





October 2025





Buyers think it's 2008

Sellers think it's 2021

Some agents think they're on Selling Sunset

Lower & Stable(ish) Mortgage Rates

Mortgage rates have stabilized around 6.25%, encouraging more buyers with better affordability.

Increased Housing Inventory

Housing inventory is near a five-year high, giving buyers more choices and less pressure.

Seller Negotiations and Incentives

Sellers are offering price cuts and concessions, improving affordability and accessibility for buyers.

Moderated Home Price Growth

Home price growth is slowing, balancing the market and (combined with better rates and wage growth) easing some affordability challenges.

Builder Incentives and Discounts

Builders offer discounts and sales incentives, helping to fill some gaps with more options for buyers across the spectrum.

Demographics

Millennials and baby boomers are shaping demand

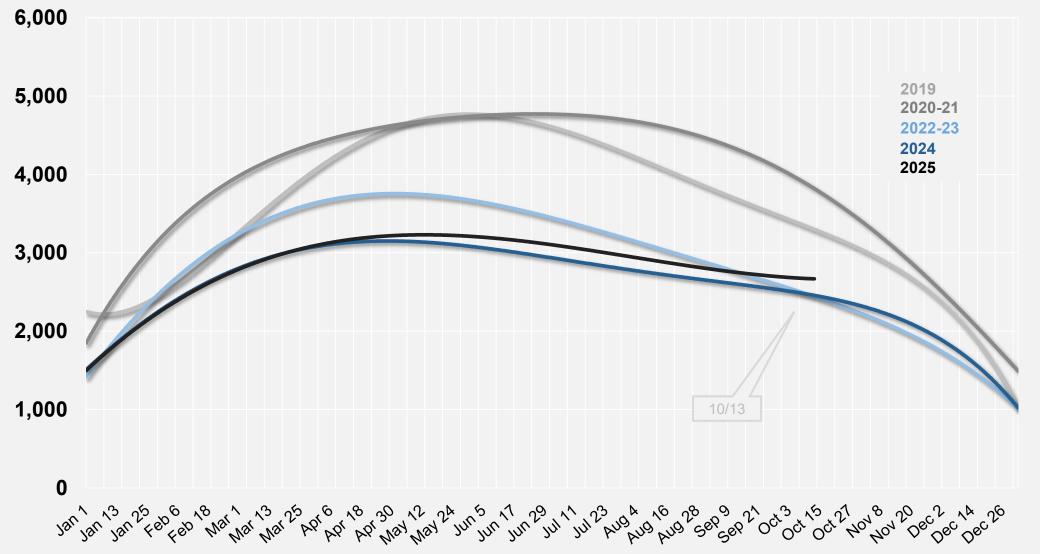
Government/Regulatory Environment

Changes in zoning and density policies to allow more homes to be built

Daily Showing Activity

MLS-Wide | Rolling Weekly Average | Trended

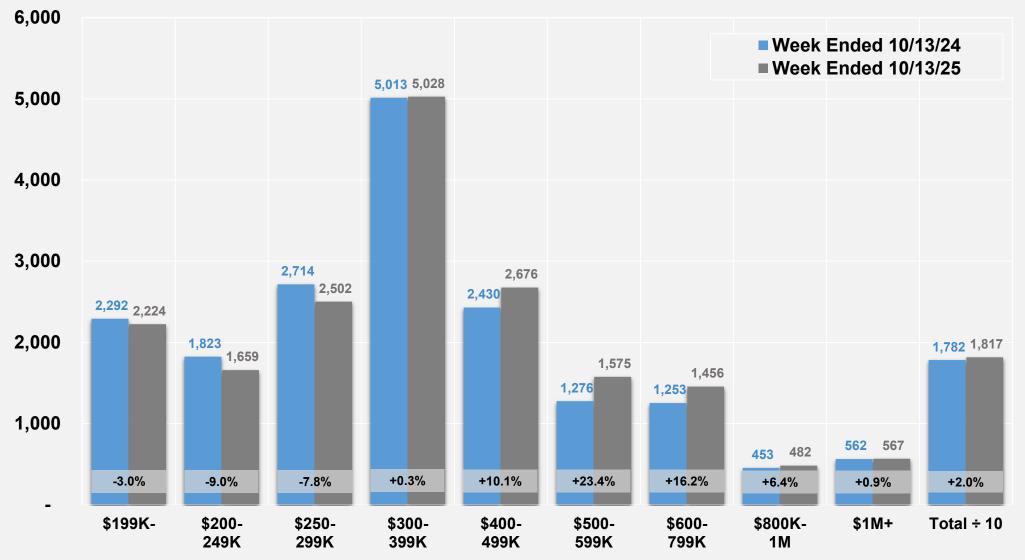




Showing Activity by Price Range



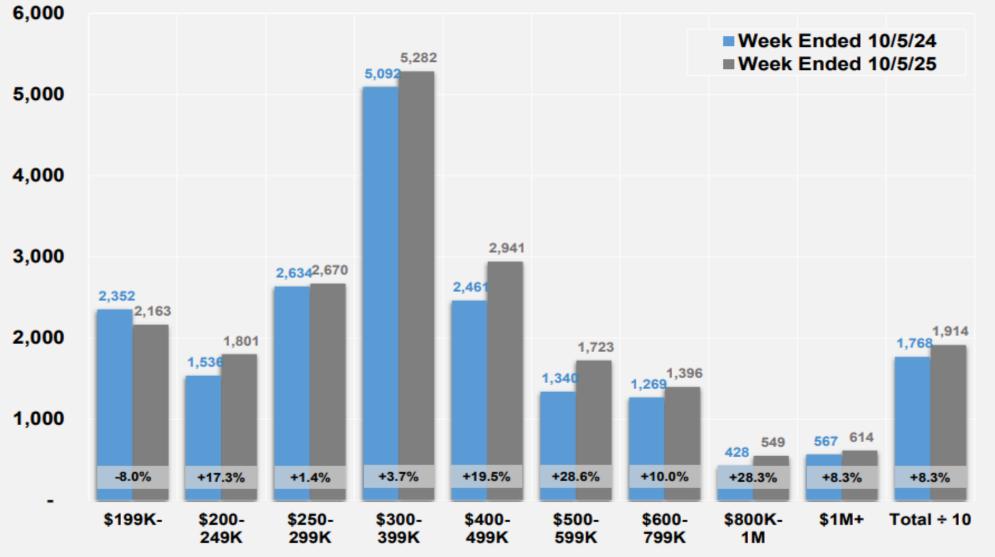




Showing Activity by Price Range



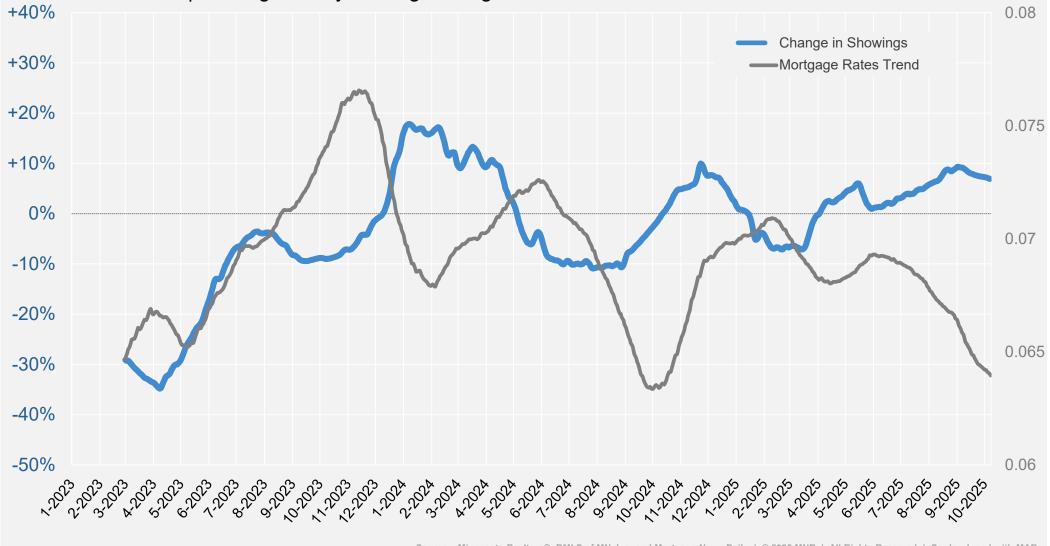
MLS-Wide



Change in Showings Trend

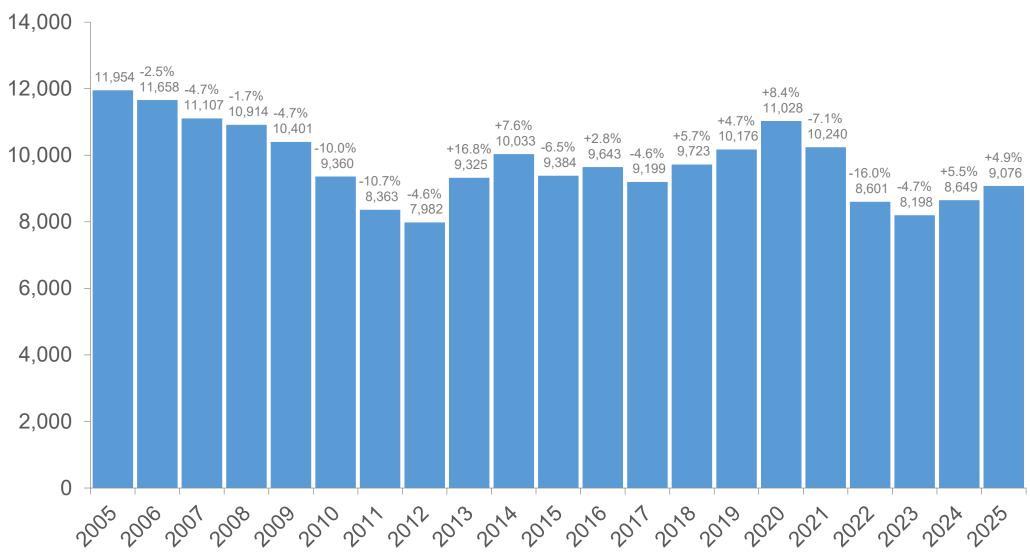
Minnesota Realtors®

With 30yr FRM (R. axis, trend)
MLS-Wide | Rolling Weekly Moving Average



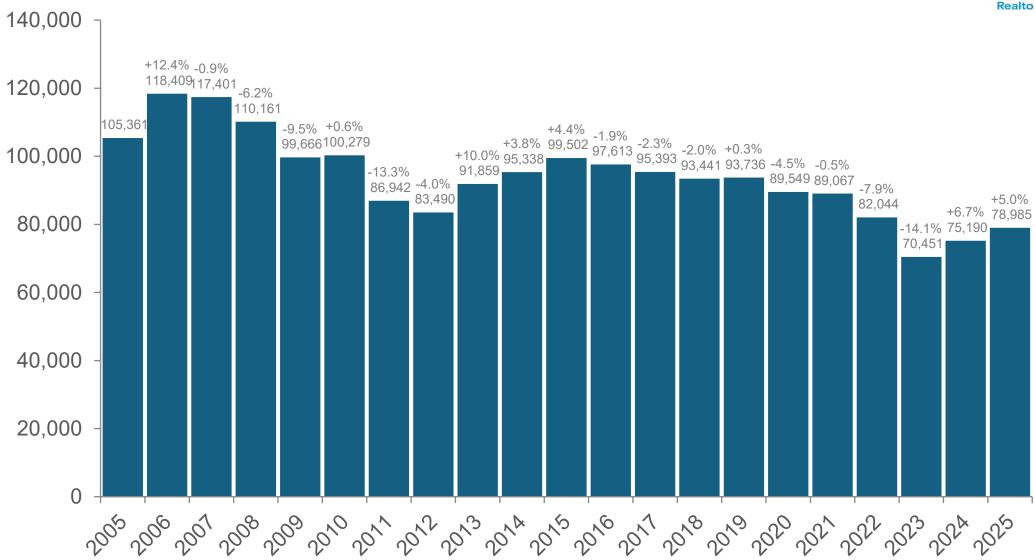
Minnesota Statewide | New Listings | September





Minnesota Statewide | New Listings | September YTD









Still locked?

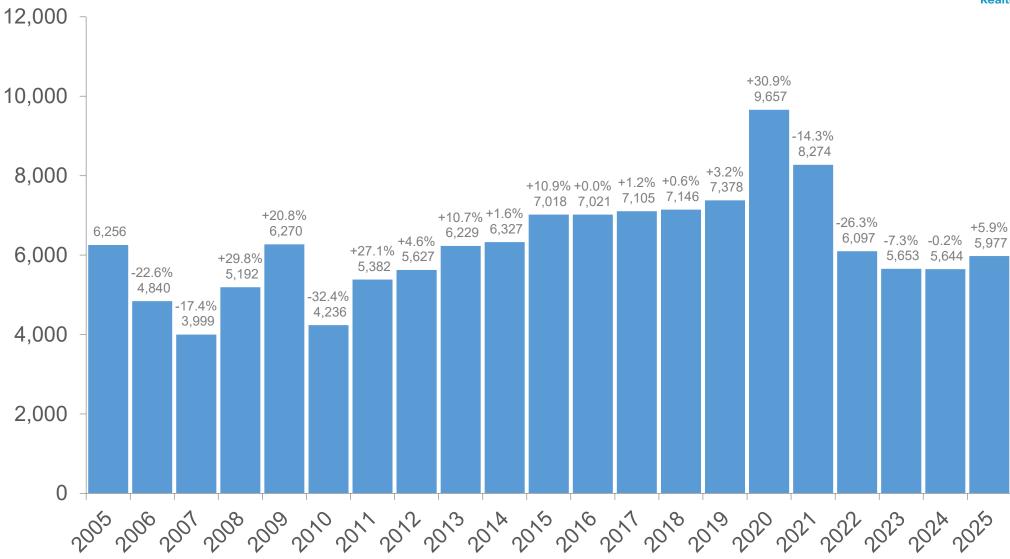
Some are, sure. But it's changing.





