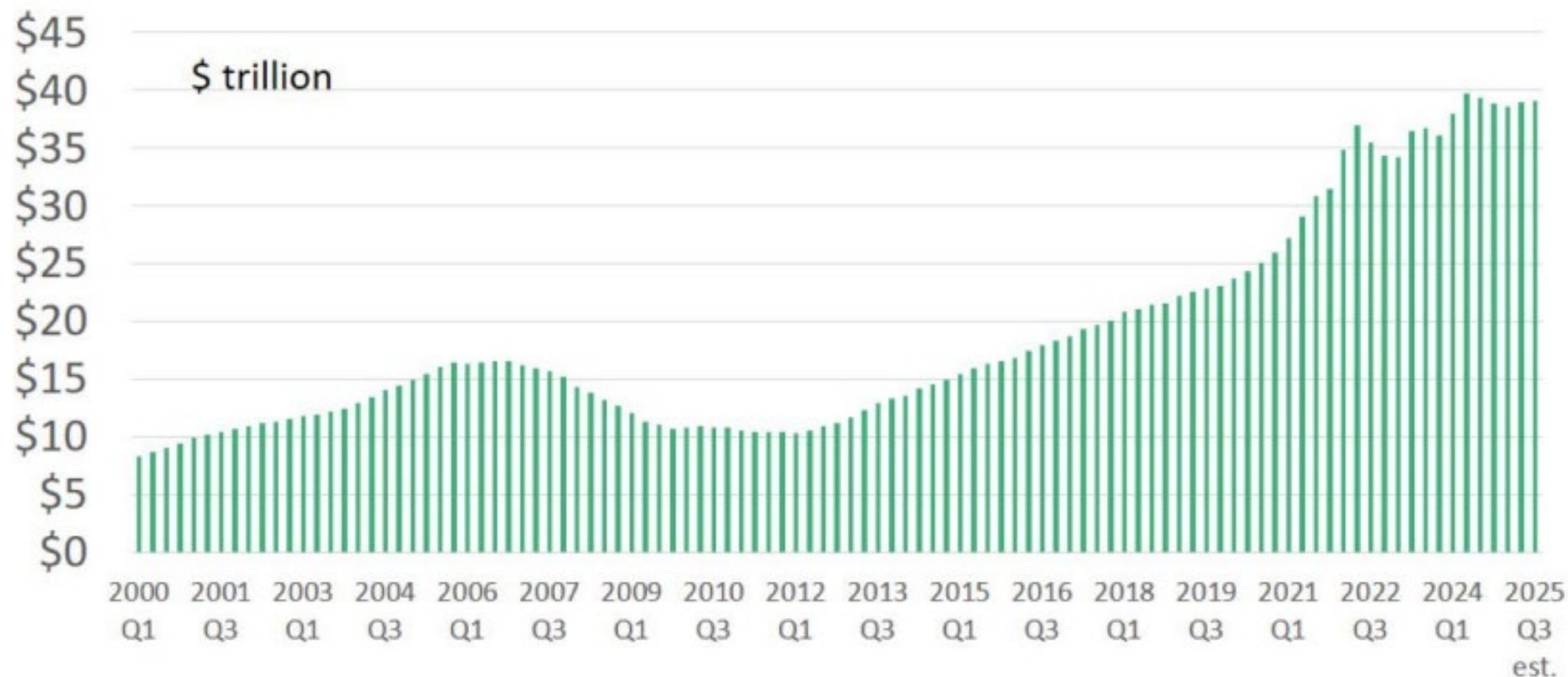
# 5-year Home Price Gains Since Pre-COVID

% change from 2020 Q1 to 2025 Q2



Source: NAR Analysis of FHFA data

# Real Estate Net Worth



Source: Federal Reserve

## Forecast for 2026

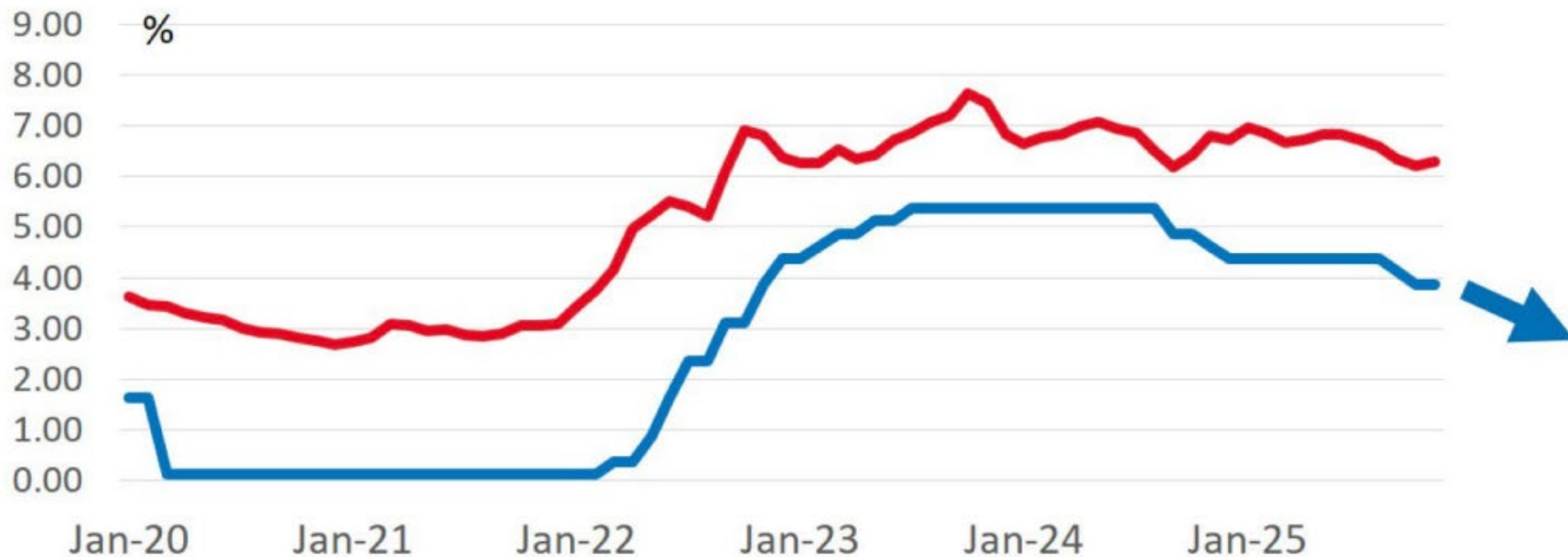
- **Recession or No? Data blackout during Government Shutdown**
- **Stock Market High but overvalued?**
- **Job Gains weakening**
- **Consumers not happy now and about future**
- **Consumers are defaulting on loans (but not on mortgage loans)**
- **Lower Mortgage Rates Save the Day**

# Consumer Sentiment about Future and Present



Source: University of Michigan

## Mortgage Rates (red) Fed Funds Rate (blue)



Source: Federal Reserve and Freddie Mac Mortgage Rate

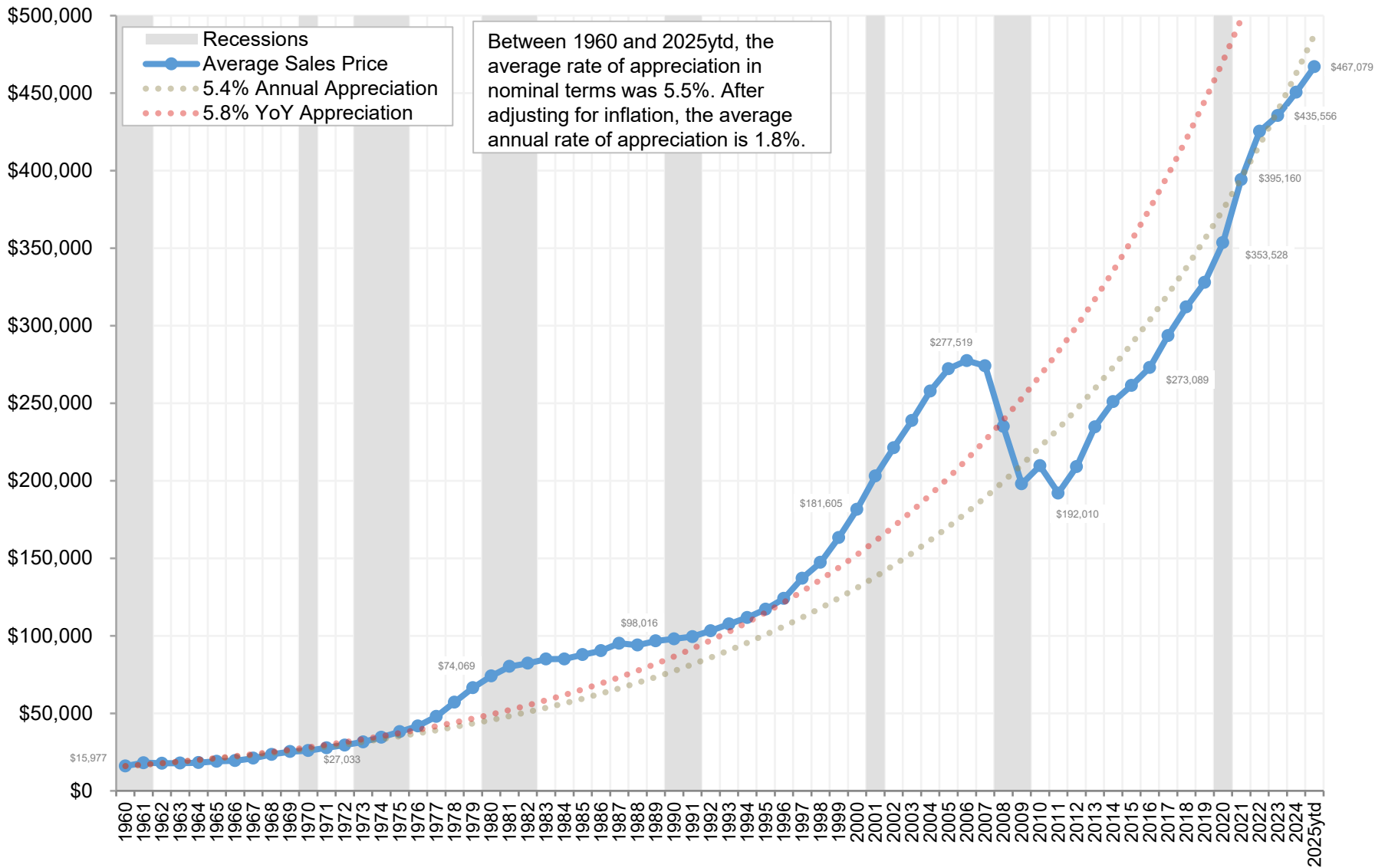
# Impact to Mortgage Rates

- Federal Reserve Rate Cut (on fed funds short-term rate)
- Federal Deficit and National Debt
- Supreme Court on Trump Tariffs (\$3 trillion revenue over decade)
- Inflation Rate
- Quantitative Tightening
  - net sale of mortgage-backed securities by the Fed
- Government guarantee (or non-guarantee) on mortgages
- Spread between 30-year Mortgage and 10-year Treasury
- Stock Market Crash

# Minnesota Market Trends & Buyer/Seller Dynamics

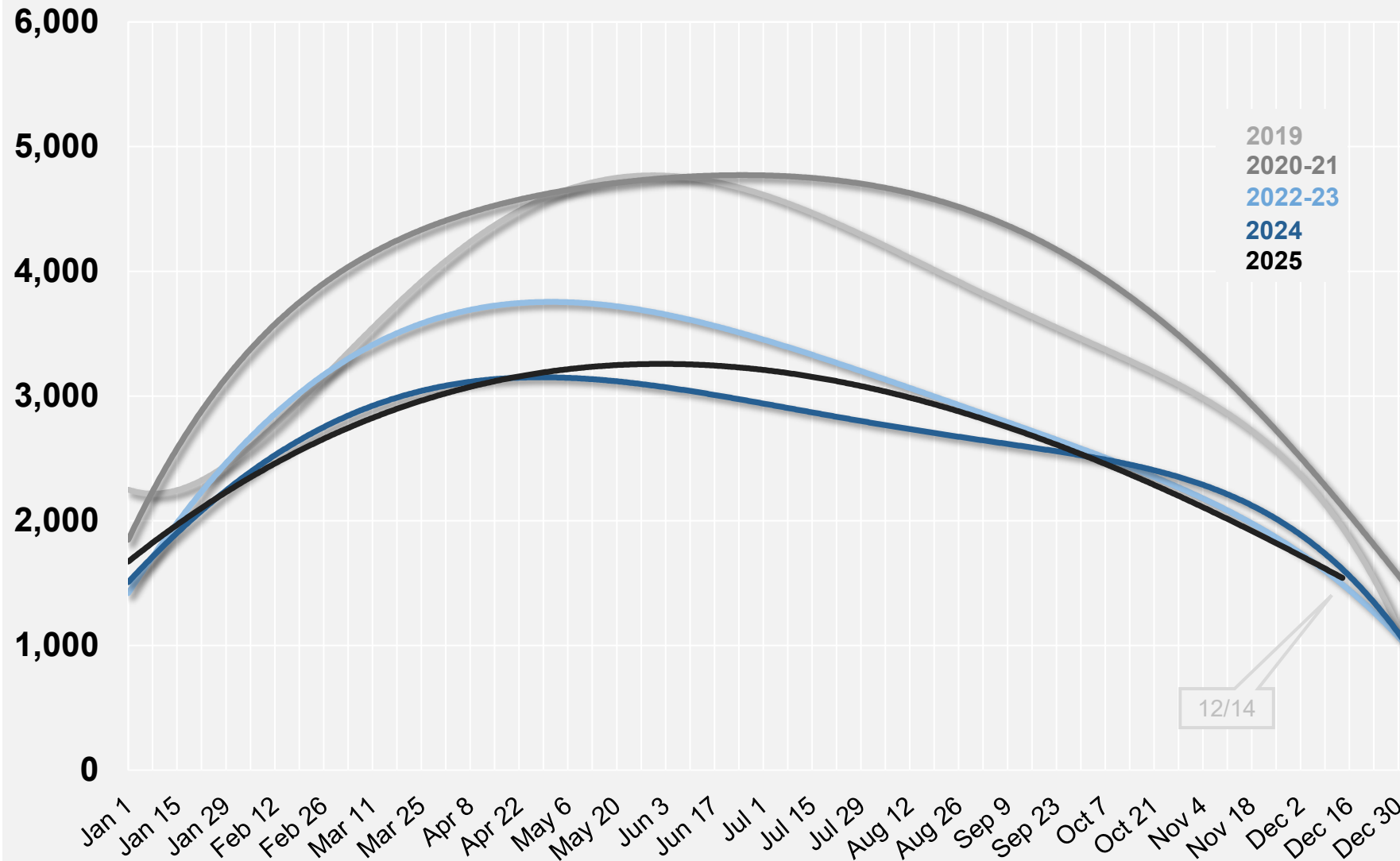
# The Great Mean Reversion:

Average Residential Sales Price, Twin Cities Metro (unadjusted nominal dollars)



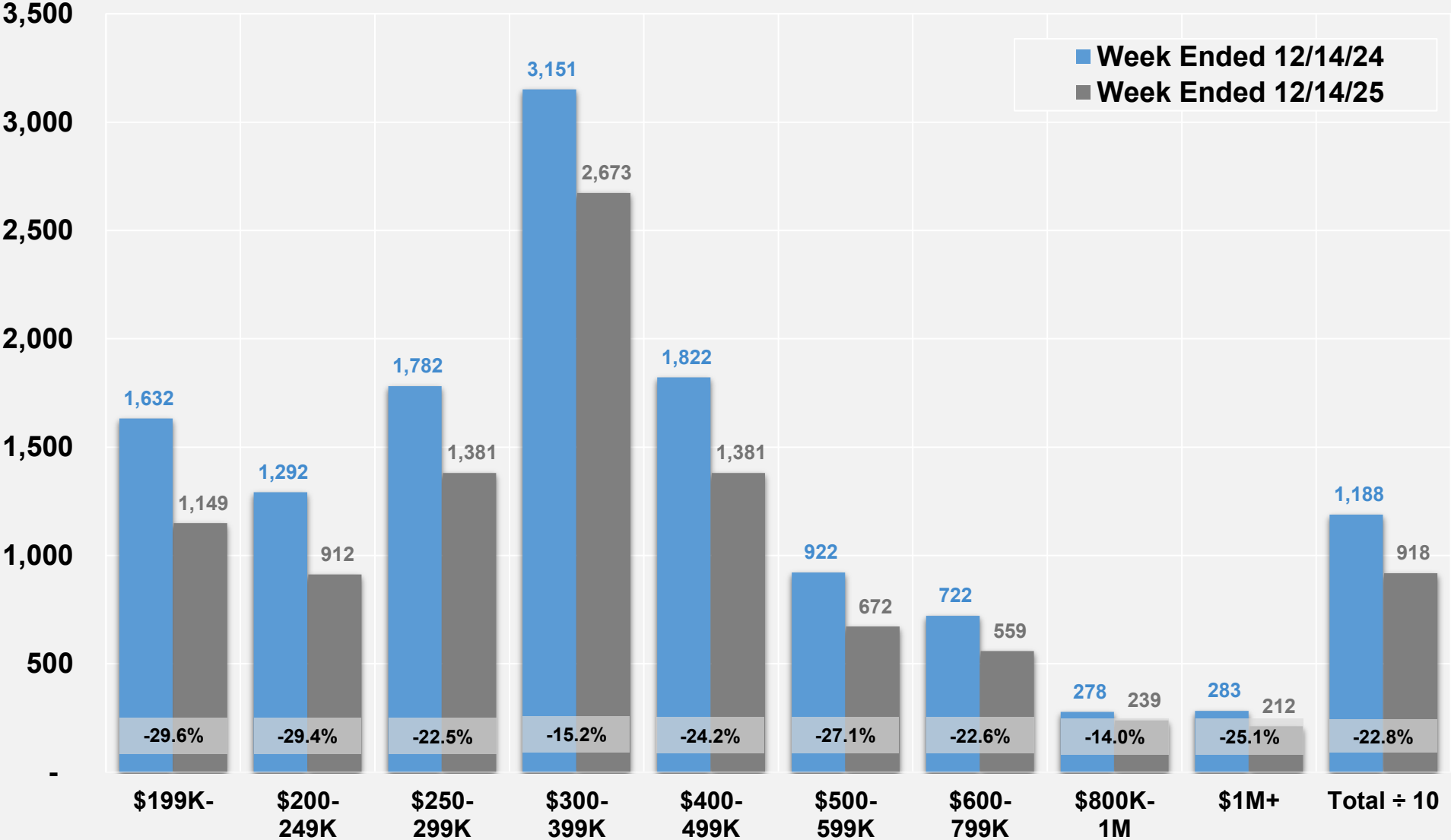
# Daily Showing Activity

MLS-Wide | Rolling Weekly Average | Trended



# Showing Activity by Price Range

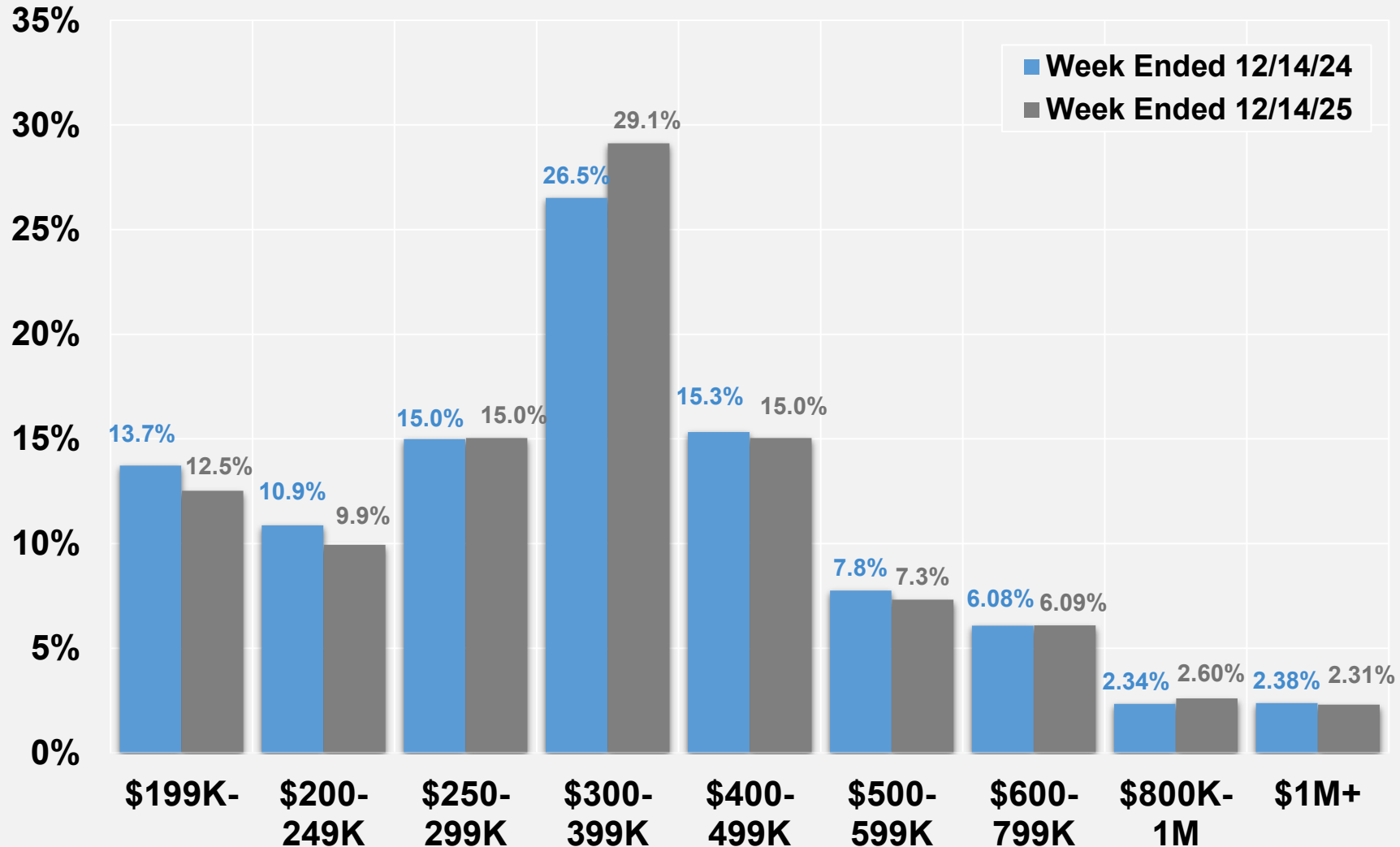
MLS-Wide



Source: Minnesota Realtors® and RMLS of MN, Inc. | © 2025 MNR | All Rights Reserved | Co-developed with MAR