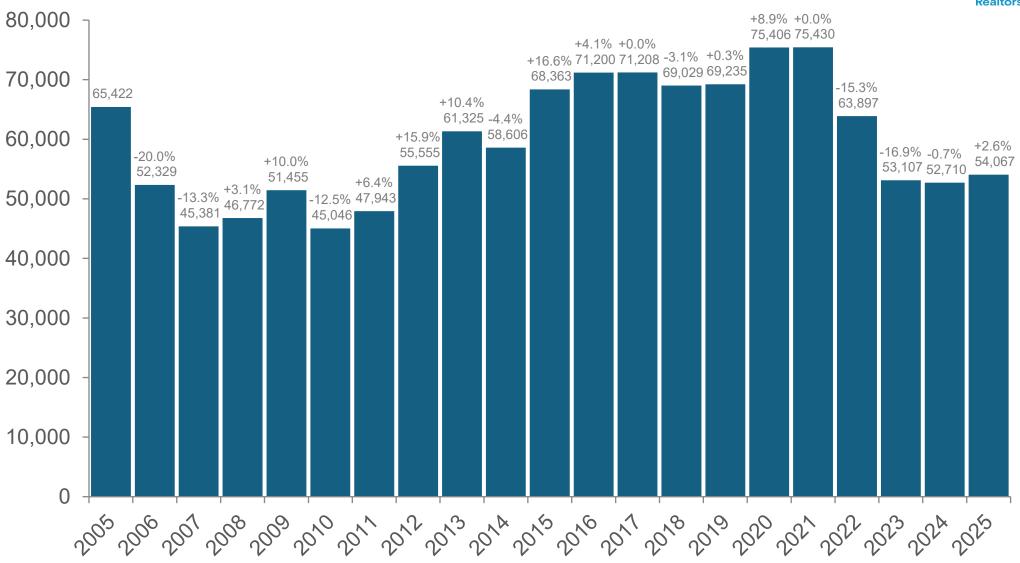
Minnesota Statewide | Pending Sales | September





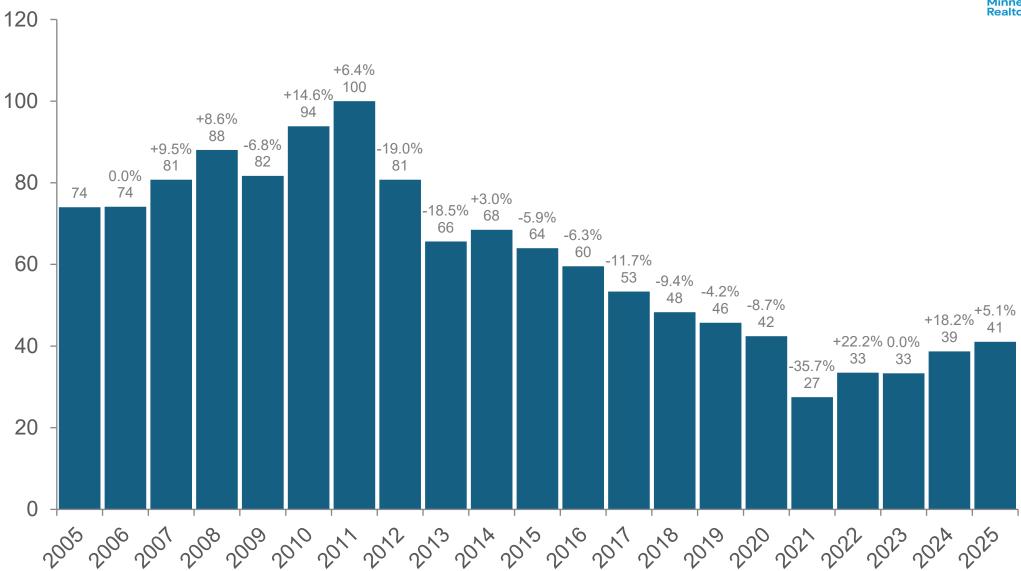
Minnesota Statewide | Pending Sales | September YTD





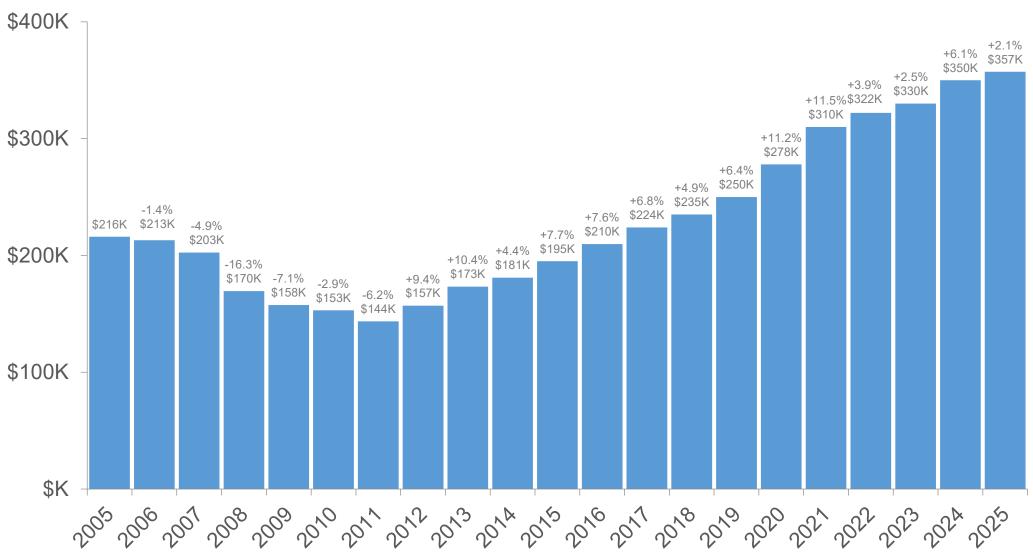
Minnesota Statewide | Days on Market | September





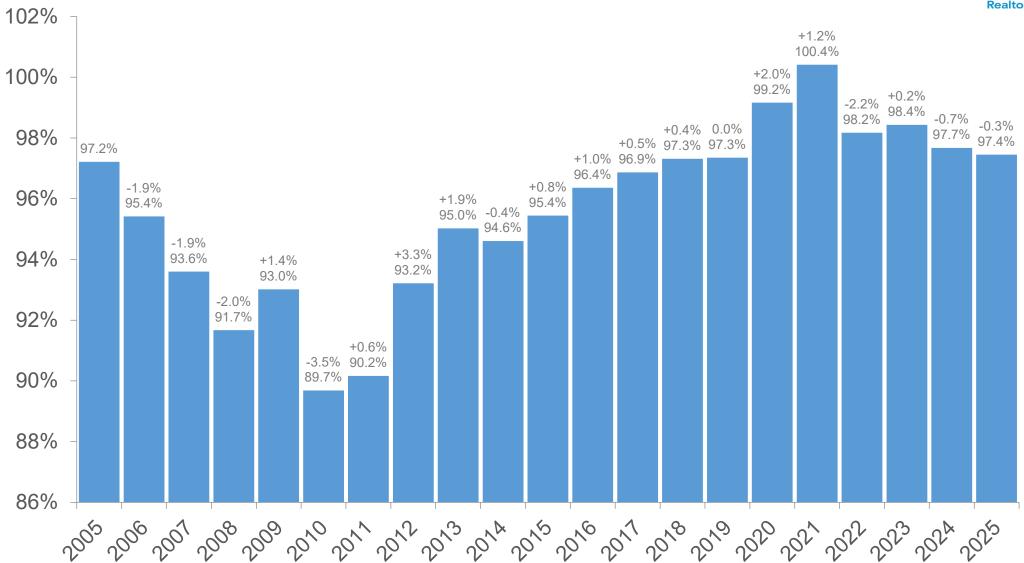
Minnesota Statewide | Median Sales Price | September