# Share of Overall Showing Activity By Price Range

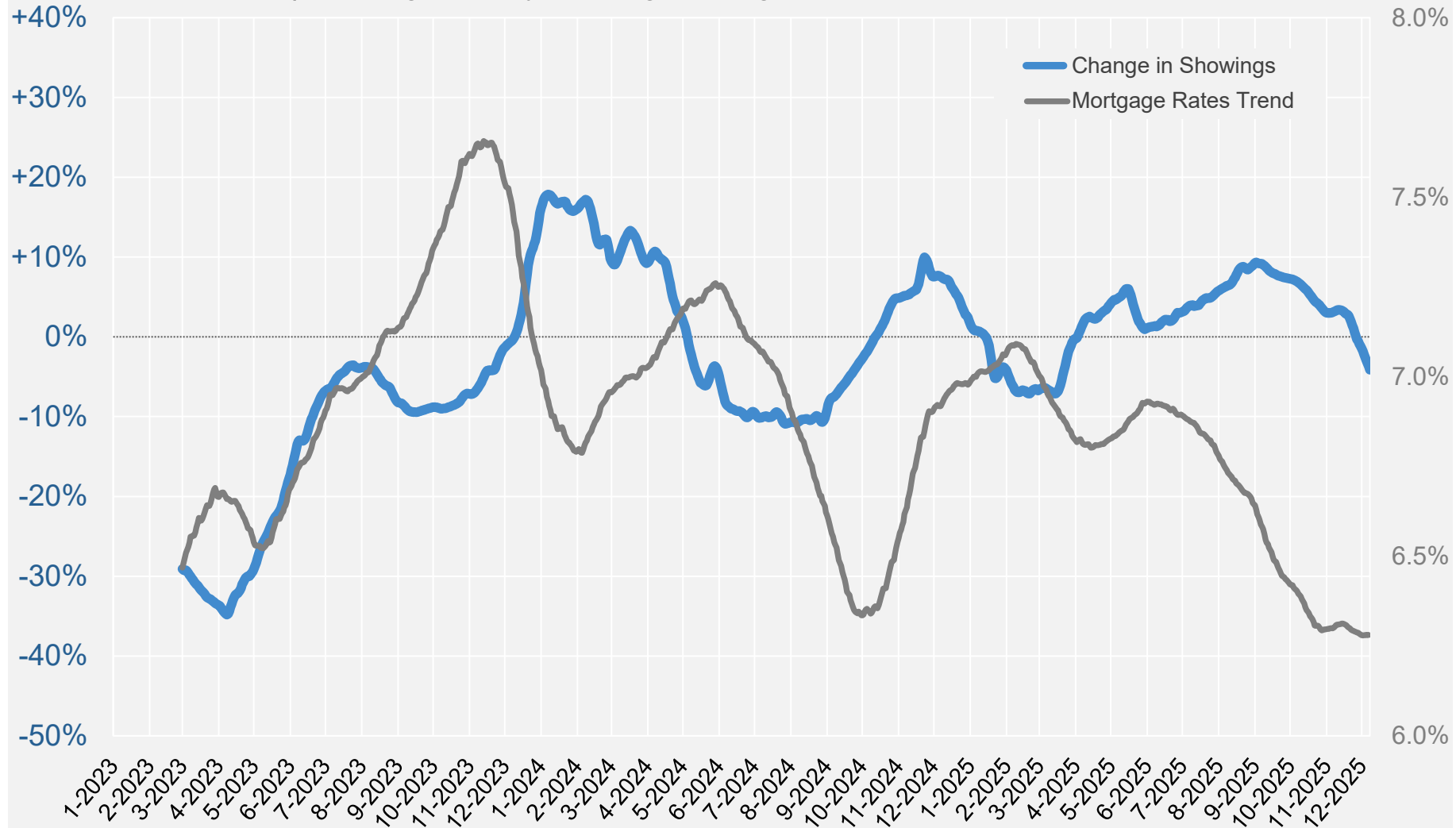
MLS-Wide



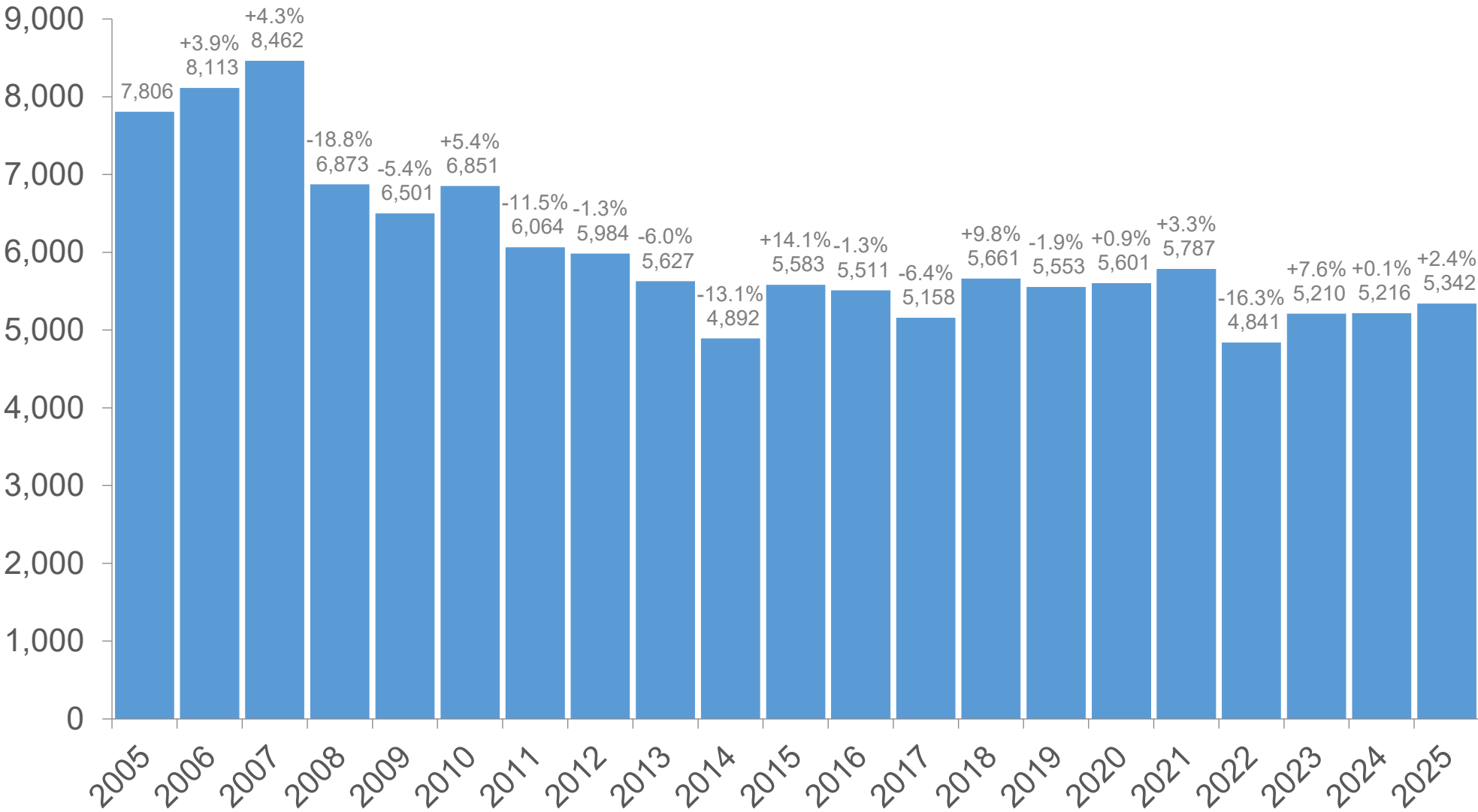
# Change in Showings Trend

With 30yr FRM (R. axis, trend)

MLS-Wide | Rolling Weekly Moving Average

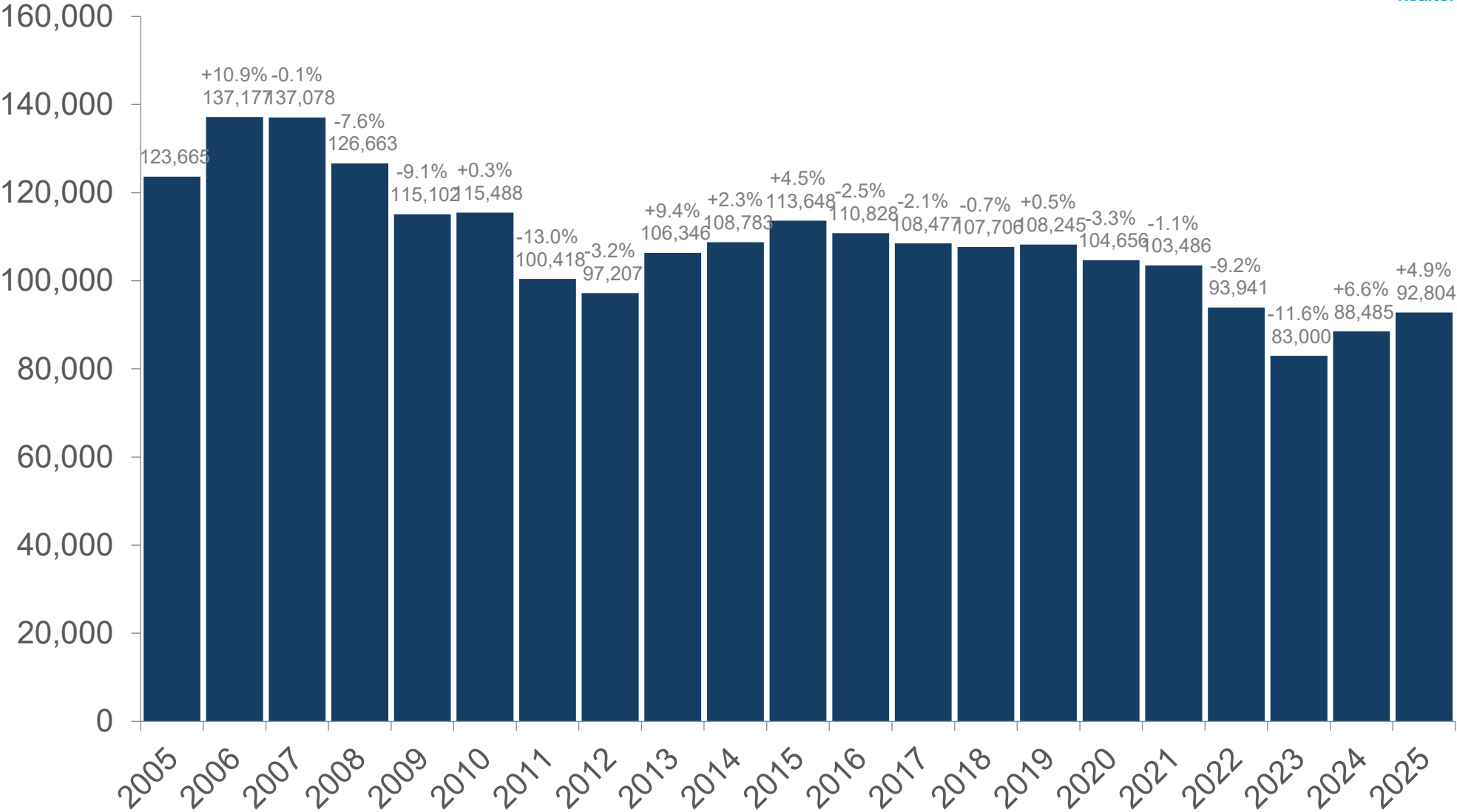


# Minnesota Statewide | New Listings | November



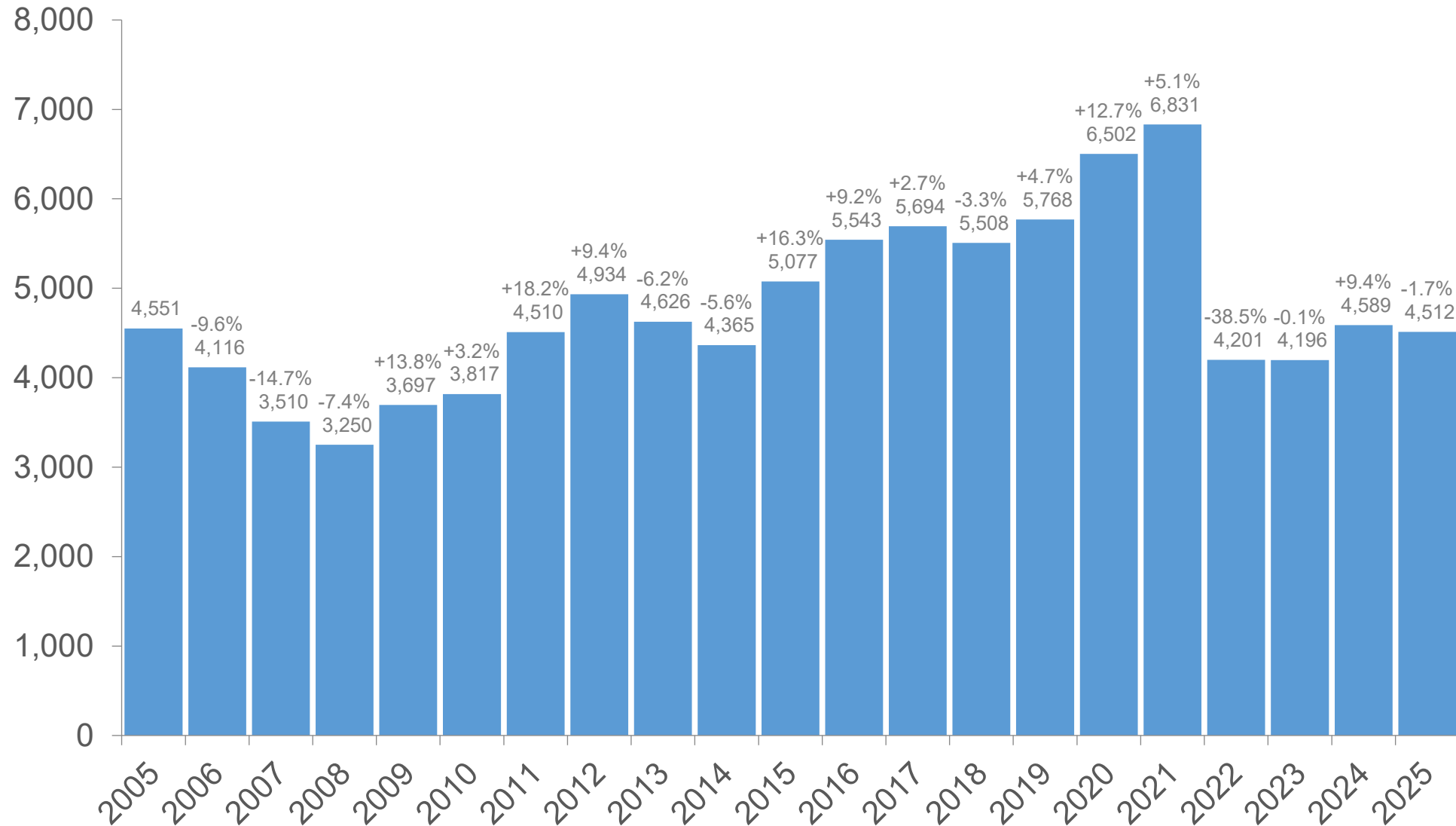
Source: Minnesota REALTORS® (MNR) and participating MLSs | © 2025 MNR

# Minnesota Statewide | New Listings | November YTD

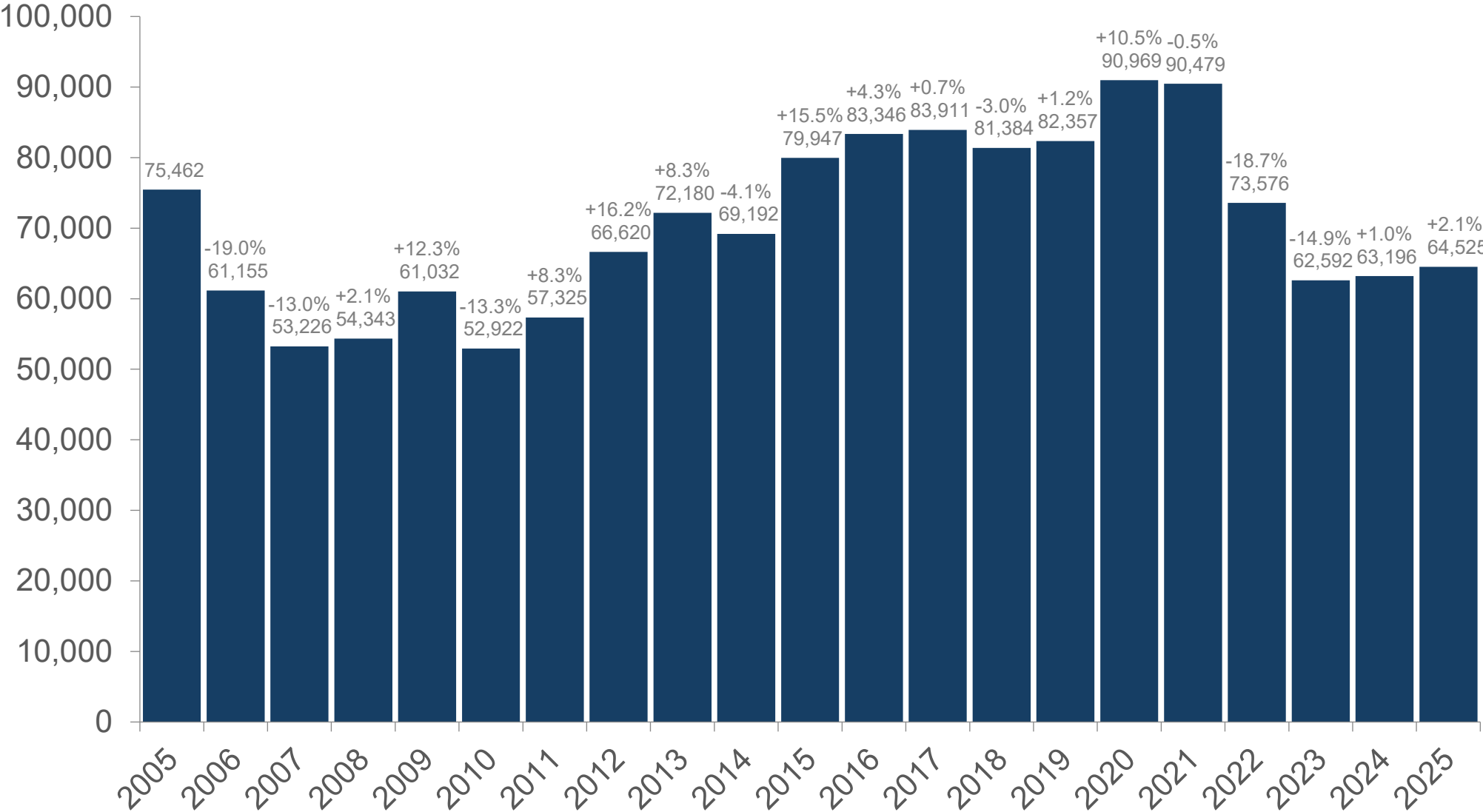


Source: Minnesota REALTORS® (MNR) and participating MLSs | © 2025 MNR

# Minnesota Statewide | Pending Sales | November

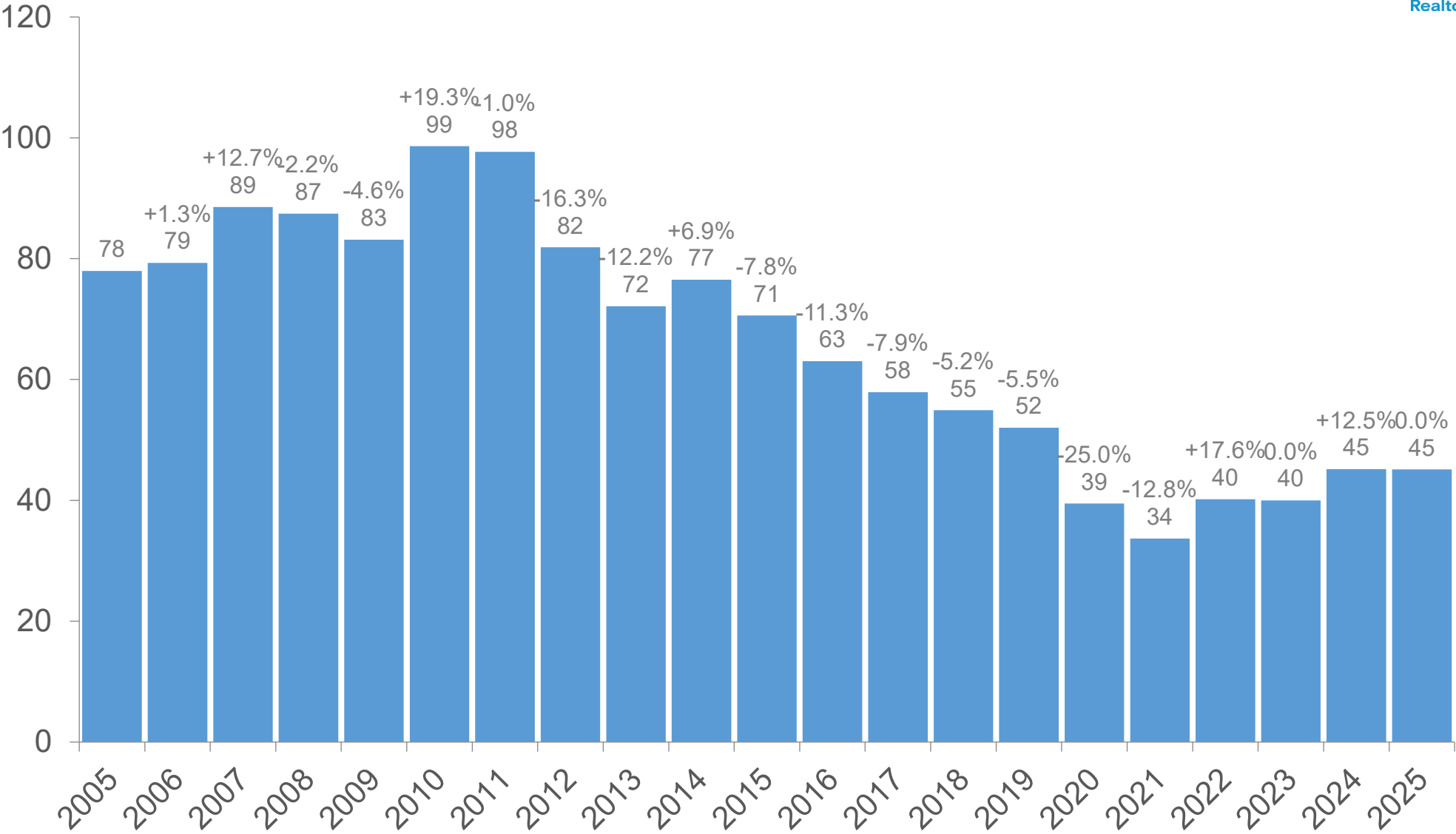


# Minnesota Statewide | Pending Sales | November YTD



Source: Minnesota REALTORS® (MNR) and participating MLSs | © 2025 MNR

# Minnesota Statewide | Days on Market | November

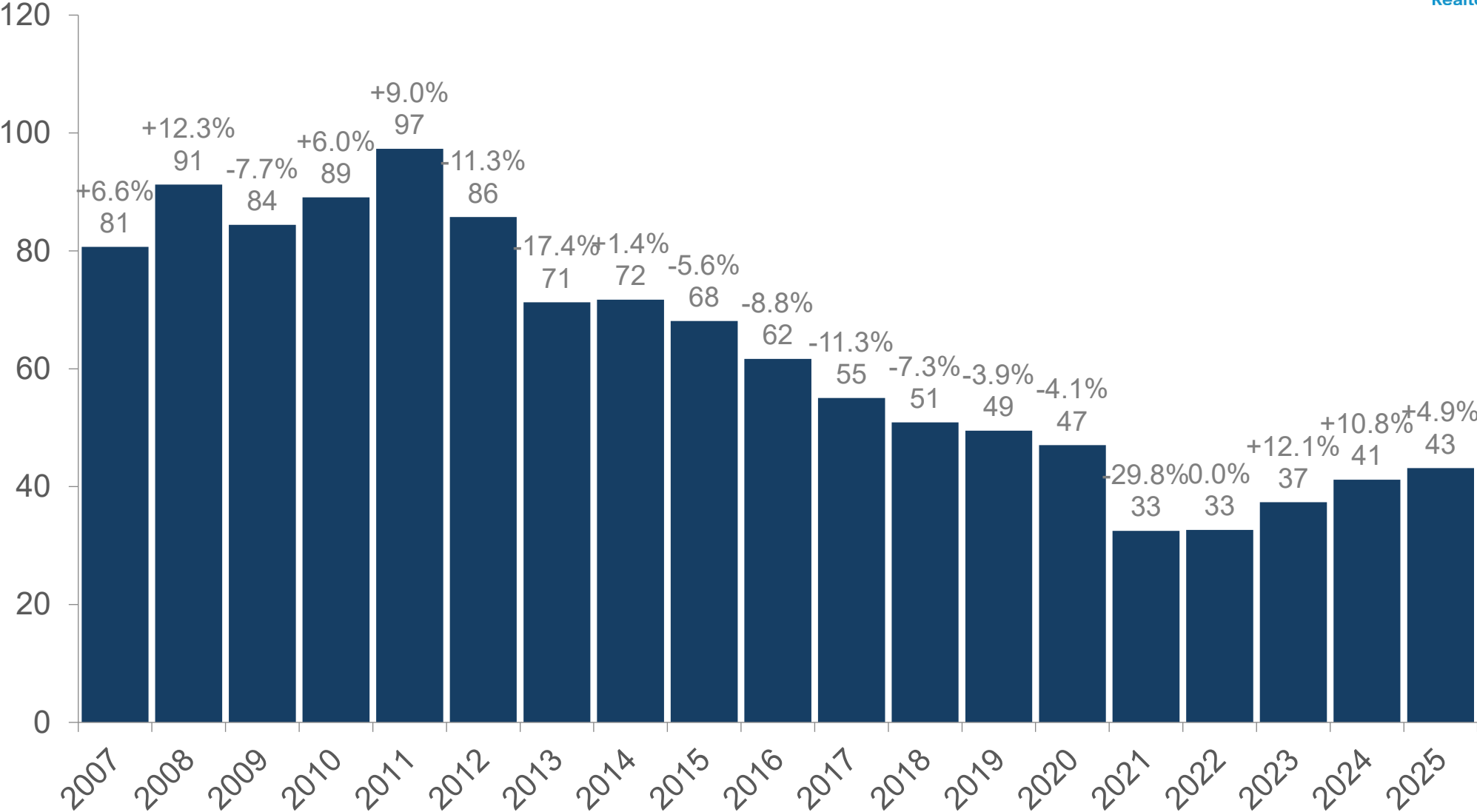


\*Figures rounded to nearest whole day but percent change based on actual unrounded number

Source: Minnesota REALTORS® (MNR) and participating MLSs | © 2025 MNR



# Minnesota Statewide | Days on Market | November YTD



\*Figures rounded to nearest whole day but percent change based on actual unrounded number

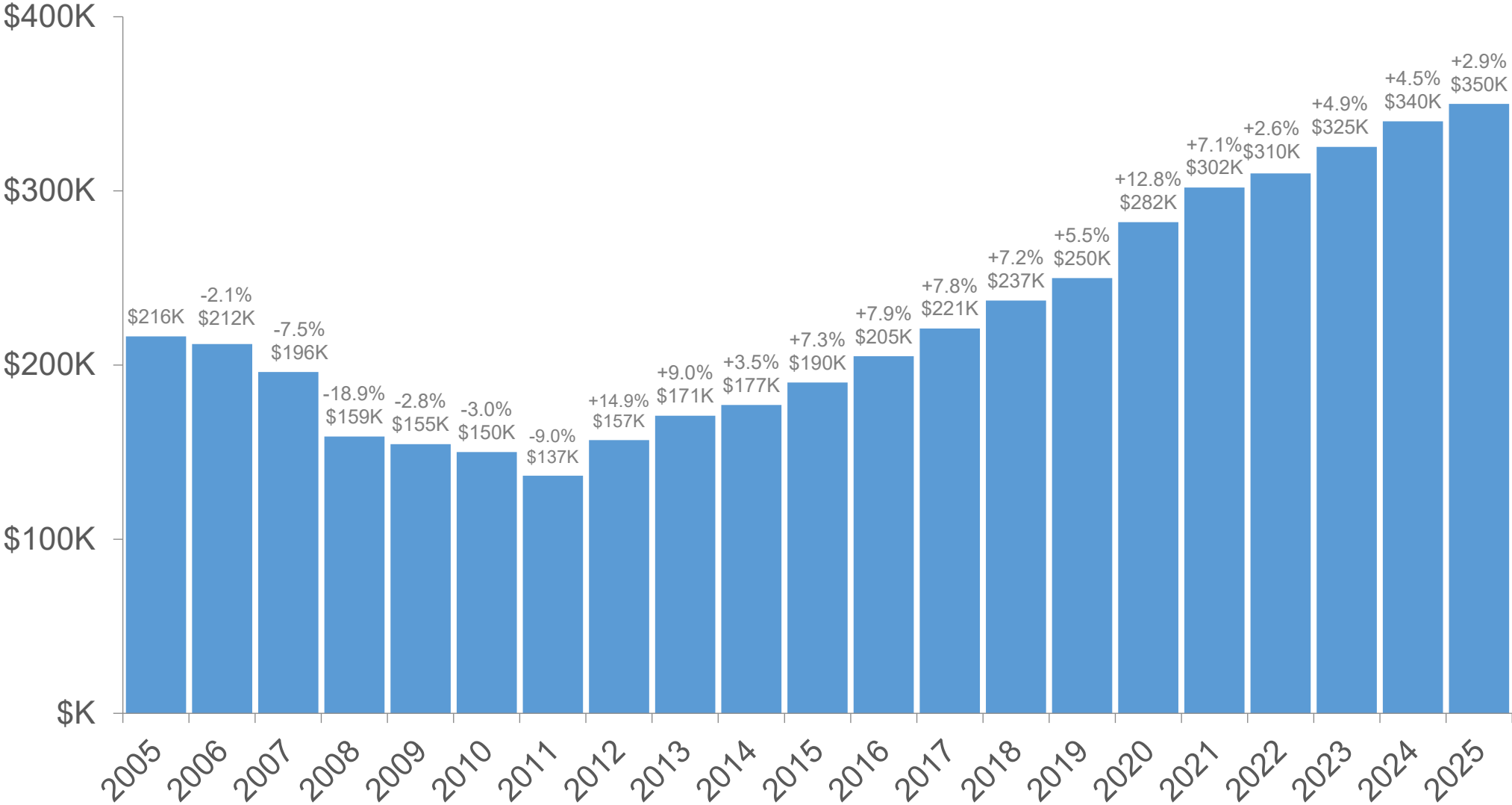
Source: Minnesota REALTORS® (MNR) and participating MLSs | © 2025 MNR

# Price Reduction from List Price to Contract and then to Closing ~~in Sept.~~ in Oct.

As of October 1st

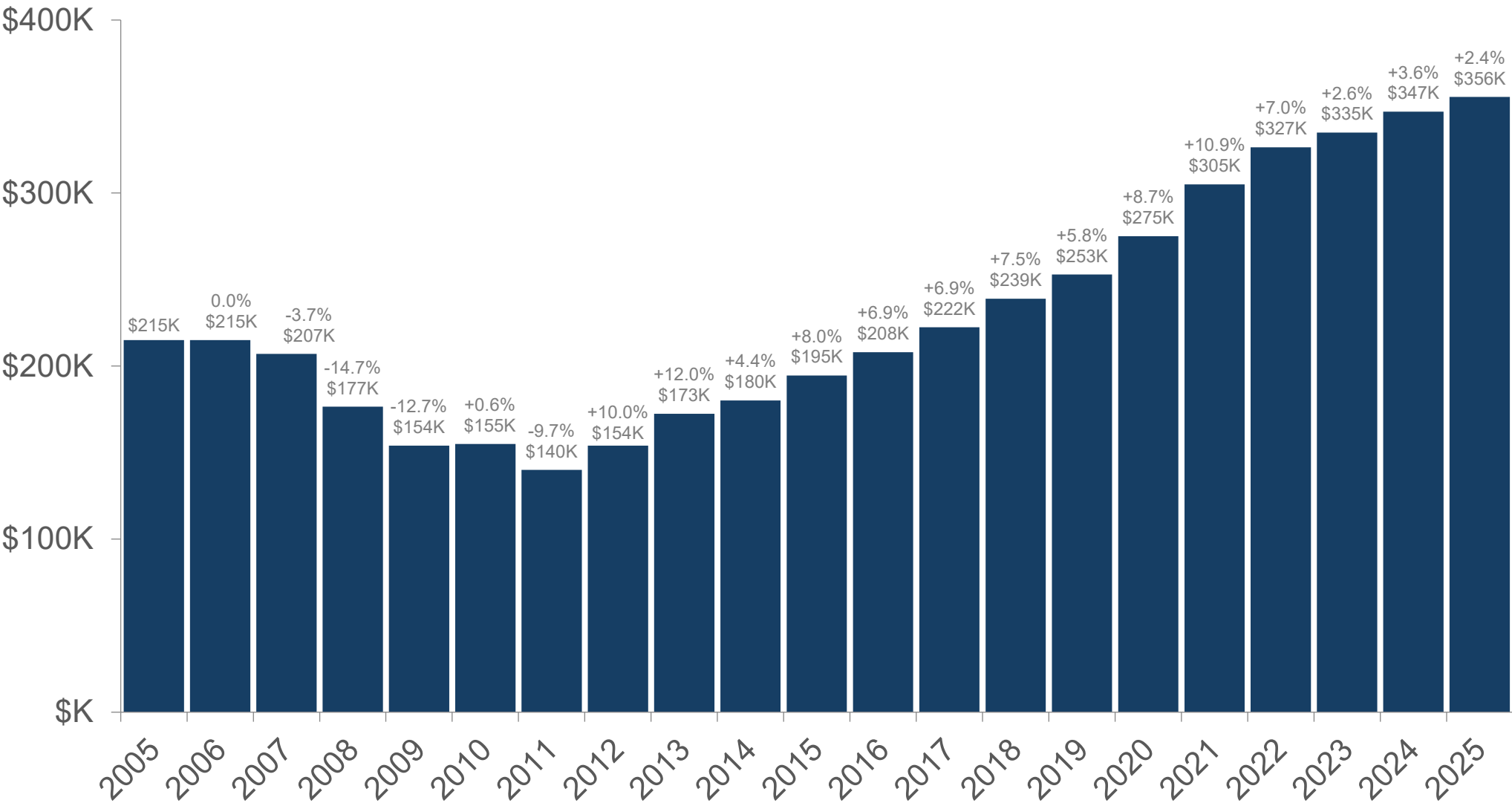
Days on Market	Price Reduction from List to Contract		Price Reduction from List to Closing	
0 to 14	<del>4.9%</del>	4.9%	<del>4.9%</del>	4.9%
15 to 30	<del>5.0%</del>	5.0%	<del>5.7%</del>	6.1%
31 to 60	<del>5.7%</del>	5.8%	<del>7.1%</del>	7.3%
61 to 90	<del>6.8%</del>	7.0%	<del>8.8%</del>	9.0%
91 to 120	<del>8.0%</del>	8.1%	<del>10.5%</del>	10.6%
More than 120	<del>10.6%</del>	10.5%	<del>13.5%</del>	13.8%

# Minnesota Statewide | Median Sales Price | November



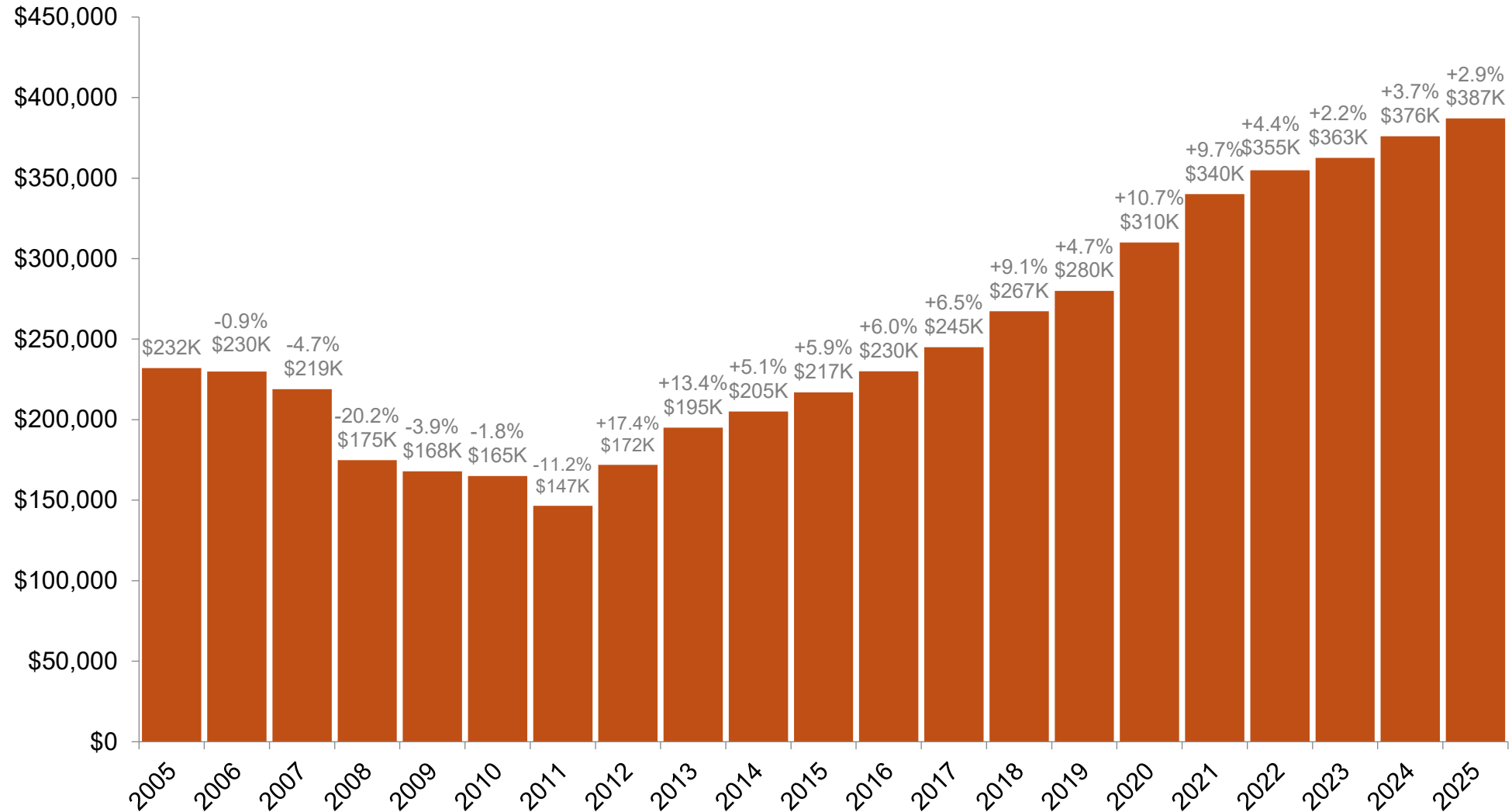
Source: Minnesota REALTORS® (MNR) and participating MLSs | © 2025 MNR

# Minnesota Statewide | Median Sales Price | November YTD

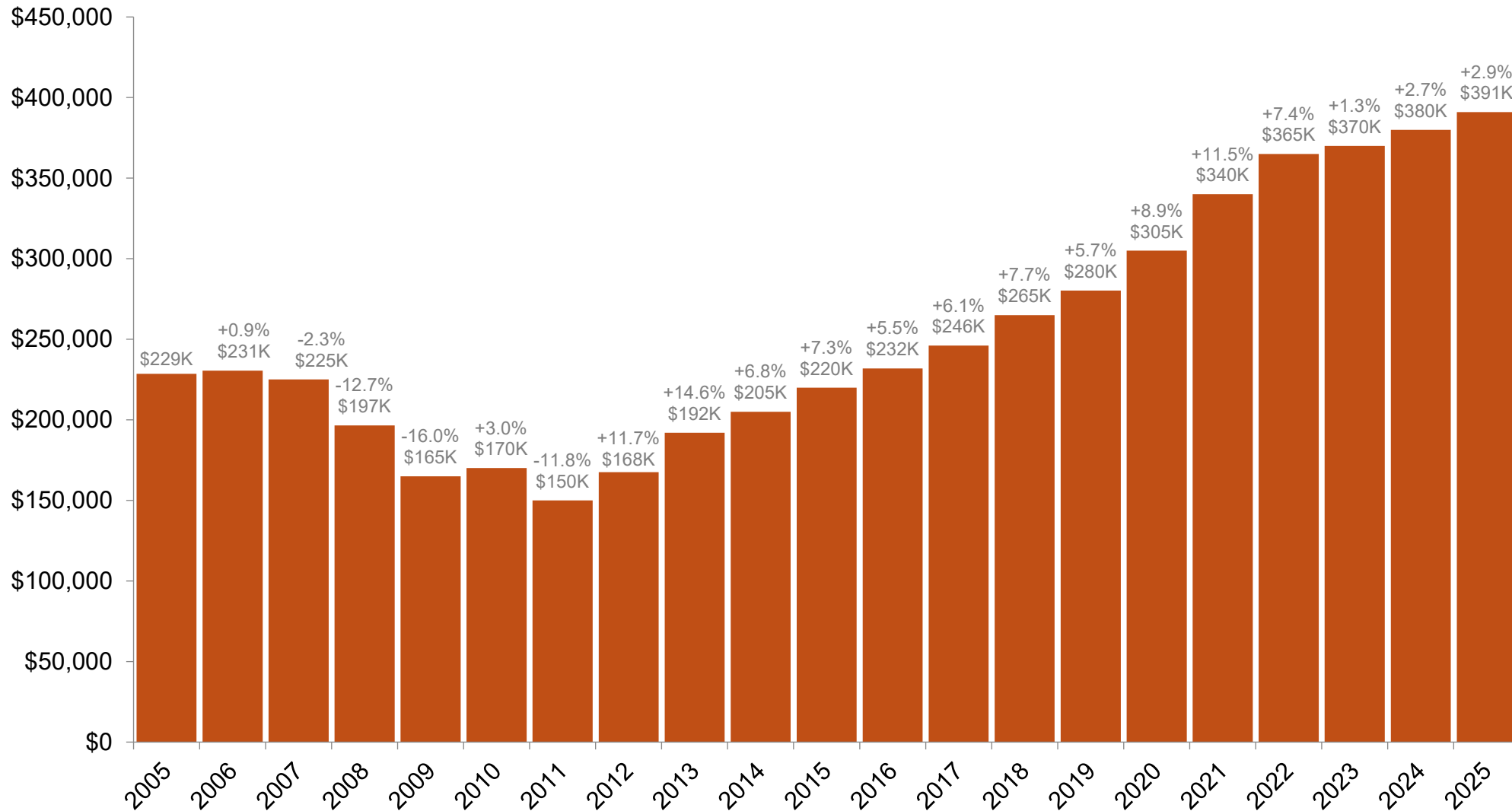


Source: Minnesota REALTORS® (MNR) and participating MLSs | © 2025 MNR

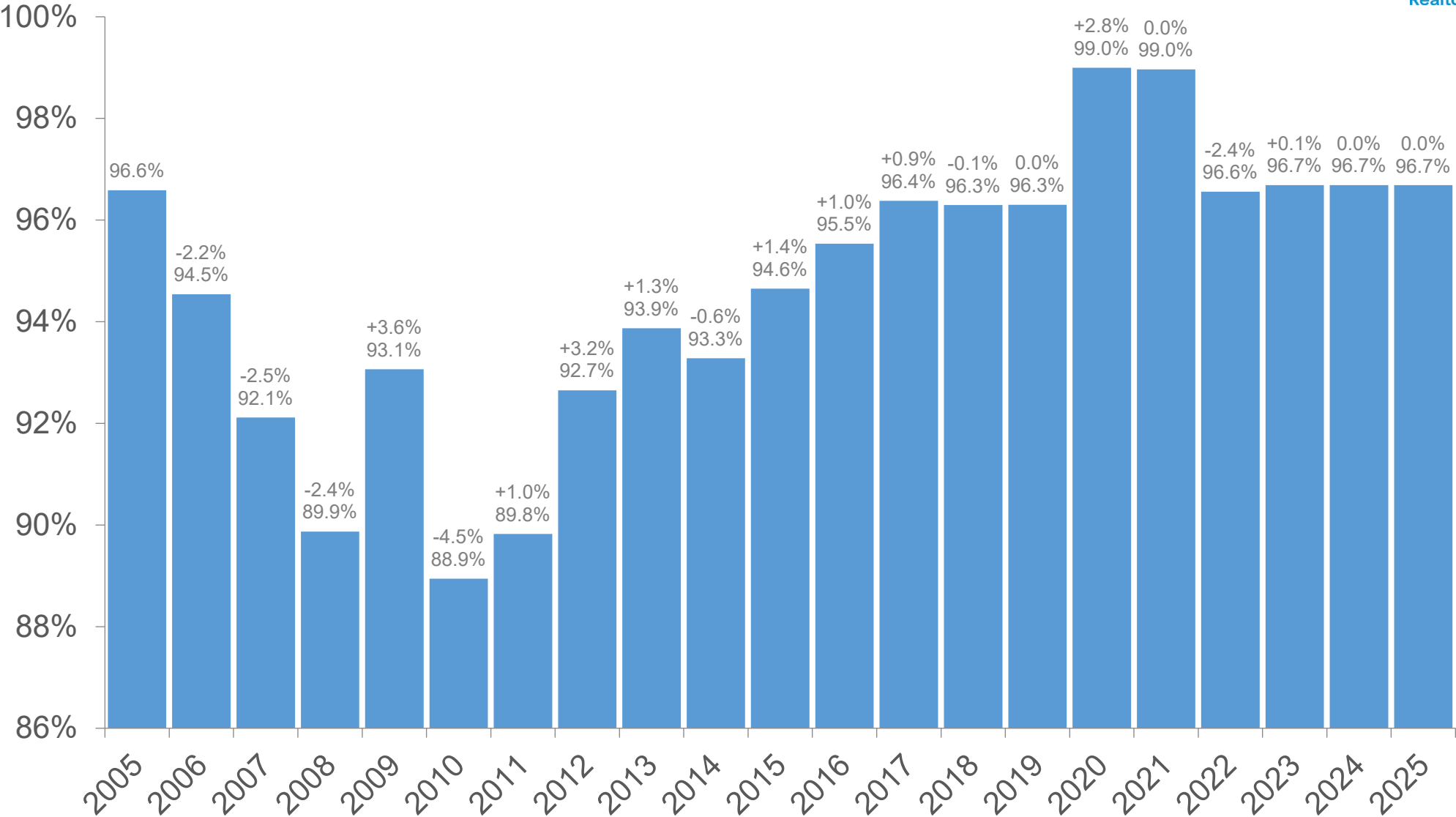
# Twin Cities, MN | Median Sales Price | November