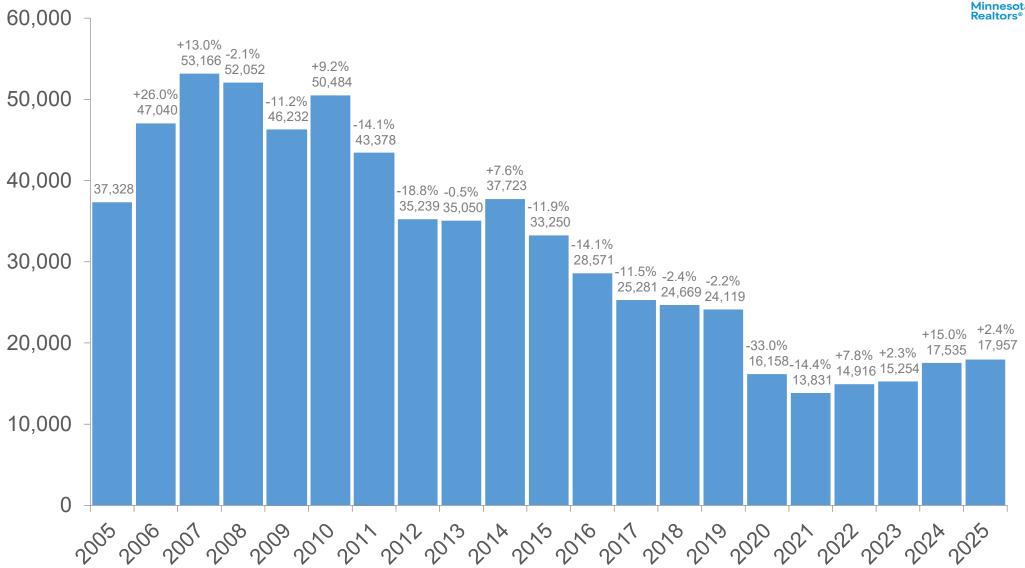
Minnesota Statewide | Pct of Orig. List Price | September





Minnesota Statewide | Inventory | September

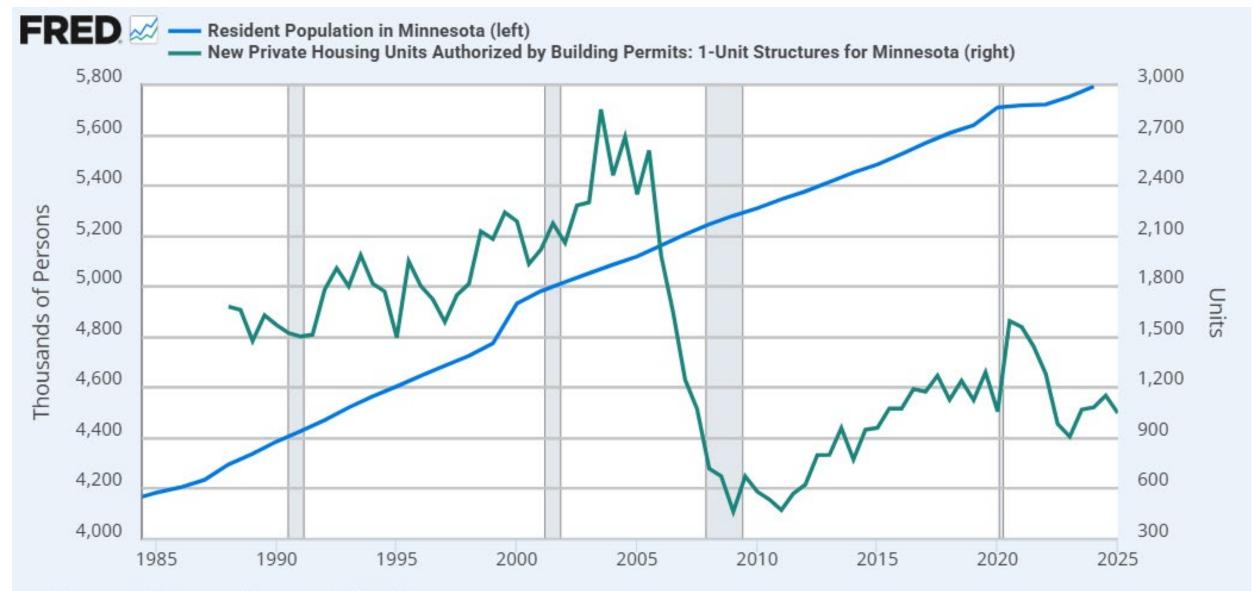




Low inventory still?

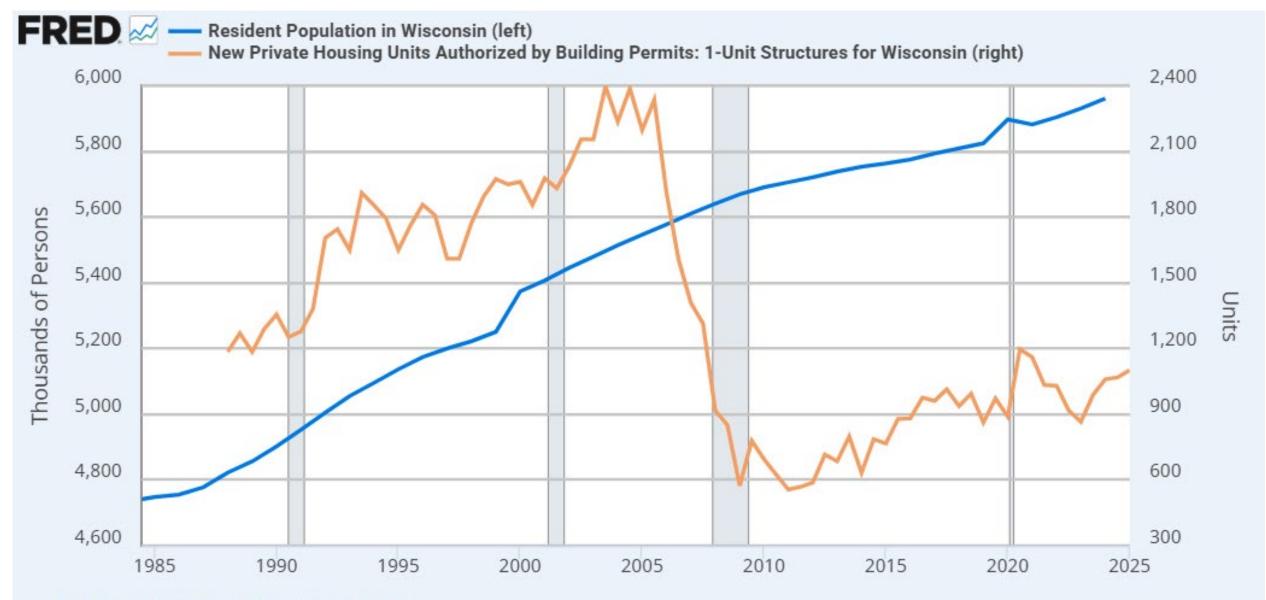
More people. High homeownership rate. Not enough homes built/listed. Lock-in effect still somewhat in play.

Yes, sales are down from the boom, but we were so undersupplied before that we are still undersupplied despite a 25% decrease in sales. That may say more about just how undersupplied we were before.



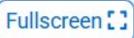
Source: U.S. Census Bureau via FRED® Shaded areas indicate U.S. recessions.

Fullscreen []



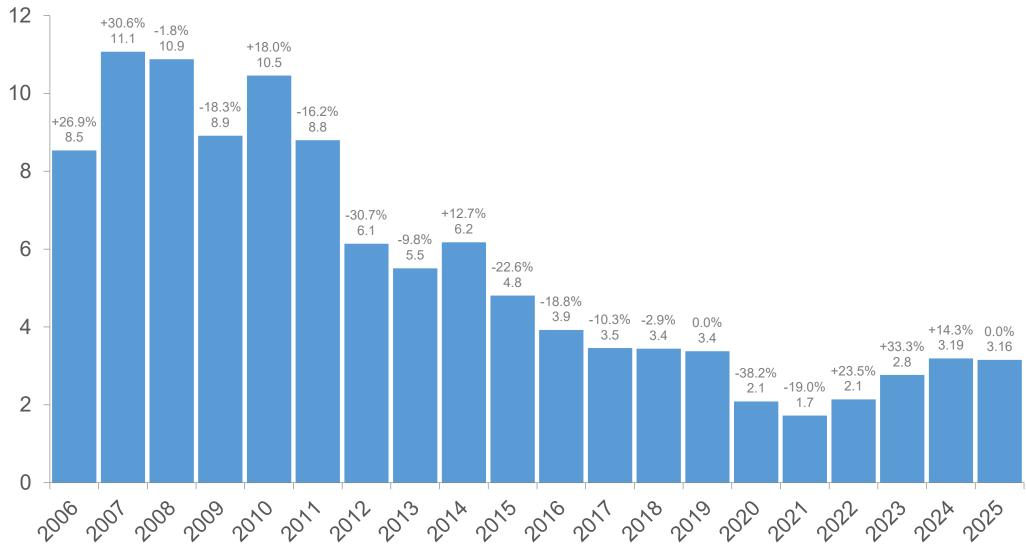
Source: U.S. Census Bureau via FRED® Shaded areas indicate U.S. recessions.

fred.stlouisfed.org



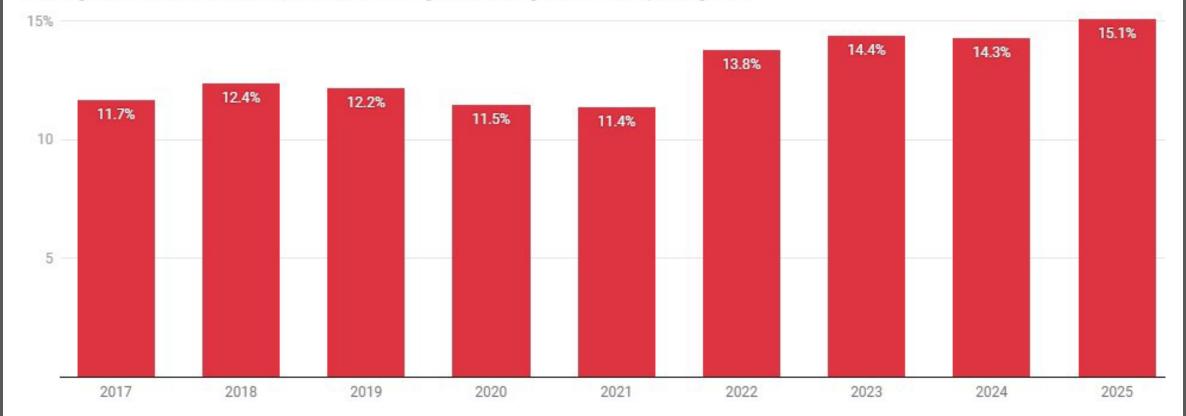
Minnesota Statewide | Months Supply of Inventory | September





Roughly 1 in 7 U.S. Home Purchases Get Canceled

Pending U.S. home sales that fell out of contract during month of August, as % of all pending sales



Note: Homes that fell out of contract in August didn't necessarily go under contract in August

Source: Redfin analysis of MLS data • Get the data • Embed • Download image • Created with Datawrapper

Newsweak News Florida Housing Market Pandemics News Article ③ Florida Housing Market Sees Record Home Listings PUBLISHED MAR 03, 2025 AT 09:14 AM EST



WA

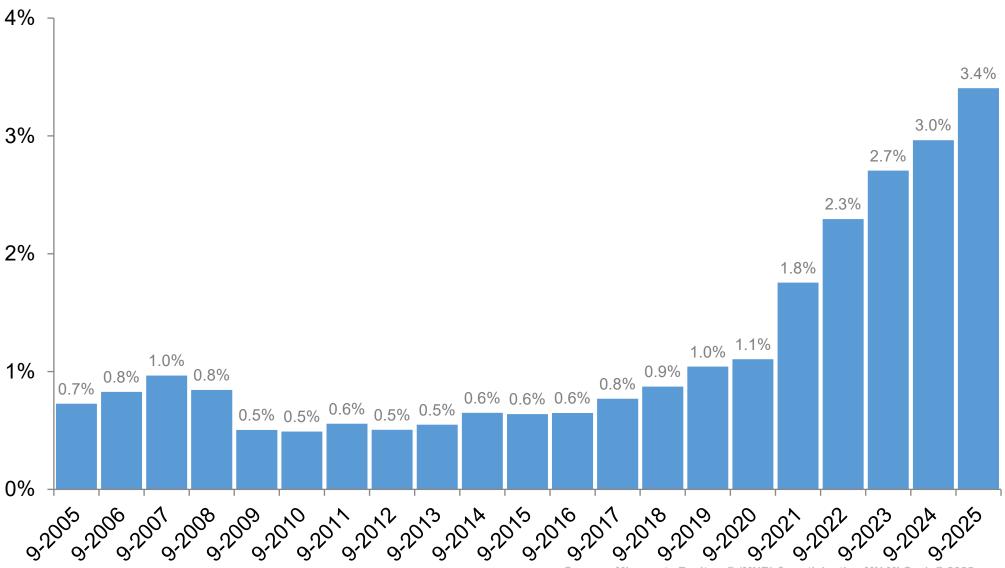
Texas housing market sees highest inventory since 2011 as sellers adapt to buyer's market

Texas housing market hits highest inventory since 2011 as sellers face new buyer's market reality