# Twin Cities, MN | Median Sales Price | November YTD



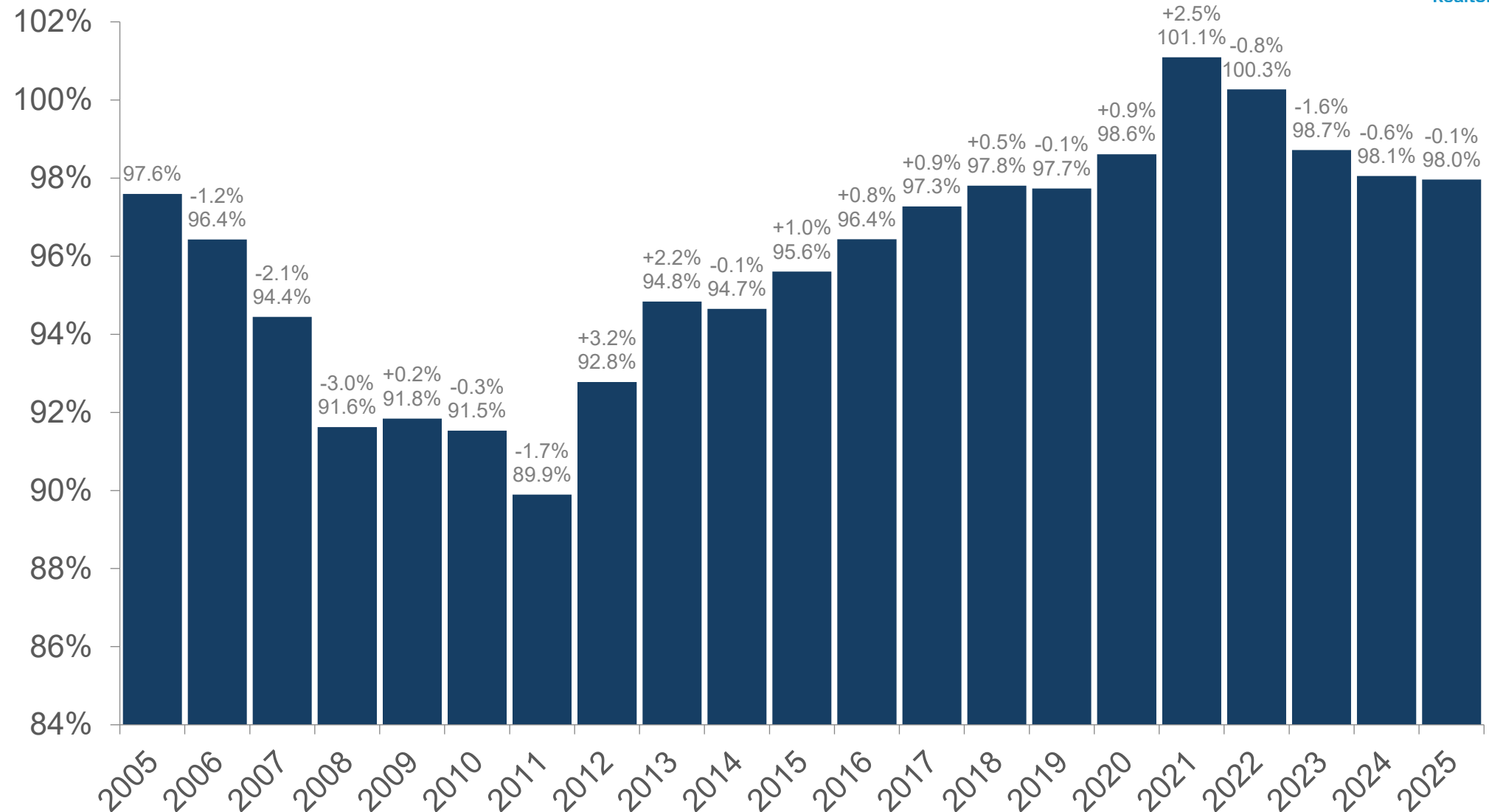
# Minnesota Statewide | Pct of Orig. List Price | November



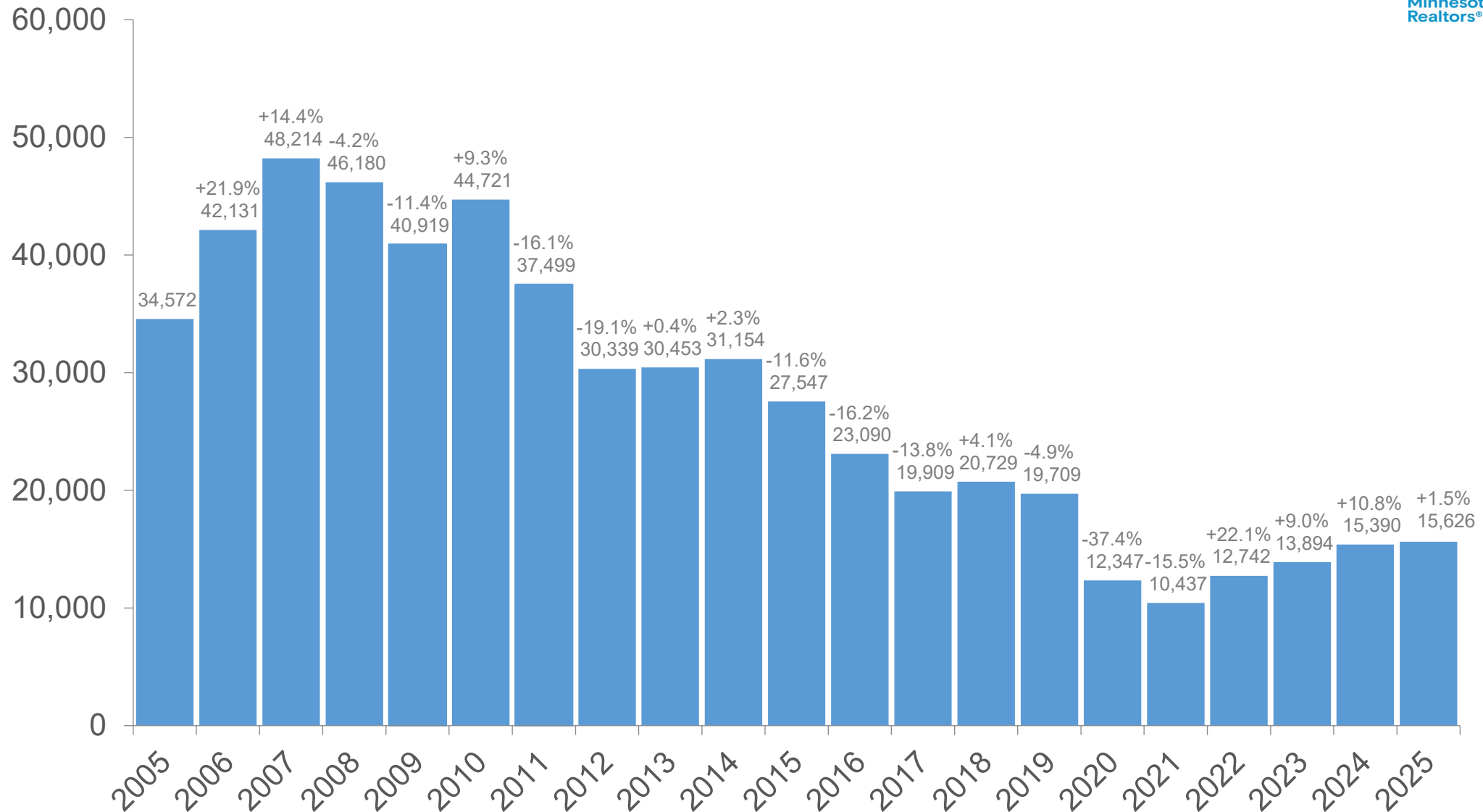
Source: Minnesota REALTORS® (MNR) and participating MLSs | © 2025 MNR



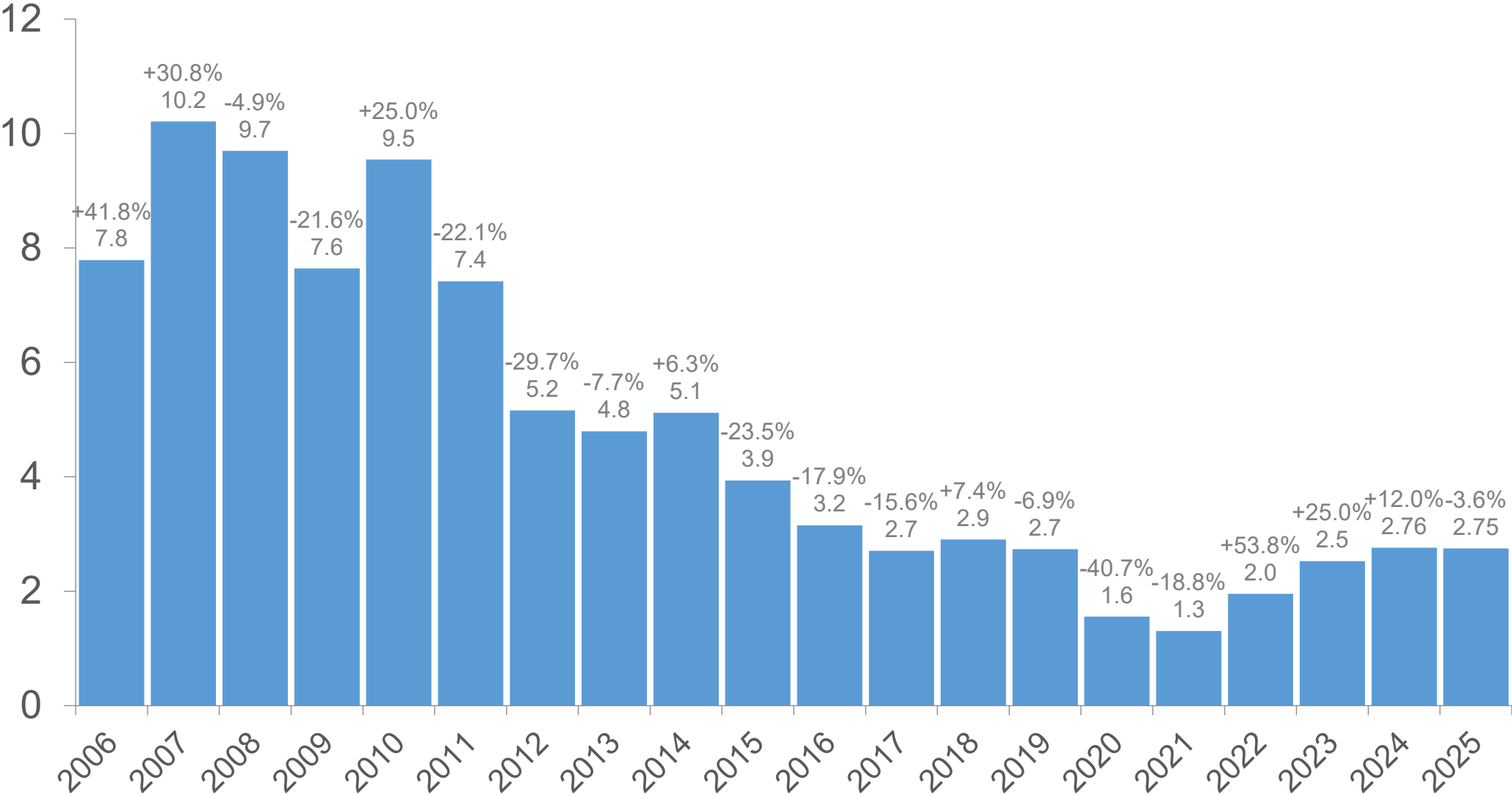
# Minnesota Statewide | Pct of Orig. List Price | November YTD



# Minnesota Statewide | Inventory | November



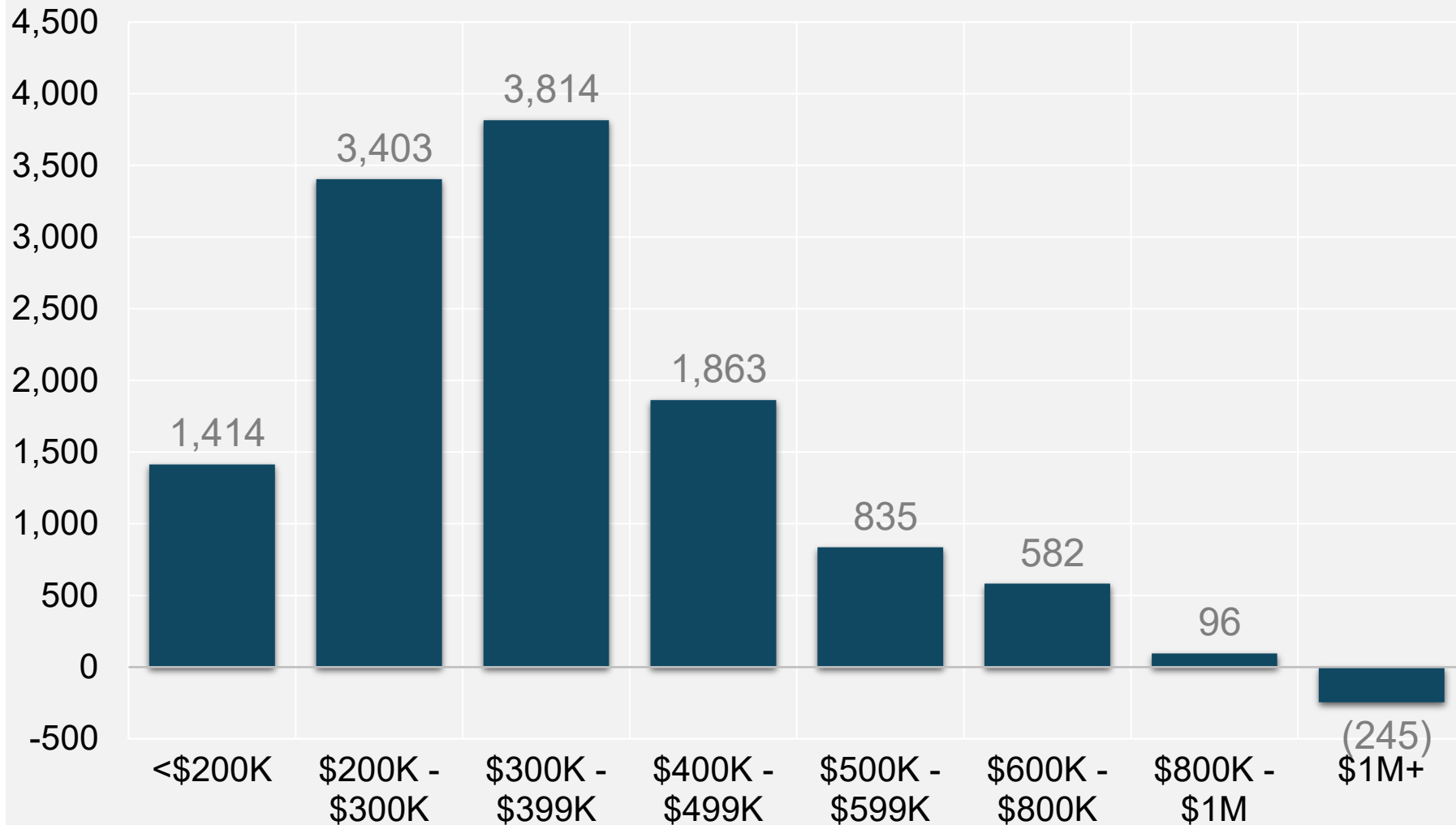
# Minnesota Statewide | Months Supply of Inventory | November



Source: Minnesota REALTORS® (MNR) and participating MLSs | © 2025 MNR

# New Units Needed for a Balanced Marketplace by Price Range

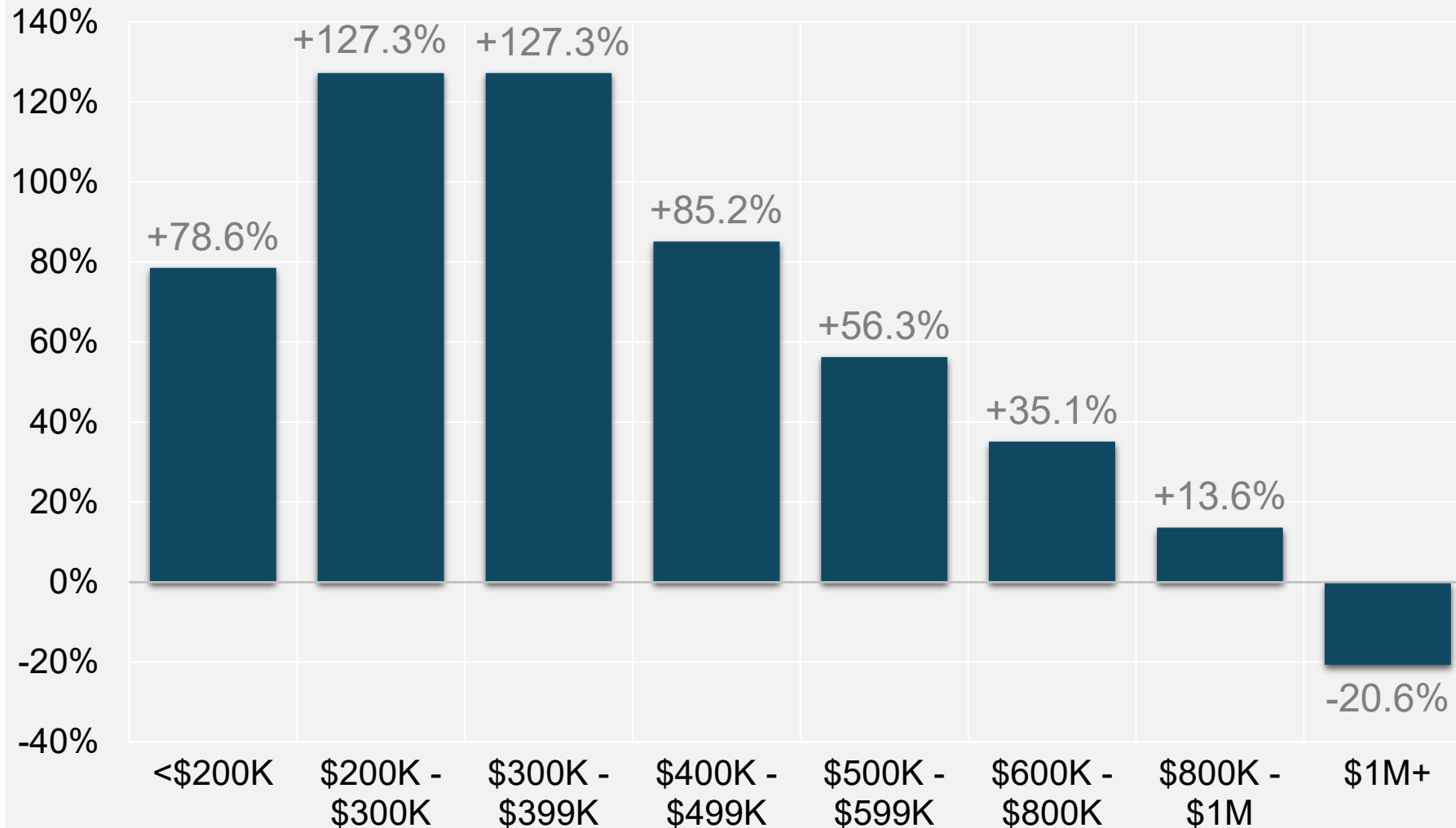
Entire NorthstarMLS Region (MN Only)



# Increase in Units Needed for a Balanced Marketplace, by Price Range



Entire NorthstarMLS Region (MN Only)