Percent of Sales \$1M+



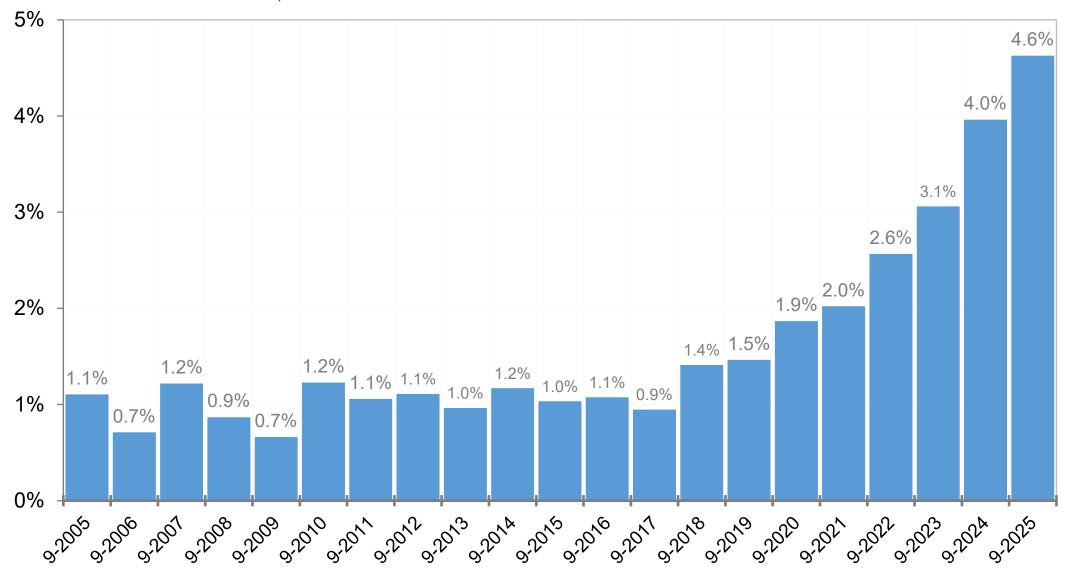
NorthstarMLS Region | R12MA



Pass the caviar



Percent of sales over \$1M in the Twin Cities metro area



Change in New Listings by Price Range



Northstar Coverage Area | September 2025 compared to September 2024

From Infosparks, may be preliminary and may not match other sources

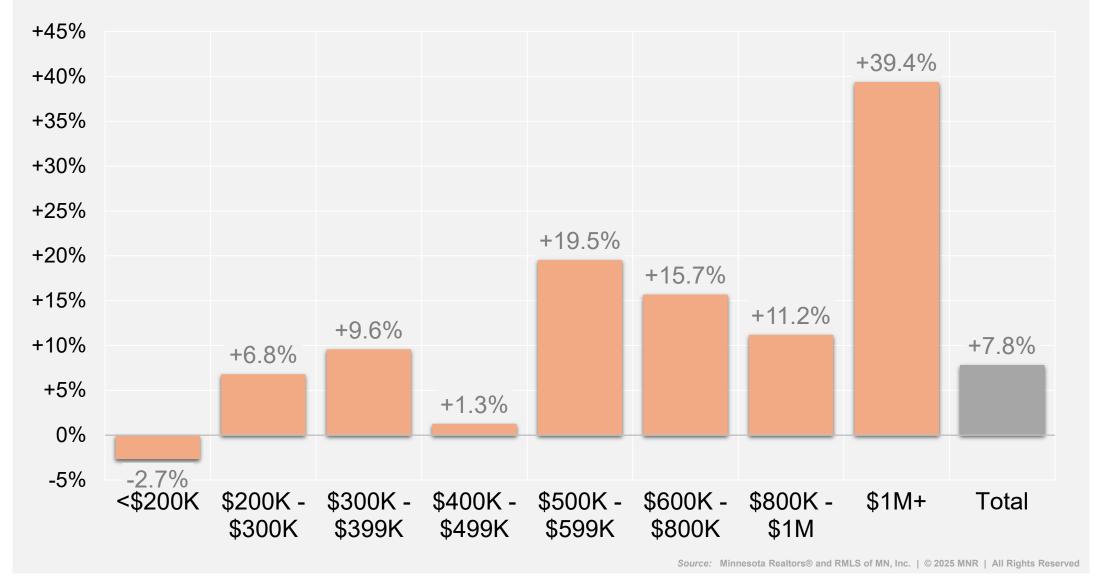


Change in Pending Sales by Price Range

Northstar Coverage Area | September 2025 compared to September 2024

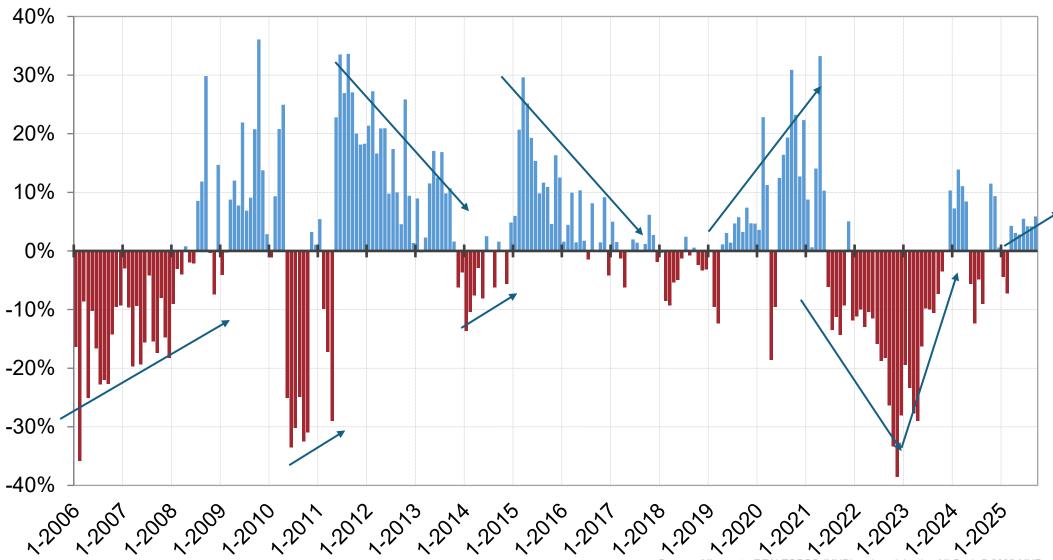
From Infosparks, may be preliminary and may not match other sources





Year-over-Year Change in Pending Sales MN statewide





Year-over-Year Change in Median Sales Price MN Statewide



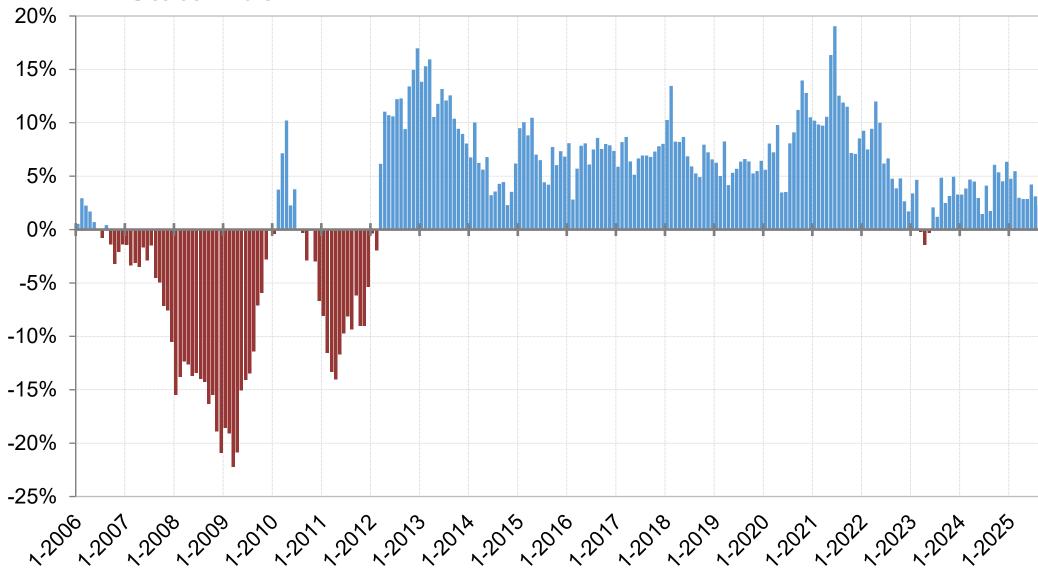


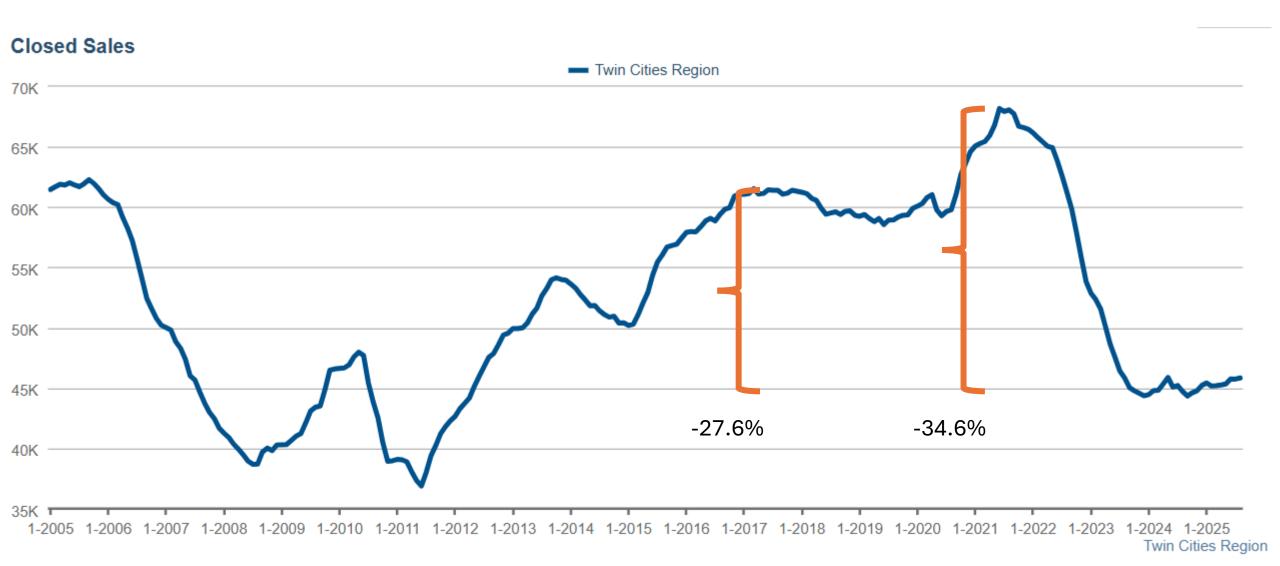
Exhibit 2-10 The Most Important Factor Limiting Potential Clients in Completing a Transaction

(Percent Distribution, Brokerage Specialists only)

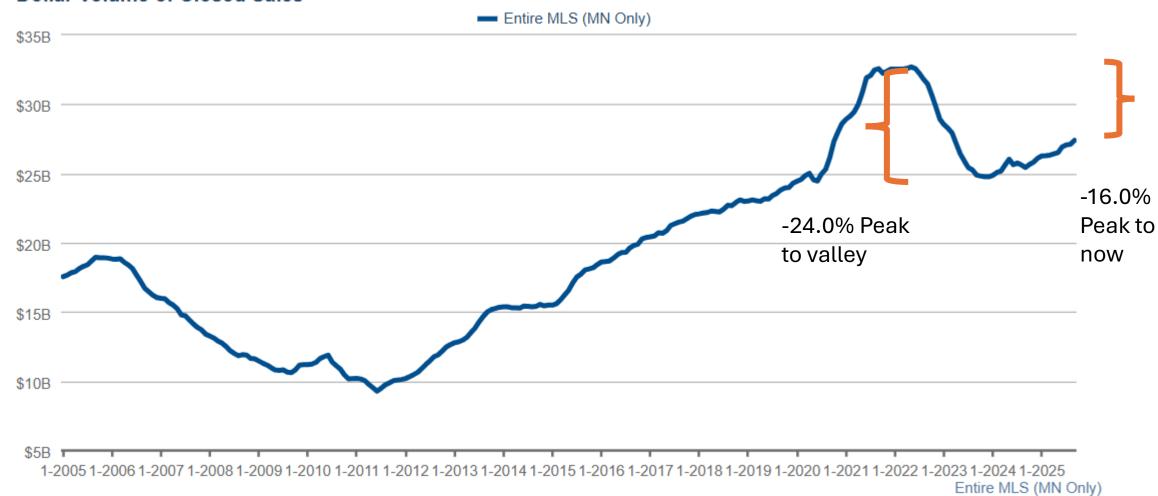
At 25 percent, housing affordability surpassed the difficulty finding the right property and lack of inventory as the most important factor limiting potential clients from making a purchase. The expectation that mortgage rates might come down was the next most important reason brokerage specialists cited potential clients were limited at 19 percent.

	RESIDENTIAL SPECIALISTS		. SPECIALISTS
	ALL REALTORS®	BROKER/BROKER ASSOCIATE	SALES AGENT
No factors are limiting potential clients	7%	7%	7%
Housing Affordability	25%	25%	12%
Expectation that mortgage rates might come down	19%	19%	9%
Lack of inventory	17%	17%	28%
Difficulty in finding the right property	10%	9%	22%
Expectation that prices might fall further	6%	6%	8%
Low consumer confidence	4%	4%	5%
Difficulty in obtaining mortgage finance	3%	3%	3%
Ability to save for downpayment	2%	2%	*
Ability to sell existing home	2%	2%	*
Concern about losing job	*	*	*
Other	6%	6%	5%