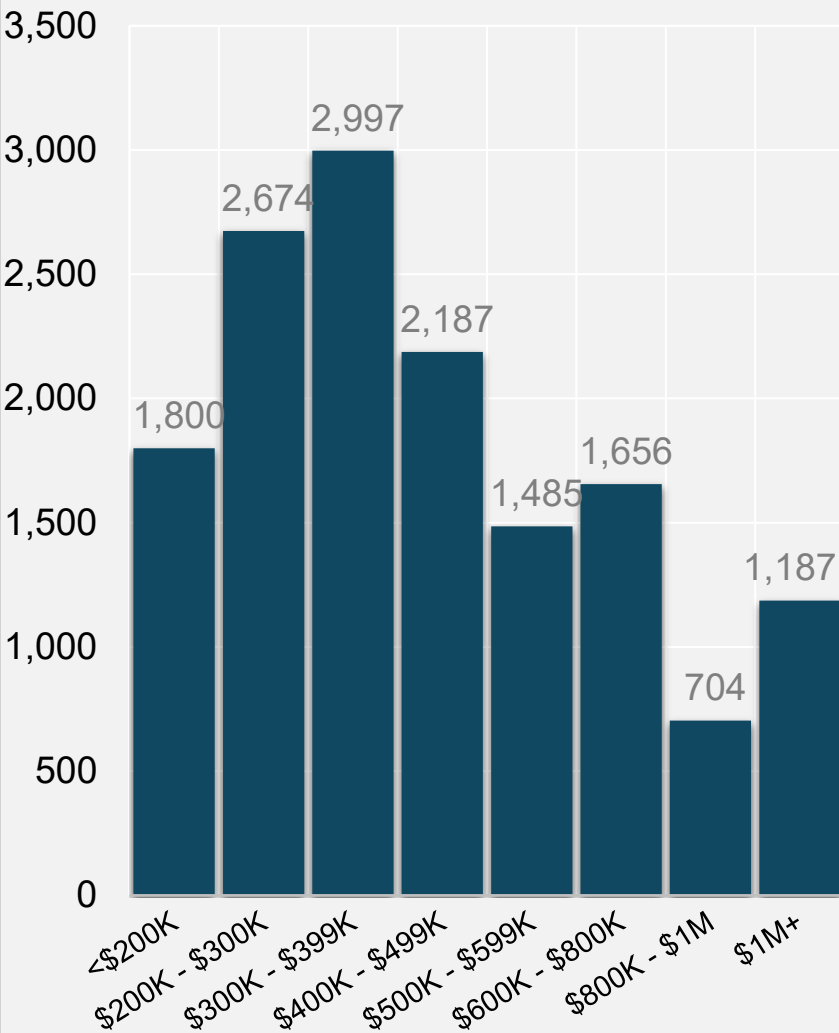


# Inventory Needs Assessment – What would it take to achieve a balanced market?

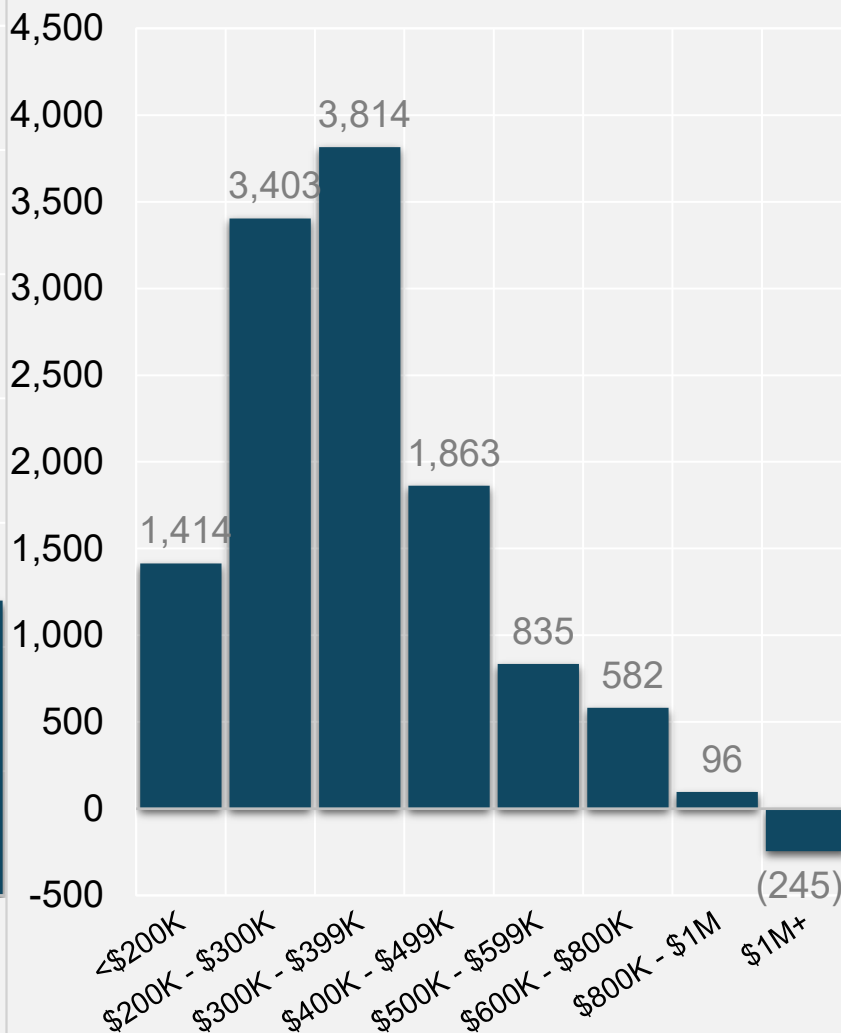
Entire NorthstarMLS Region (MN Only)



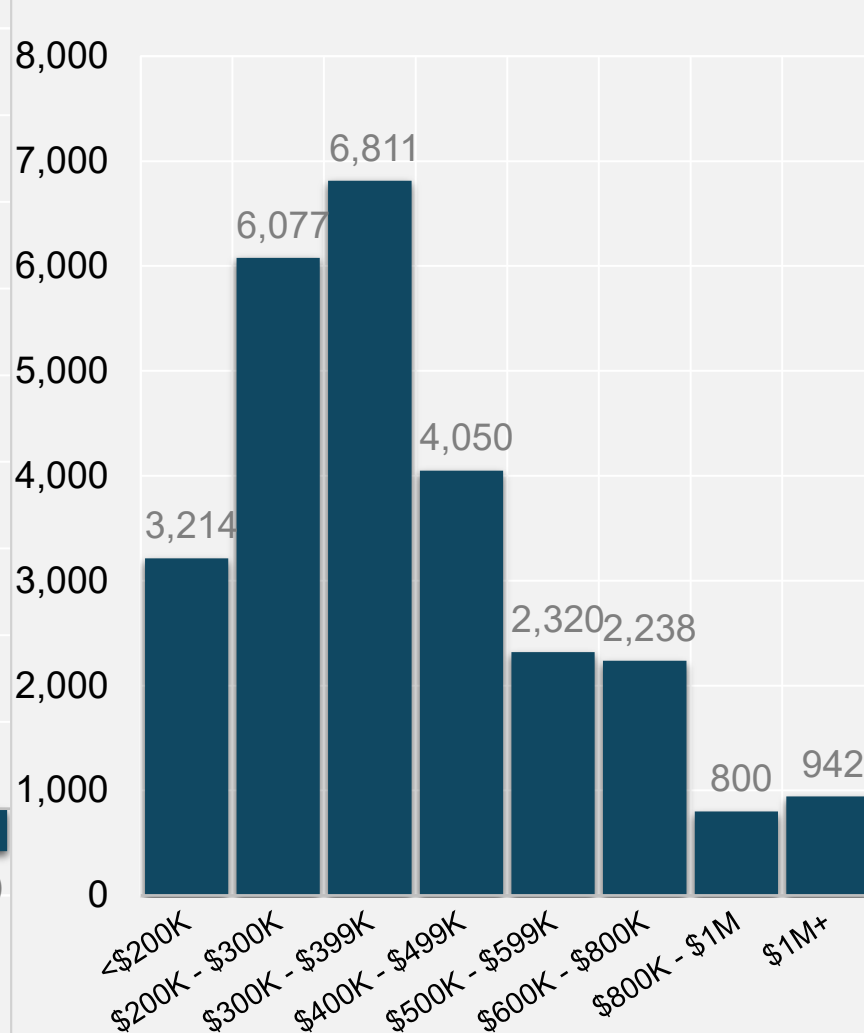
## Current Inventory



## New Units Needed



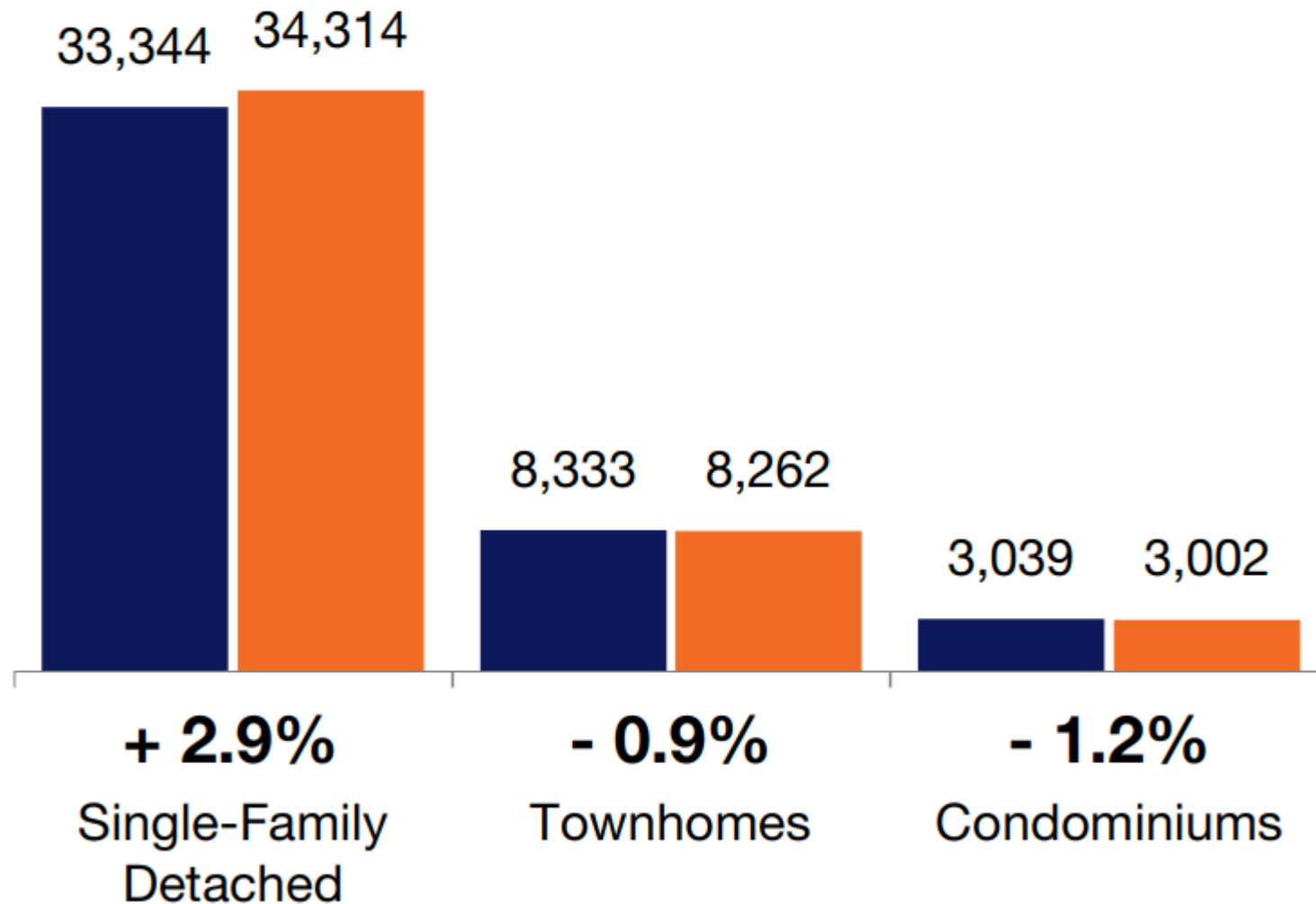
## Total Units Needed



# TC Metro, R12mo Pending Sales

## By Property Type

■ 11-2024 ■ 11-2025

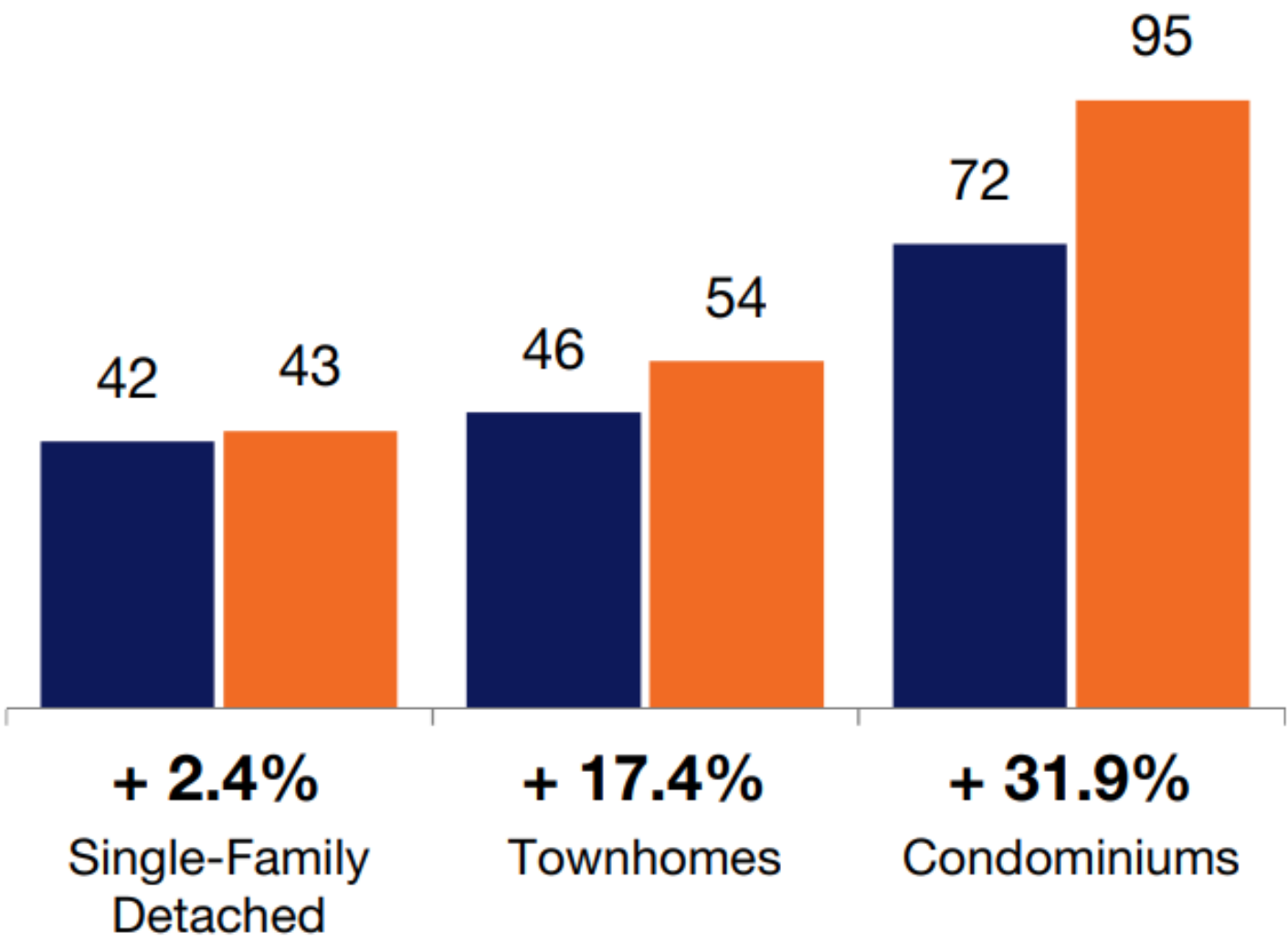


# TC Metro, R12mo

## Days on Market

### By Property Type

■ 11-2024 ■ 11-2025

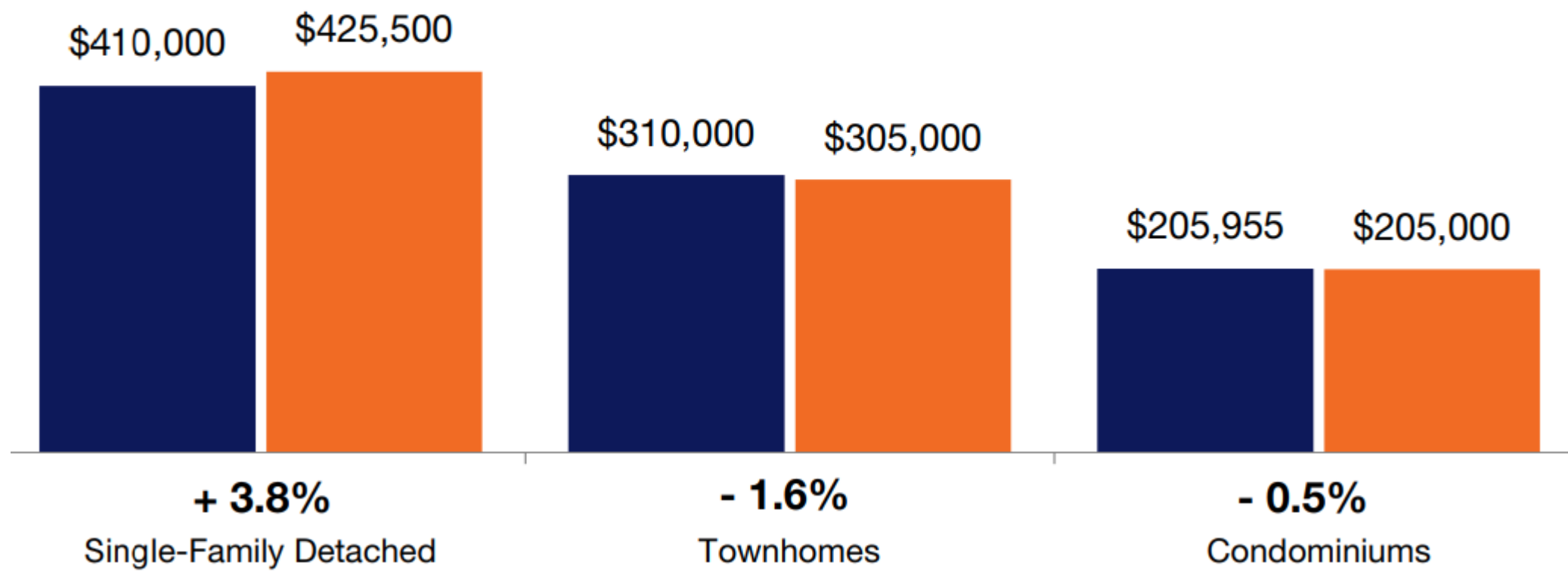


# TC Metro, R12mo

## Median Price

### By Property Type

■ 11-2024   ■ 11-2025

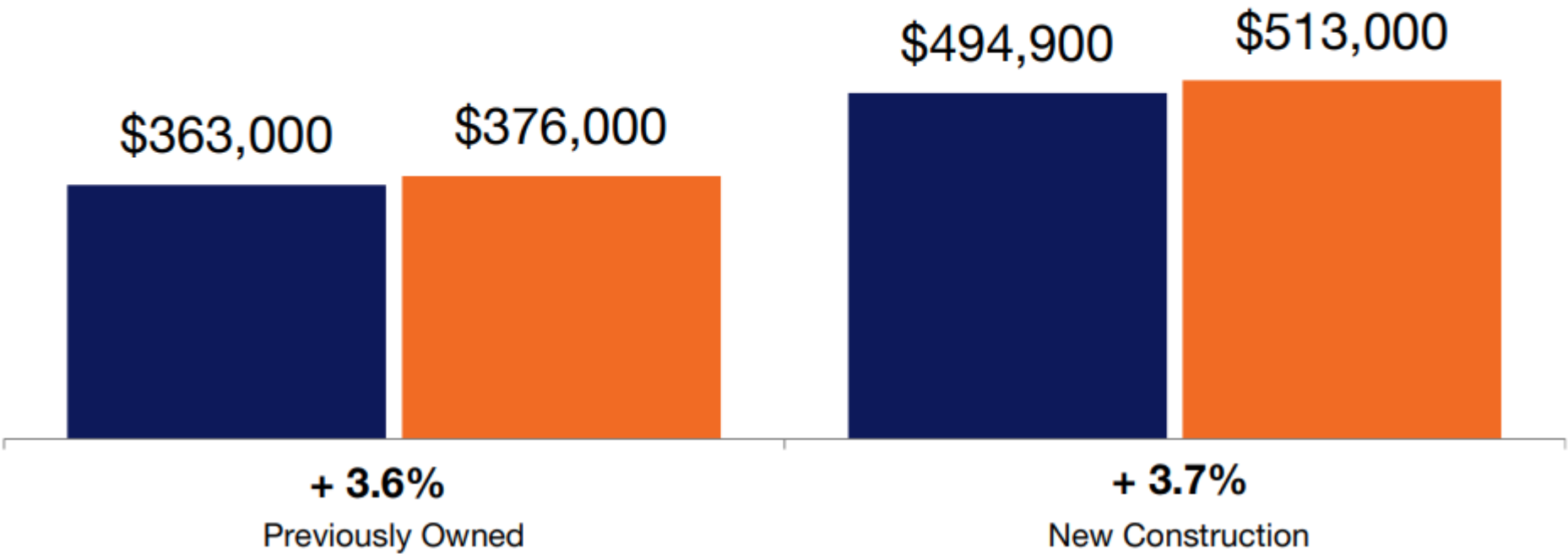


# TC Metro, R12mo

## Median Price

### By Construction Status

■ 11-2024   ■ 11-2025

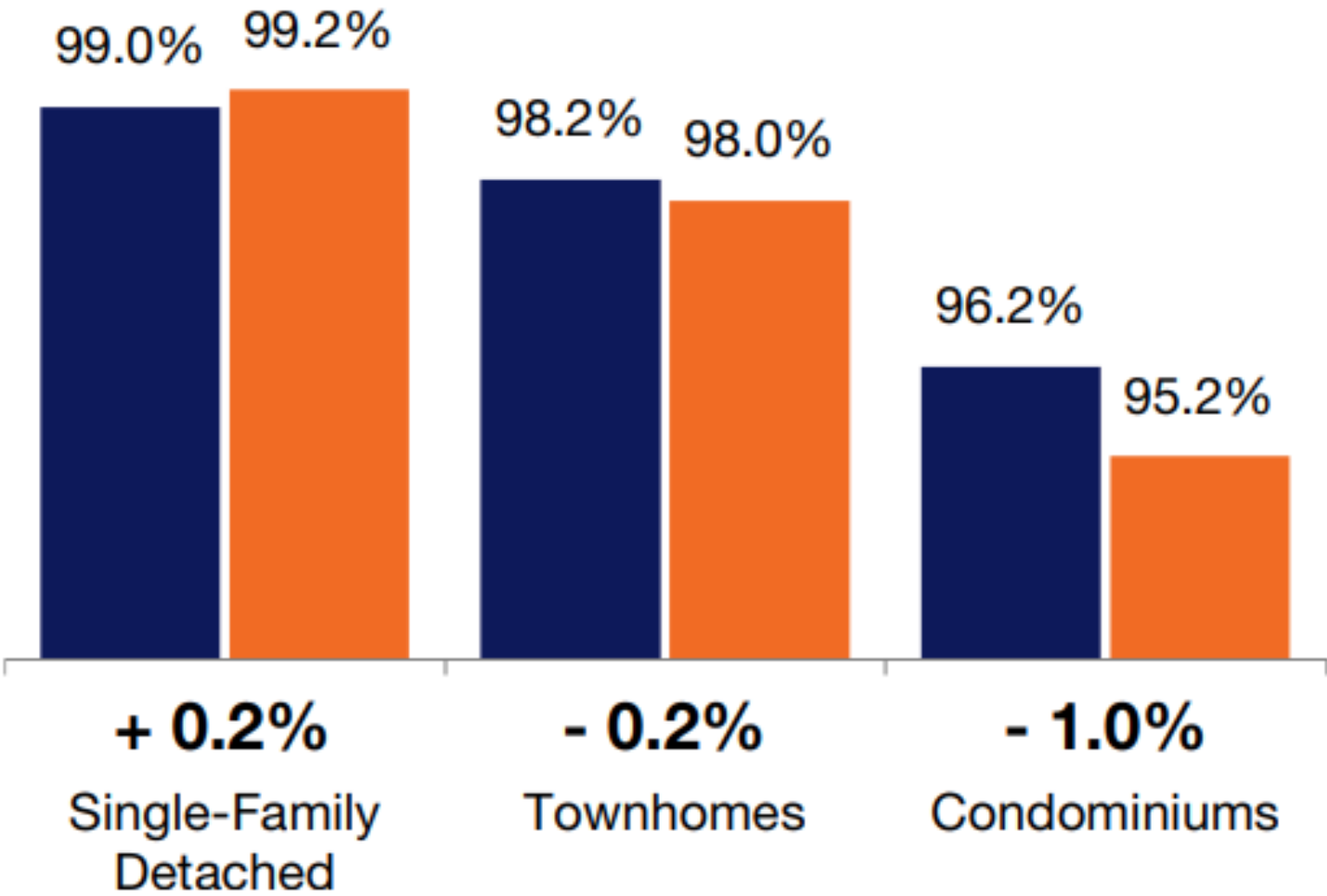


# TC Metro, R12mo

## Pct of Orig. LP

### By Property Type

■ 11-2024 ■ 11-2025

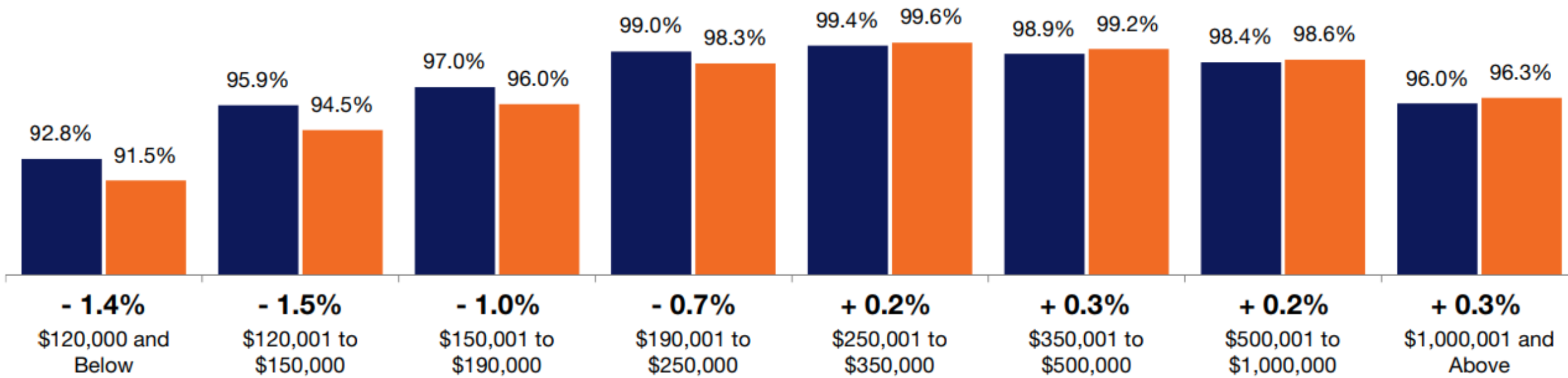


# TC Metro, R12mo

## Pct of Orig. LP

### By Price Range

■ 11-2024 ■ 11-2025

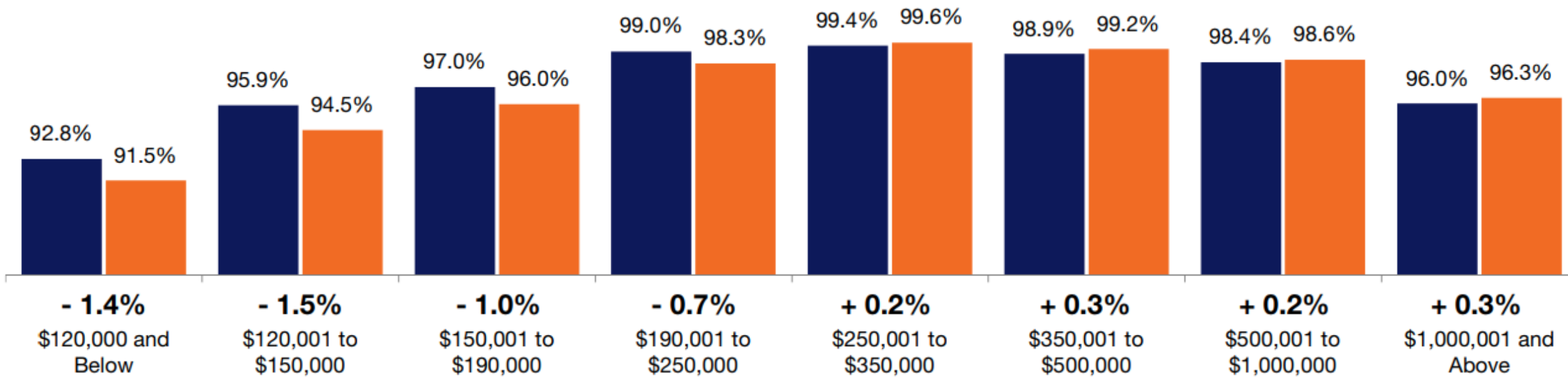


# TC Metro, R12 mo

## Pct of Orig. LP

### By Price Range

■ 11-2024 ■ 11-2025

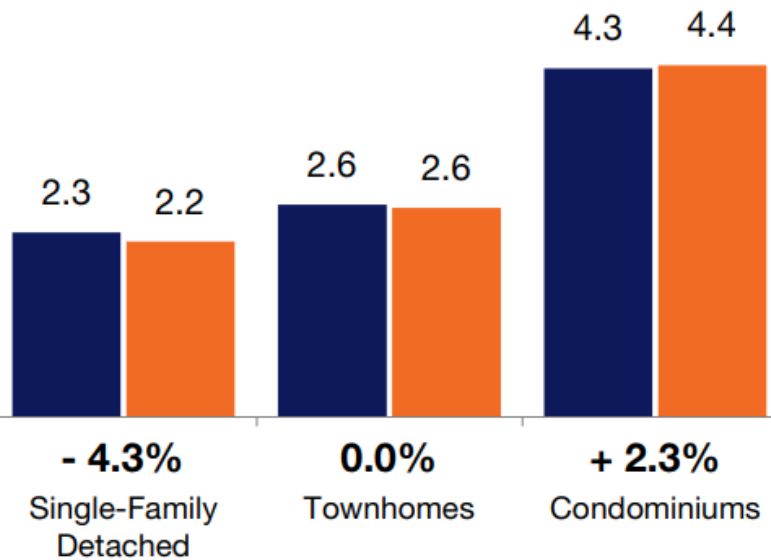


# TC Metro, November

## Months of Supply

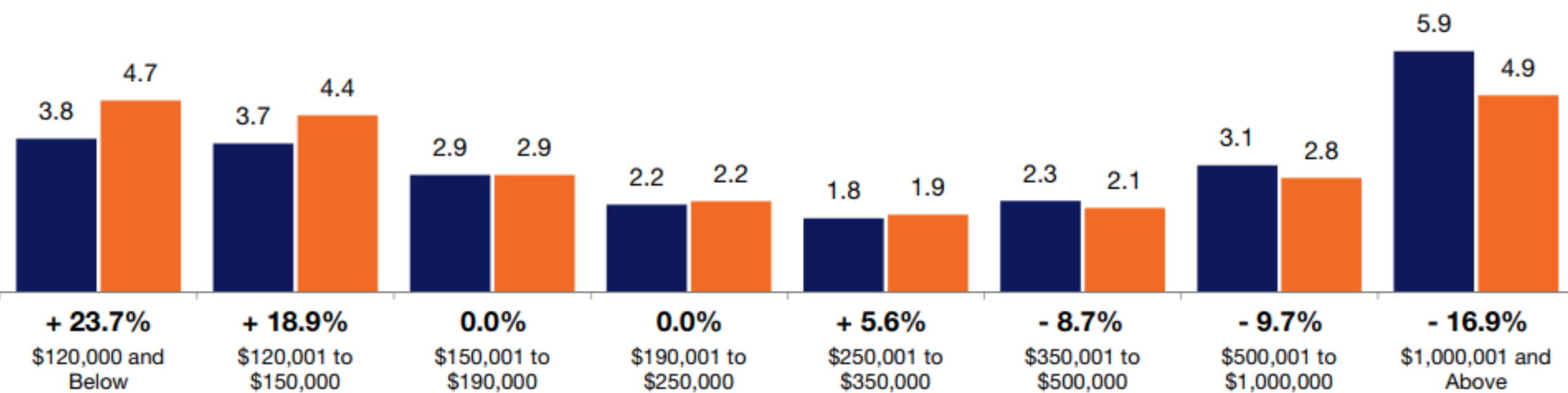
### By Property Type

■ 11-2024 ■ 11-2025

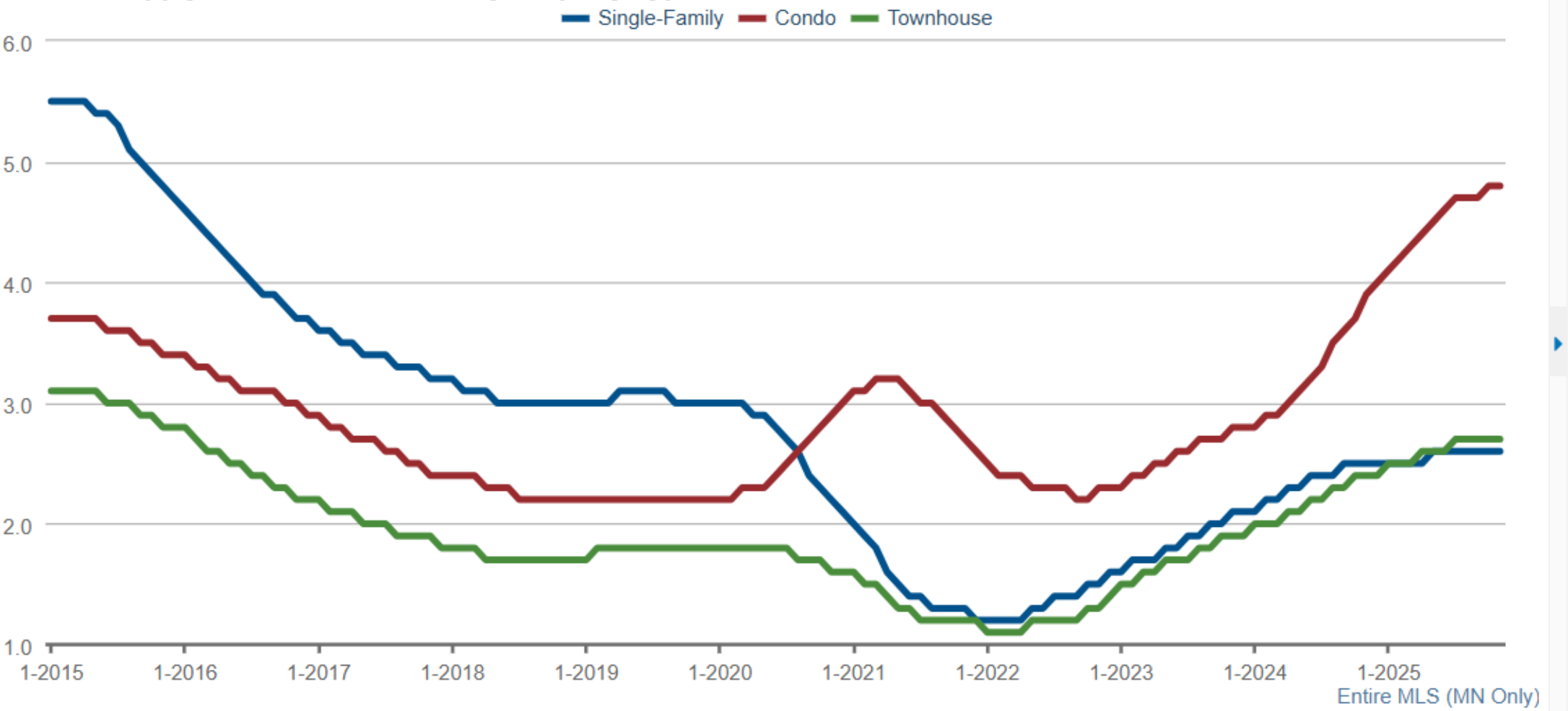


### By Price Range

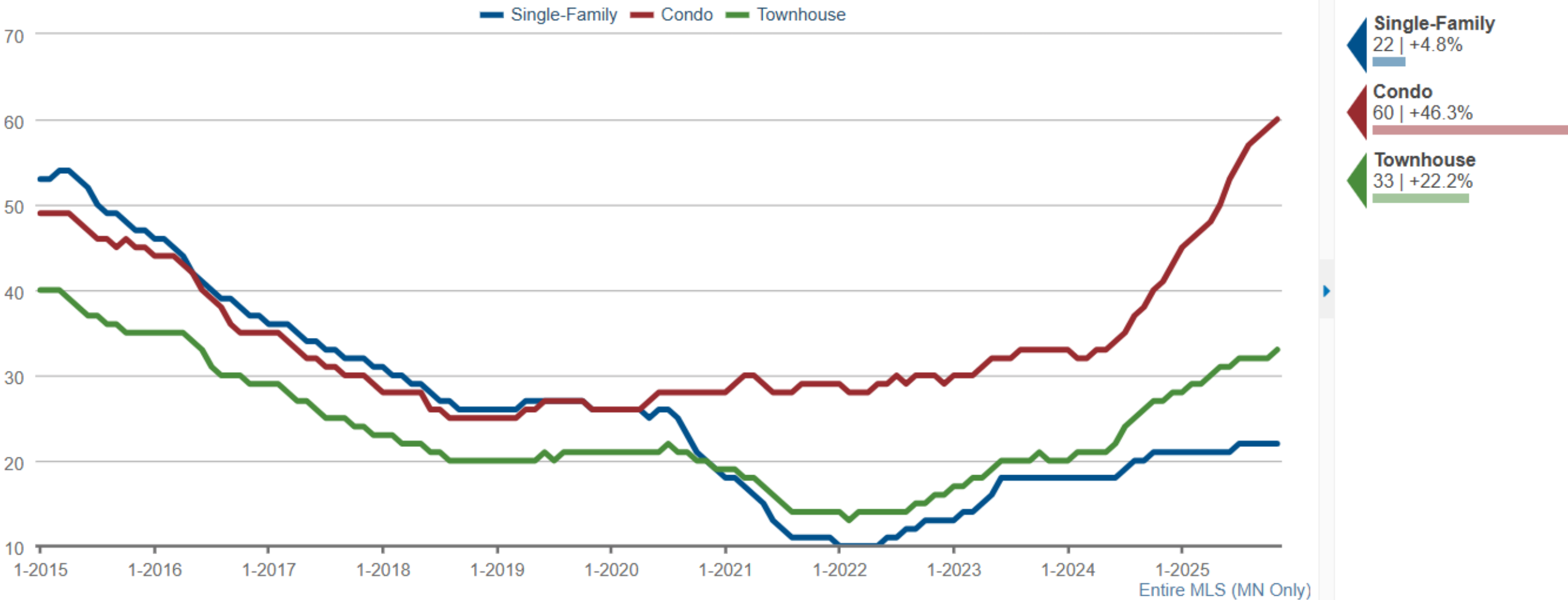
■ 11-2024 ■ 11-2025



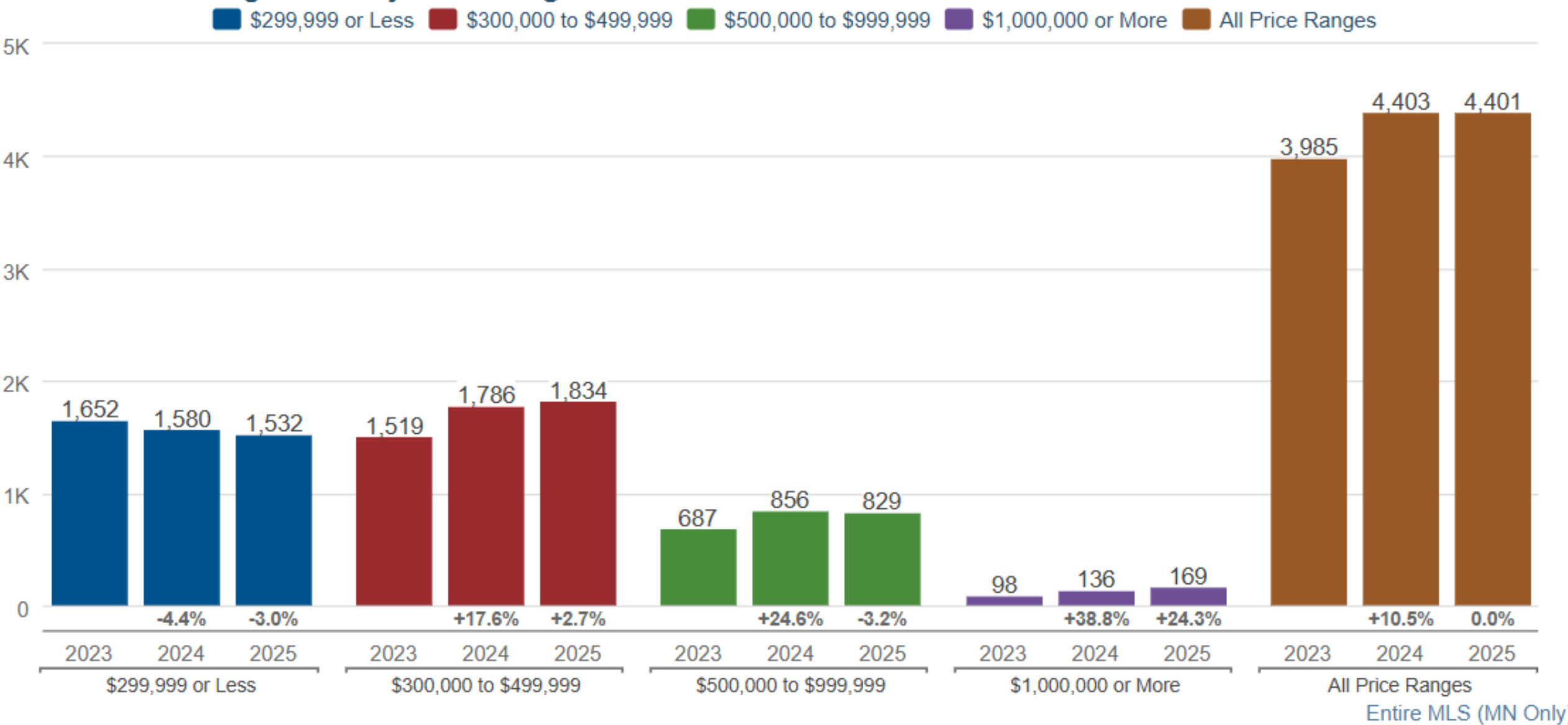
Months Supply of Homes for Sale - By Property Type



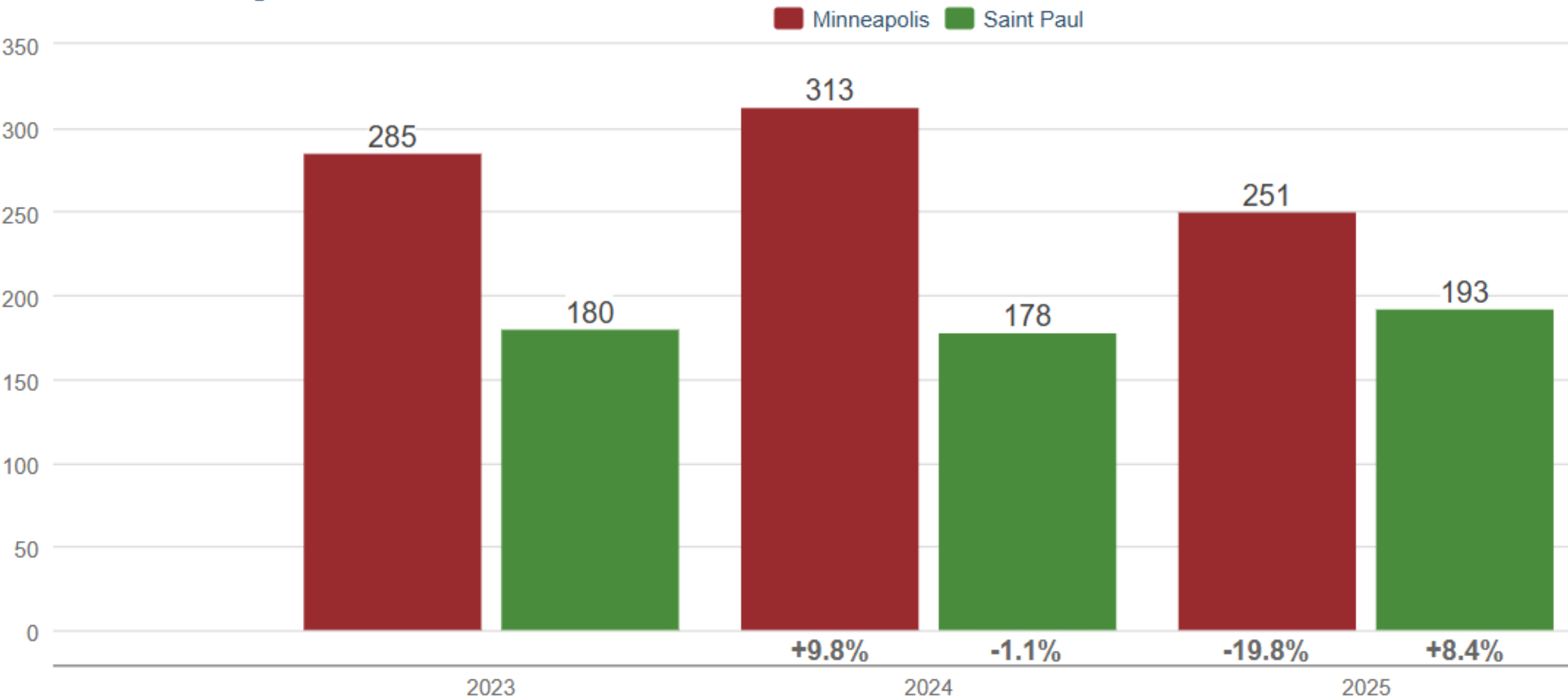
## Median Days on Market - By Property Type



# November Pending Sales - By Price Range



# November Pending Sales



# Residential Housing Market Activity Across Minnesota

November 2025



	GAAAR (Alexandria)		GLAR (Brainerd)		ICBR (Grand Rapids)		LCAR (Detroit Lakes)		LRAR (Fergus Falls)	
		% Chg		% Chg		% Chg		% Chg		% Chg
New Listings	69	+4.5%	331	+7.1%	70	+34.6%	43	+16.2%	54	-26.0%
Pending Sales	62	+14.8%	297	+12.1%	55	+3.8%	52	+8.3%	62	+24.0%
Closed Sales	64	-1.5%	355	+1.4%	64	-23.8%	66	+20.0%	73	-21.5%
Median Sales Price	\$304,500	-1.3%	\$315,000	0.0%	\$239,500	-11.3%	\$331,450	-1.0%	\$300,000	+22.4%
Days on Market	55	+2.1%	54	-3.7%	63	+14.3%	59	-30.0%	82	+19.1%
Pct of List Price Rec'd	94.8%	+1.7%	95.4%	+0.5%	93.7%	-0.5%	94.5%	+2.0%	94.1%	-0.7%
Inventory	257	+11.3%	1,403	+1.7%	285	+4.4%	321	+11.5%	358	-0.6%
Months Supply	3.2	+7.8%	3.5	-2.4%	3.6	+5.2%	4.9	+6.0%	4.2	+3.8%

	LSAR (Duluth/N. Shore)		NWMAR (Bemidji)		RAOR (Hibbing/Virginia)		RASM (Mankato)		SCAAR (St. Cloud)	
		% Chg		% Chg		% Chg		% Chg		% Chg
New Listings	217	+8.0%	69	+13.1%	68	+30.8%	124	+4.2%	105	+16.7%
Pending Sales	169	-7.7%	75	+29.3%	27	-58.5%	105	-11.0%	91	+2.2%
Closed Sales	265	-6.4%	86	-9.5%	54	-43.8%	108	-7.7%	102	-14.3%
Median Sales Price	\$284,450	+2.7%	\$240,250	+5.2%	\$167,500	+8.1%	\$244,150	-6.6%	\$297,725	+14.5%
Days on Market	37	+3.0%	77	-29.2%	84	+15.7%	77	-7.2%	43	+17.1%
Pct of List Price Rec'd	95.9%	+0.3%	93.7%	+2.7%	91.0%	-2.6%	96.0%	+0.1%	98.0%	+1.2%
Inventory	933	+14.6%	460	-5.3%	353	+30.3%	438	+17.7%	293	+17.7%
Months Supply	3.4	+10.4%	5.6	-1.8%	4.9	+48.0%	3.2	+20.3%	2.6	+17.8%

	SEMR (Rochester)		WCAR (Willmar)		7-County Twin Cities		16-County Twin Cities		MN Statewide	
		% Chg		% Chg		% Chg		% Chg		% Chg
New Listings	387	+6.6%	222	+20.0%	3,044	-2.2%	3,728	+0.1%	5,342	+2.4%
Pending Sales	378	+1.9%	183	-10.3%	2,547	-4.2%	3,072	-2.4%	4,512	-1.7%
Closed Sales	370	-1.6%	207	+4.0%	2,717	-7.0%	3,275	-5.6%	4,916	-6.1%
Median Sales Price	\$290,000	+1.8%	\$214,950	+0.7%	\$387,250	+2.3%	\$387,000	+2.9%	\$350,000	+2.9%
Days on Market	45	+0.7%	63	+23.9%	38	-2.6%	50	0.0%	45	0.0%
Pct of List Price Rec'd	96.3%	-0.2%	93.3%	-0.4%	97.5%	-0.2%	97.4%	-0.2%	96.7%	0.0%
Inventory	1,167	+8.9%	798	+11.8%	7,331	-2.2%	9,209	-1.7%	15,626	+1.5%
Months Supply	2.7	+6.0%	3.7	+6.9%	2.3	-4.2%	2.4	-4.0%	2.7	-3.6%

All change is year-over-year

\*The 7- and 16-county Twin Cities regions use CDOM while other regions use DOM

Note: All data from participating MN MLSs.

Data are deemed reliable but are not guaranteed.

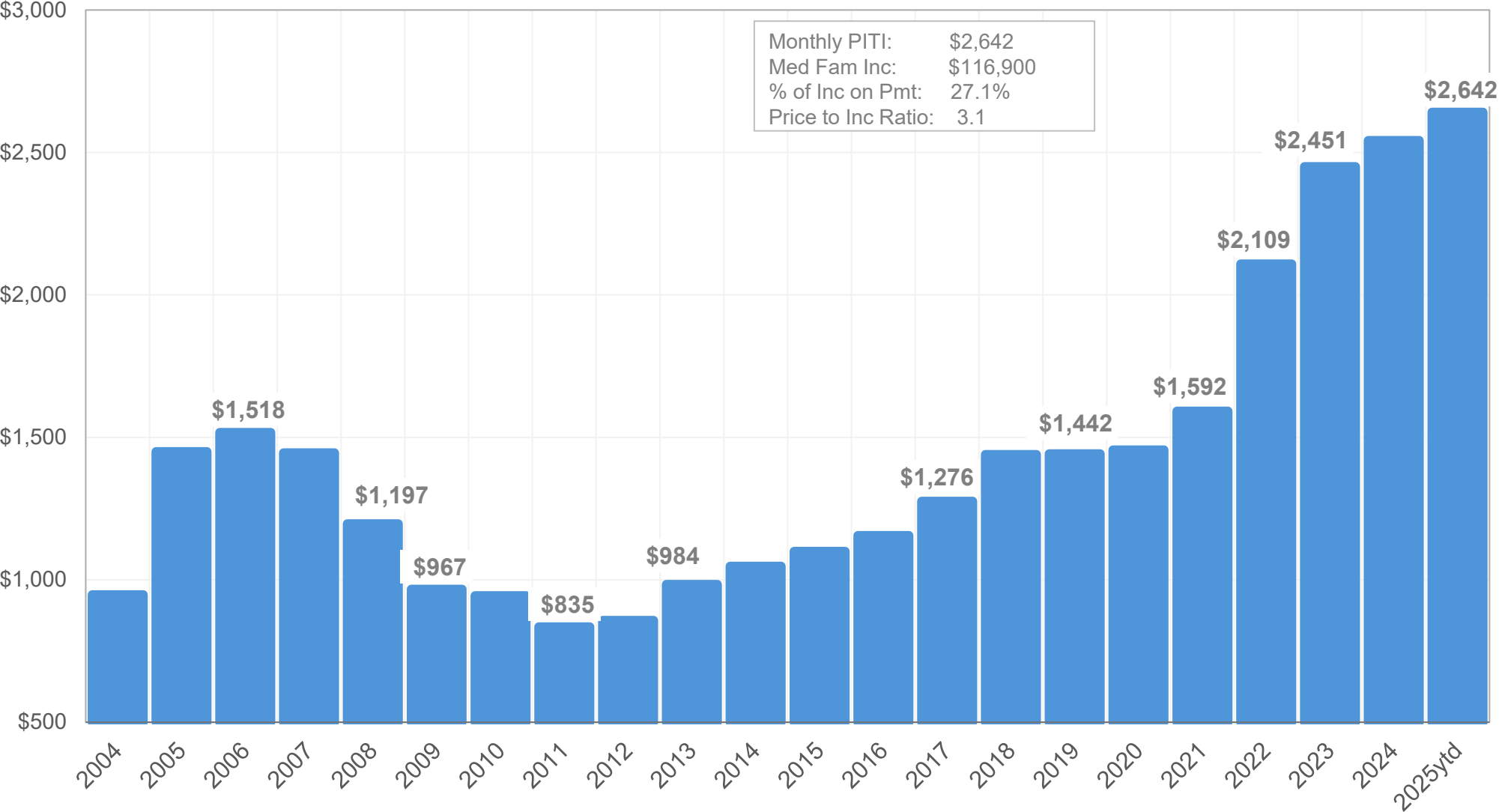
May differ from other sources as this includes additional market activity.

Valid as of 12/10/25.

# Monthly budgets s t r e t c h e d

## Monthly PITI Payment on Median Priced Home, Minnesota

(Using current 30-yr FRM rates, assuming 10% down, 1.21% tax rate and 0.65% insurance)

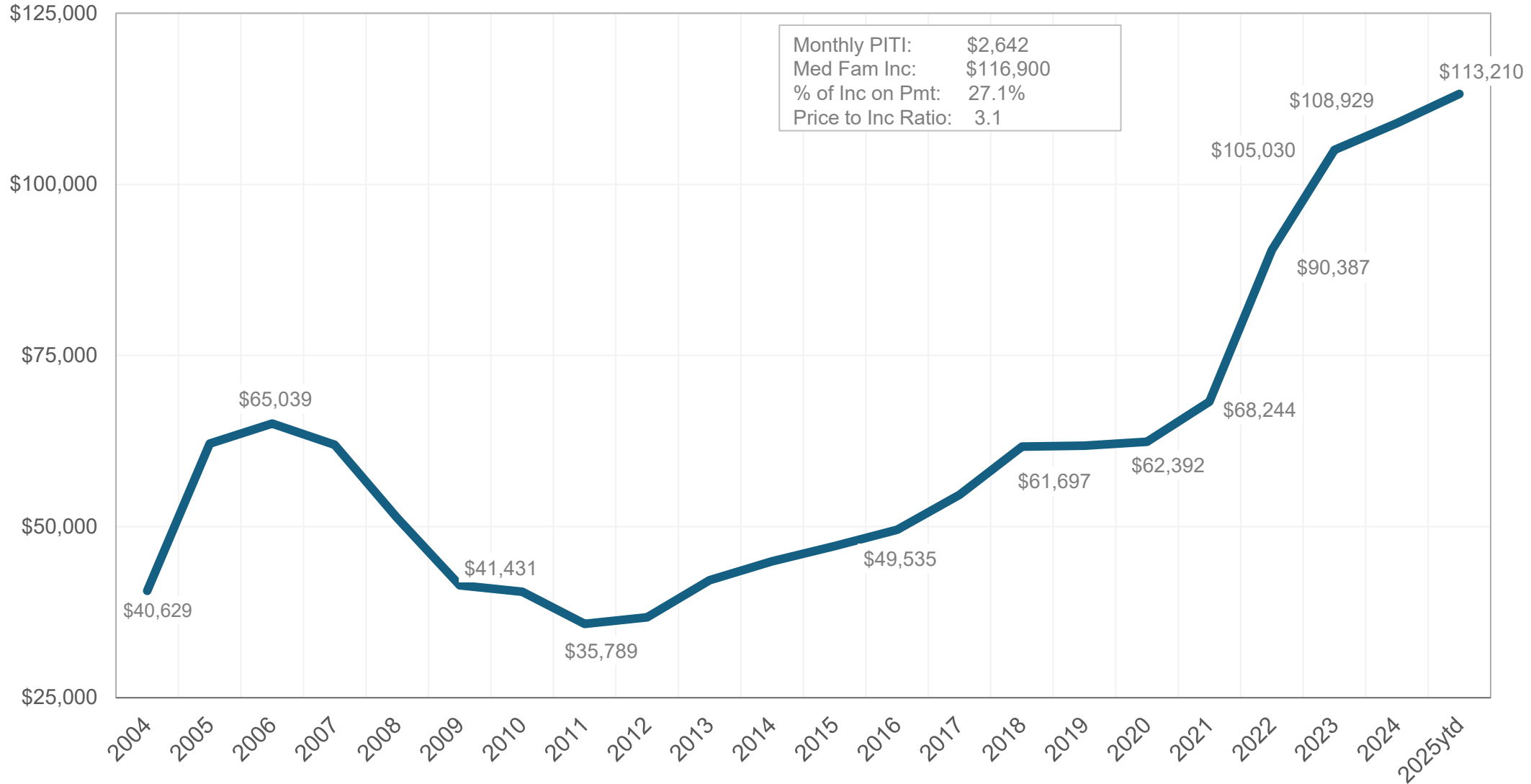


Source: Minnesota Realtors® (MNR) and RMLS of MN, Inc. | © 2025 MNR

# Income needed for mortgage payment not to exceed 30%

Based on monthly PITI Payment on Median Priced Home, [Minnesota](#)

(Using current 30-yr FRM rates, assuming 10% down, 1.21% tax rate and 0.5% insurance)

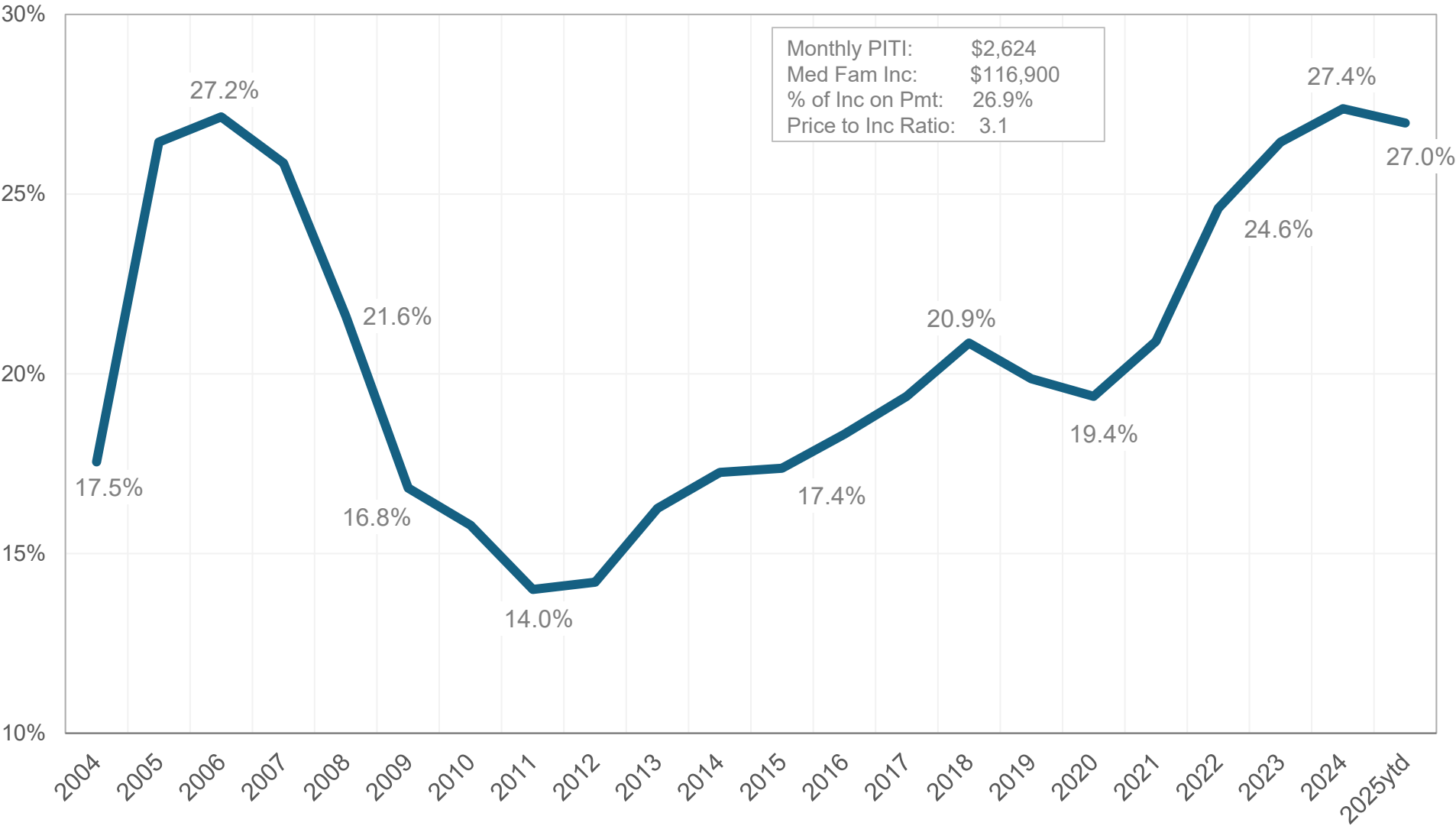


Source: Minnesota Realtors® (MNR) and RMLS of MN, Inc. | © 2025 MNR

# Mortgage payments occupying larger share of income

Percentage of **Pre-tax** Median Income Spent on Mortgage of Median Priced Home

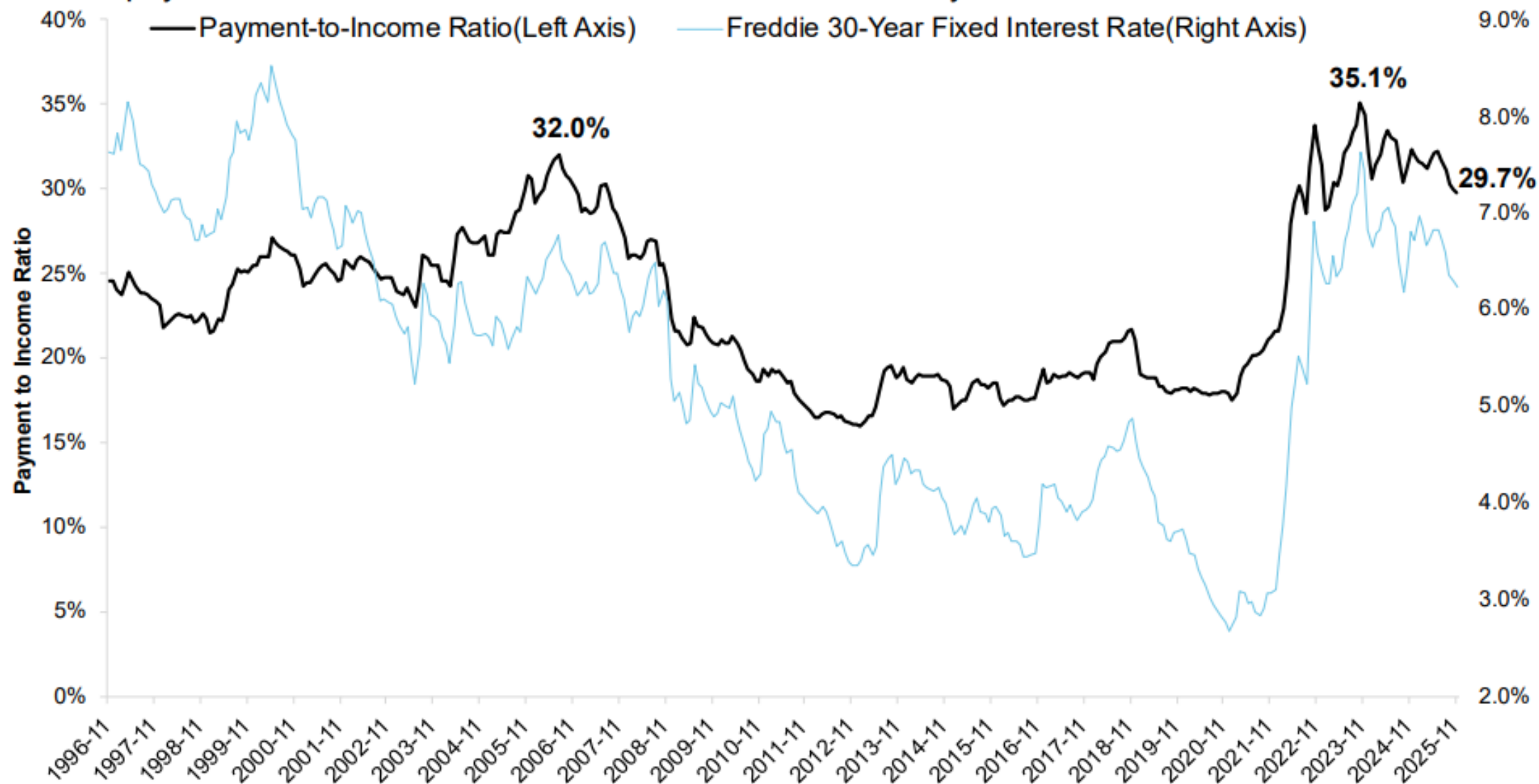
(Minnesota, using current 30-yr fixed rates, assuming 10% down, 1.21% tax rate and 0.5% insurance rate)



Source: Minnesota Realtors® (MNR) and RMLS of MN, Inc. | © 2025 MNR

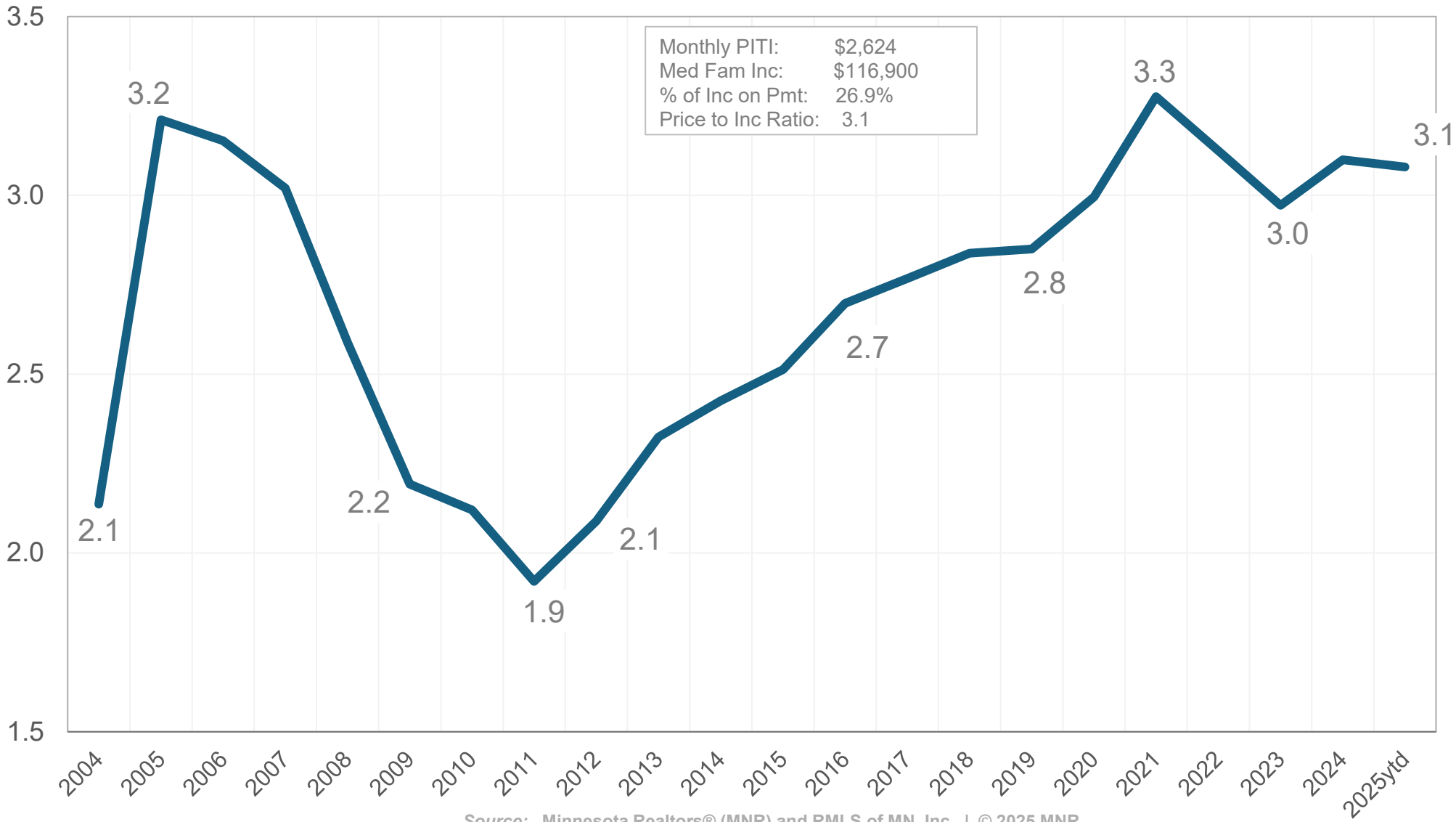
# Home Affordability

National payment-to-income ratio\*: Lower ratio = better affordability



# Price-to-income ratio

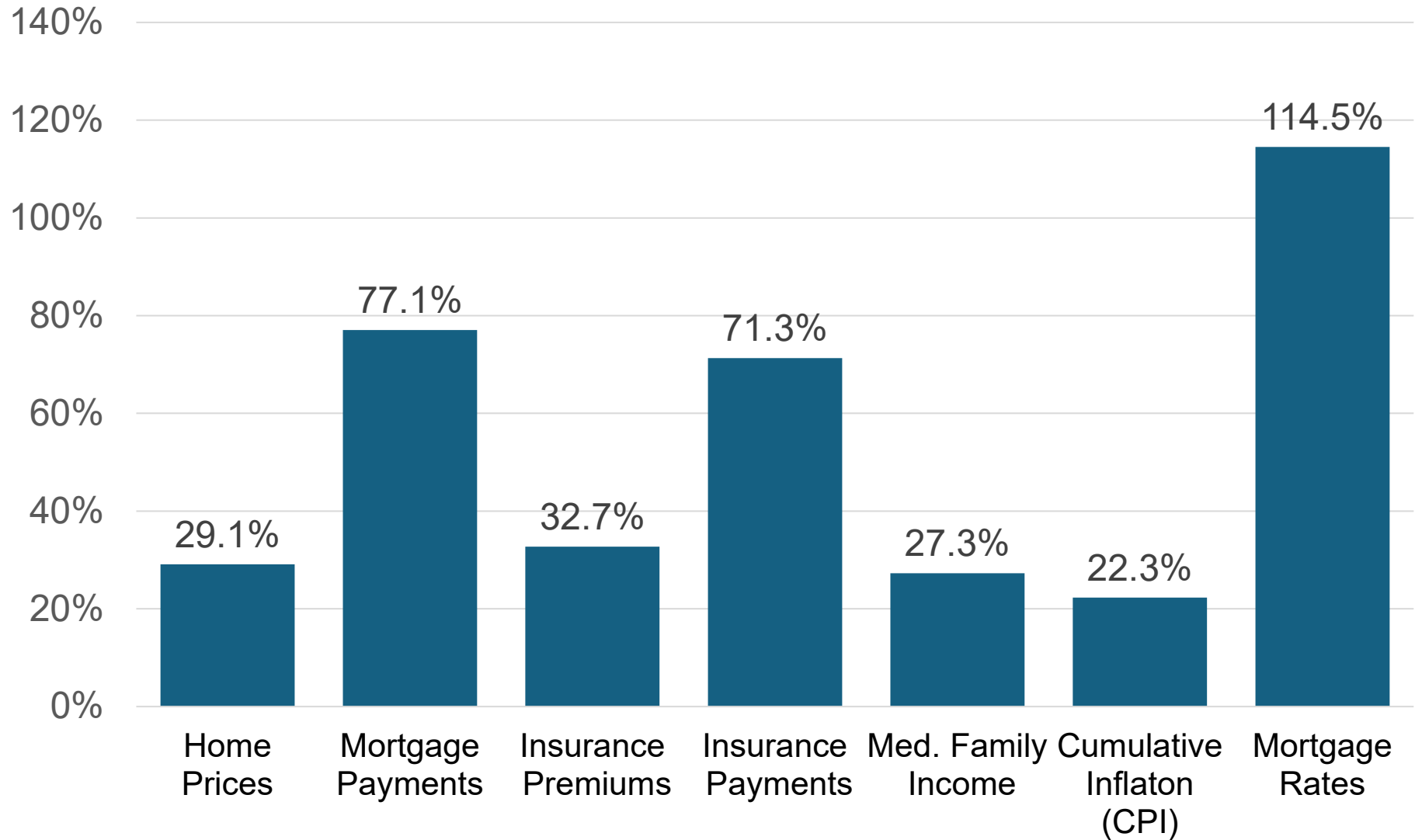
(Using median family income and median sales price for [Minnesota](#))



Source: Minnesota Realtors® (MNR) and RMLS of MN, Inc. | © 2025 MNR

# Change Since 2020 | Minnesota Statewide

(Through 2025ytd)



Sources: MN Realtors, ICE Mortgage, HUD, BLS and NorthstarMLS (10-2025) | © 2025 MNR | All Rights Reserved

## Statewide Maps

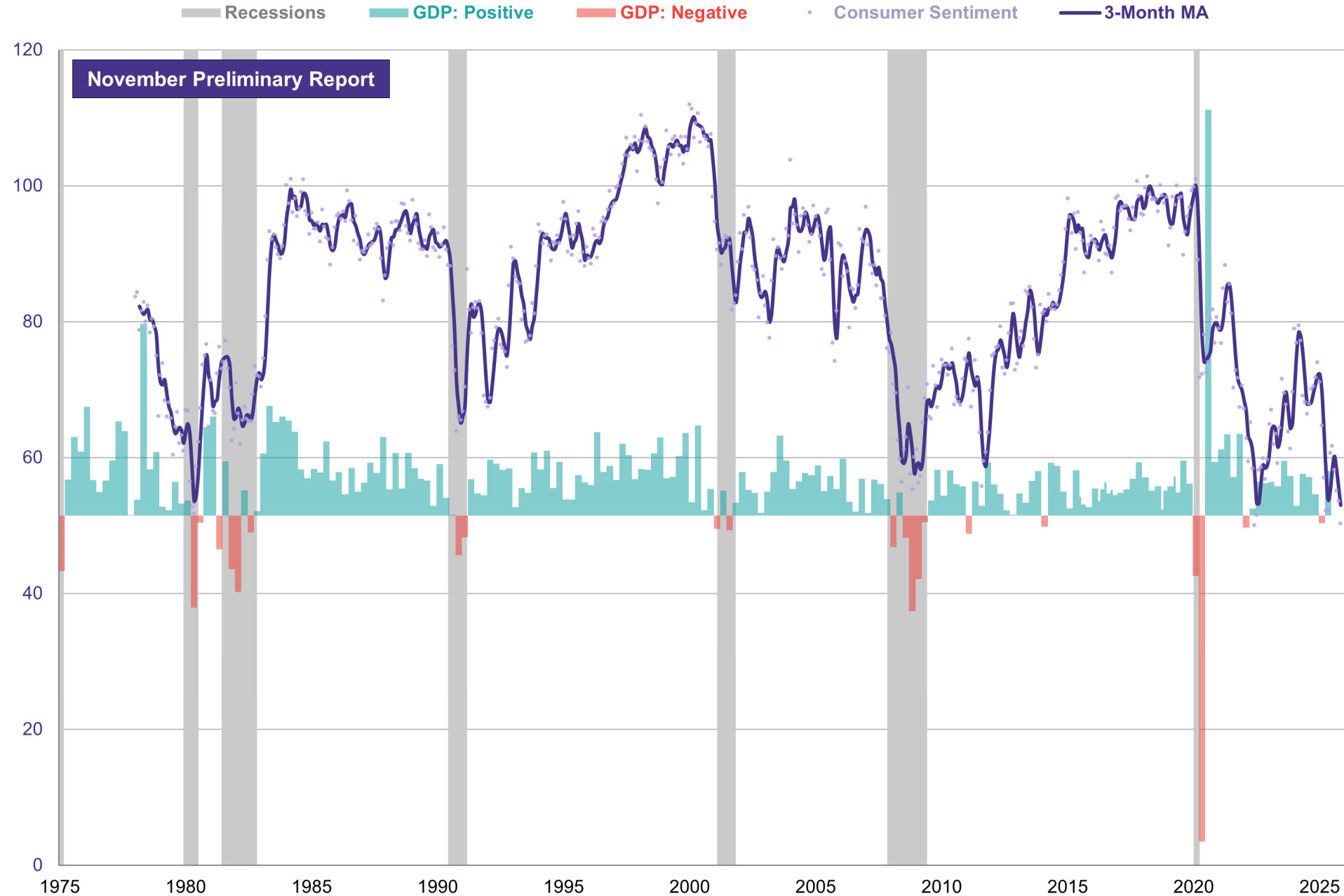
Sales Growth: [https://www.datawrapper.de/\\_/EtnAy/](https://www.datawrapper.de/_/EtnAy/)

Days on Market: [https://www.datawrapper.de/\\_/TJveb/](https://www.datawrapper.de/_/TJveb/)

Pct of Orig. List Price: [https://www.datawrapper.de/\\_/yOwDN/](https://www.datawrapper.de/_/yOwDN/)

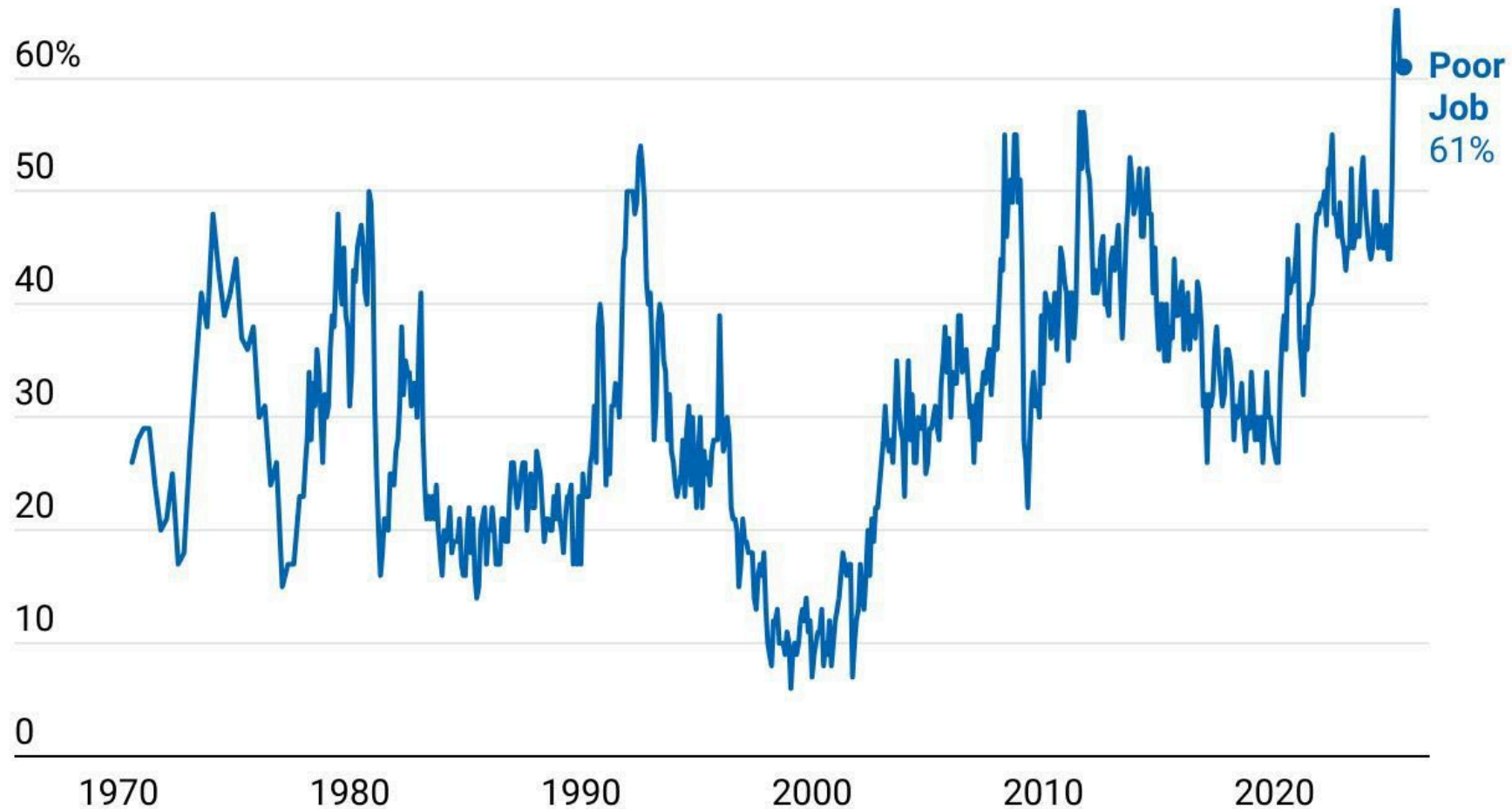
Prices: [https://www.datawrapper.de/\\_/LV1BG/](https://www.datawrapper.de/_/LV1BG/)

# University of Michigan Consumer Sentiment Index



# A record share of Americans believe that the government is doing a **poor job on economic policy**

*Share who respond that the government is doing a poor job*



Question text: "As to the economic policy of the government – I mean steps taken to fight inflation or unemployment – would you say the government is going a good job, only fair, or a poor job?"

Chart: @JustinWolfers • Source: Michigan Survey of Consumer Attitudes



Property taxes up 8% as Federal cuts put burden on states, counties and municipalities

And cost of people, goods, transportation, etc all still rising

The increases continue a trend of rising property taxes in Minnesota. If the preliminary rates stick, county property taxes will have increased by more than \$1 billion since 2021, rising:

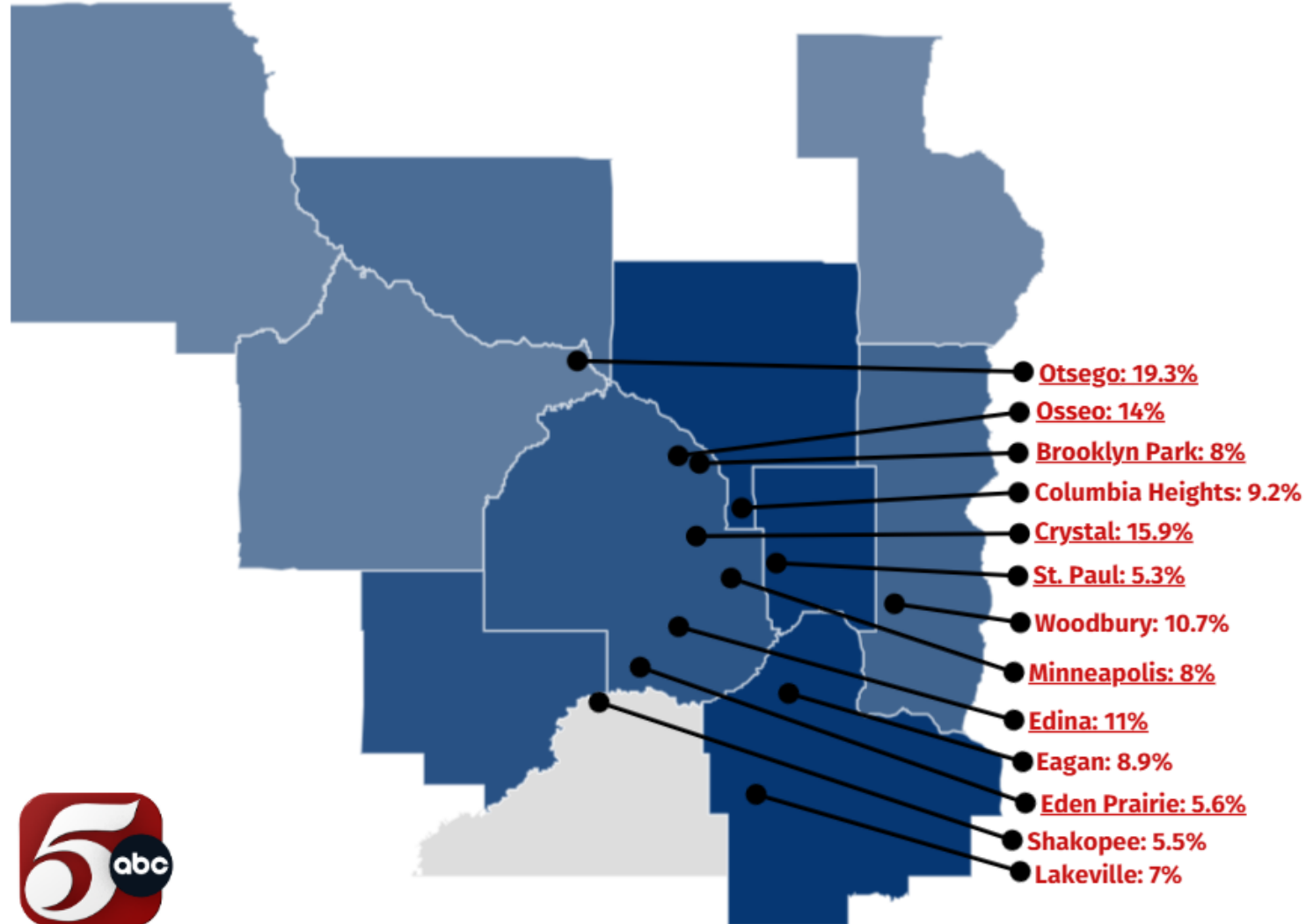
- 2026: 8.1% (preliminary)
- 2025: 6%
- 2024: 5.5%
- 2023: 4.2%
- 2022: 3.4%

The same is true for cities and towns, which have seen increases of:

- 2026: 8.7% (preliminary)
- 2025: 7.5%
- 2024: 7.4%
- 2023: 7.9%
- 2022: 5.5%

# 2026 Property Tax Levy Increases

Maximum levies as currently proposed by each locality.



<https://kstp.com/tracking-your-tax-dollars/which-minnesota-counties-are-facing-the-biggest-property-tax-hikes/>

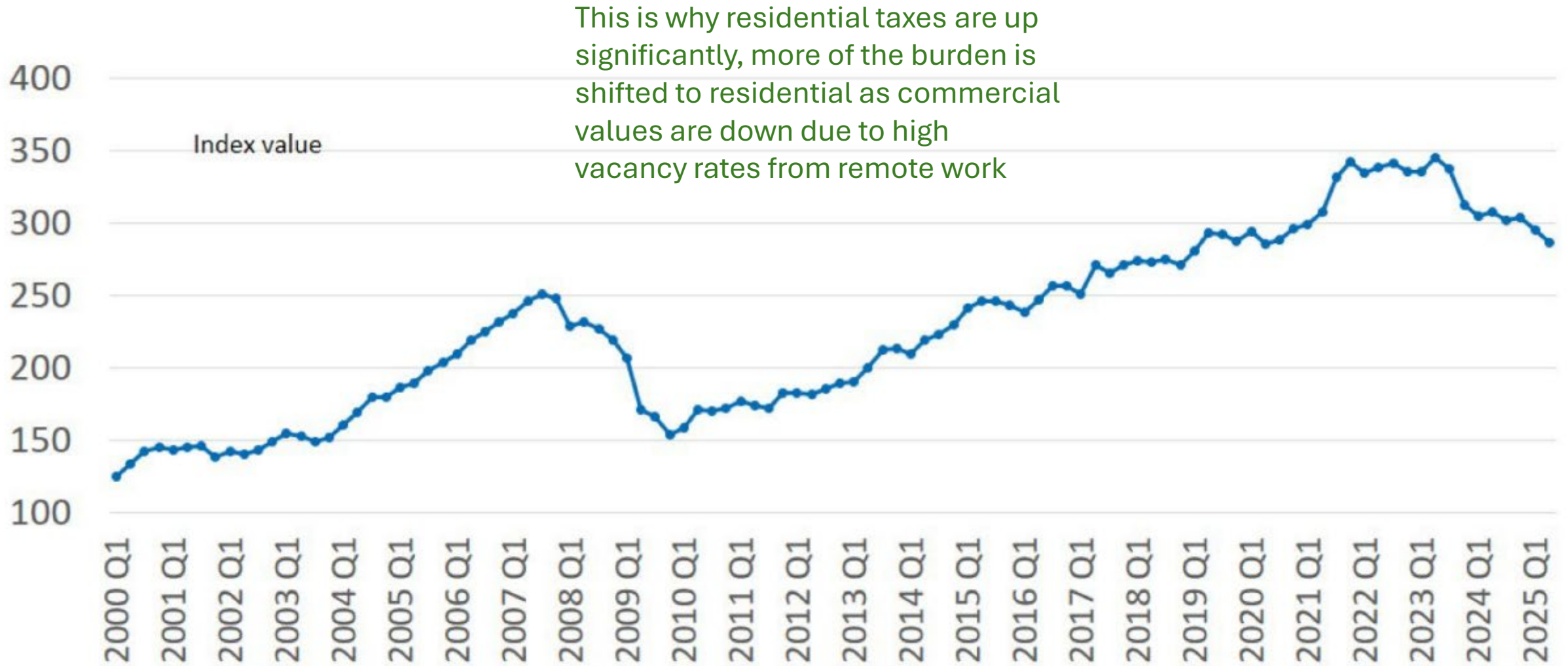




One challenge is that commercial values are down due to elevated vacancy rates from remote work.

Home values keep rising. So more of the burden is shifted from commercial properties onto homeowners.

# Commercial Property Prices ... Still not Recovering



Source: Federal Reserve



Our incomes are above average

Our home prices are slightly below average

This has allowed us to enjoy an above-average homeownership rate.



In fact...

States	Homeownership Rate Under 35	Average young adult income (25-44)
Minnesota	50.80%	\$94.8K
Michigan	49.30%	\$75.9K
Alabama	49.10%	\$65.6K
Indiana	47.00%	\$76.7K
Utah	46.10%	\$95.2K
West Virginia	49.90%	\$64.7K
Delaware	46.50%	\$90.1K
South Carolina	48.00%	\$72K
Mississippi	49.20%	\$58.6K
Kentucky	46.90%	\$69K

US Census

<https://www.realtor.com/news/trends/minnesota-most-young-homeowners/>

### **Rates up even after the Fed cut?**

Bond market has other concerns

(i.e. the independence of the Fed and partisan pressure to lower rates to boost the economy at the expense of higher inflation)

Also concerned about our debt and fiscal outlook.



By Michael Rainey  
Friday, December 12, 2025

Reuters Photographer

## Trump says next Fed chair will believe in lower interest rates 'by a lot'

By Jasper Ward

December 17, 2025 10:37 PM CST · Updated 14 hours ago

### 30yr Fixed Rate – still about the lowest level in 2 yrs



# Nationwide Forecast

	2025	2026
Existing-Home Sales	+0%	+14%
New Home Sales	-2%	+5%
Median Home Price	+3%	+4%
Mortgage Rate	6.7%	6.0%
Job Gains	400,000 (not 2 million)	1.3 million (not 2 million)
Unemployment Rate	4.3%	4.5% (not 5.5%)



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# Thank You!

Please reach out  
with any questions/  
feedback!

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