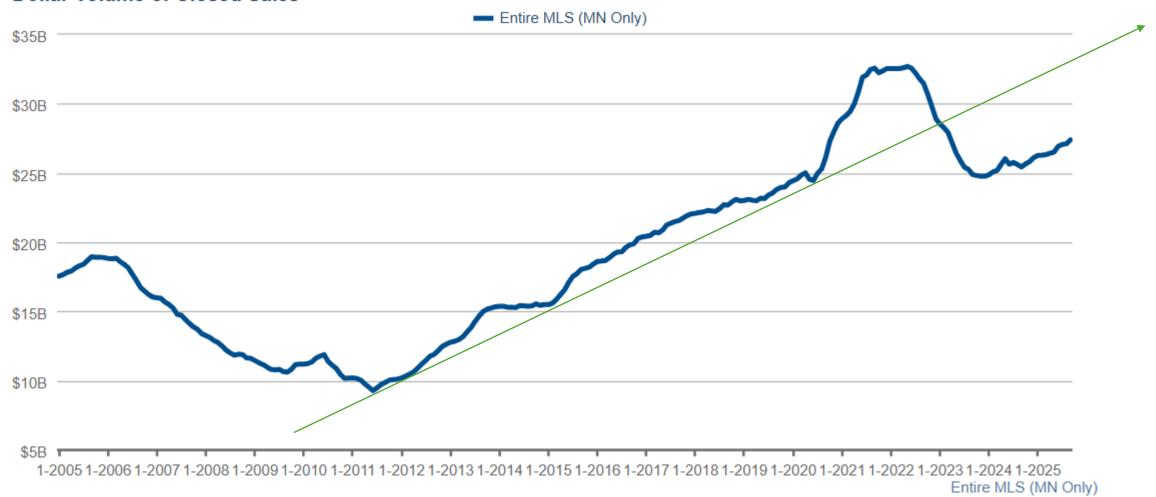
^{*} Less than 1 percent

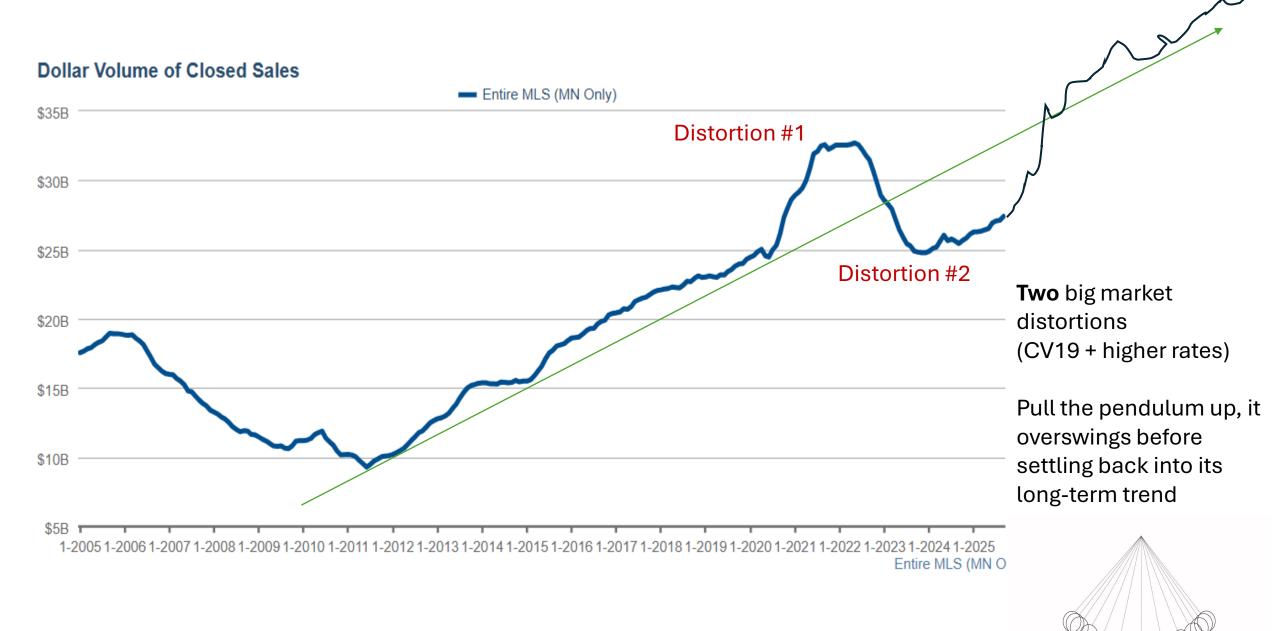


Dollar Volume of Closed Sales



Dollar Volume of Closed Sales



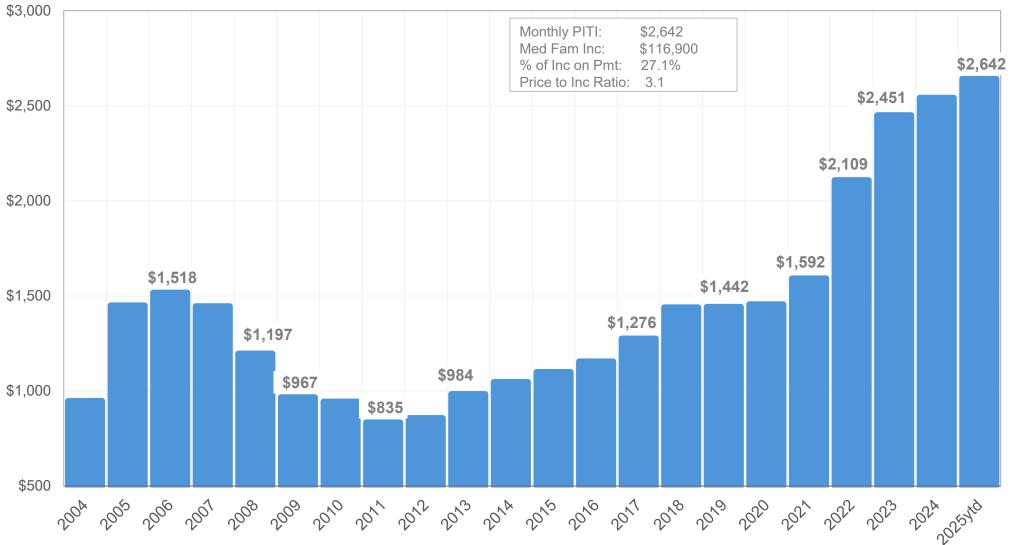


Monthly budgets stretched

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)



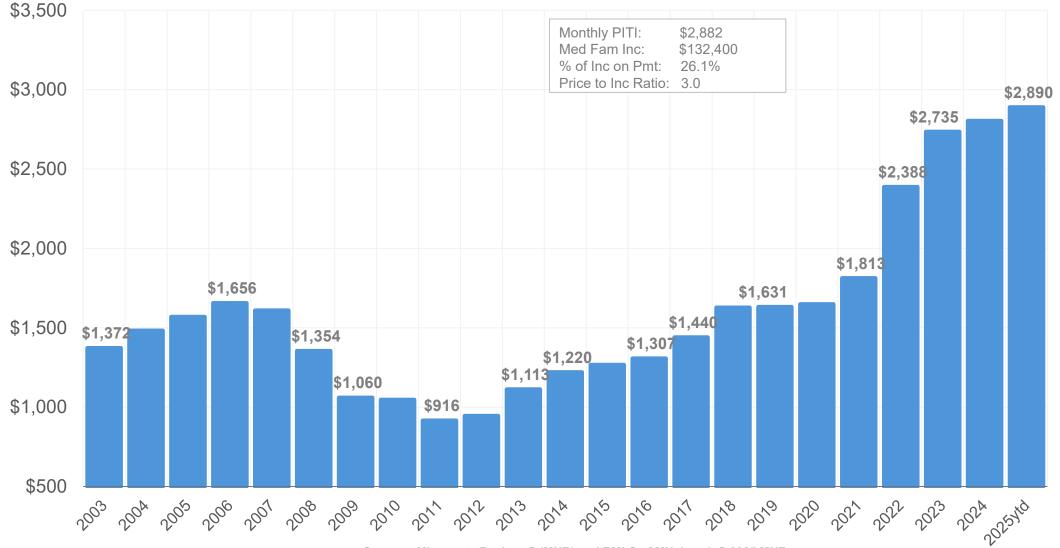


Monthly budgets stretched

Monthly PITI Payment on Median Priced Home, Twin Cities

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



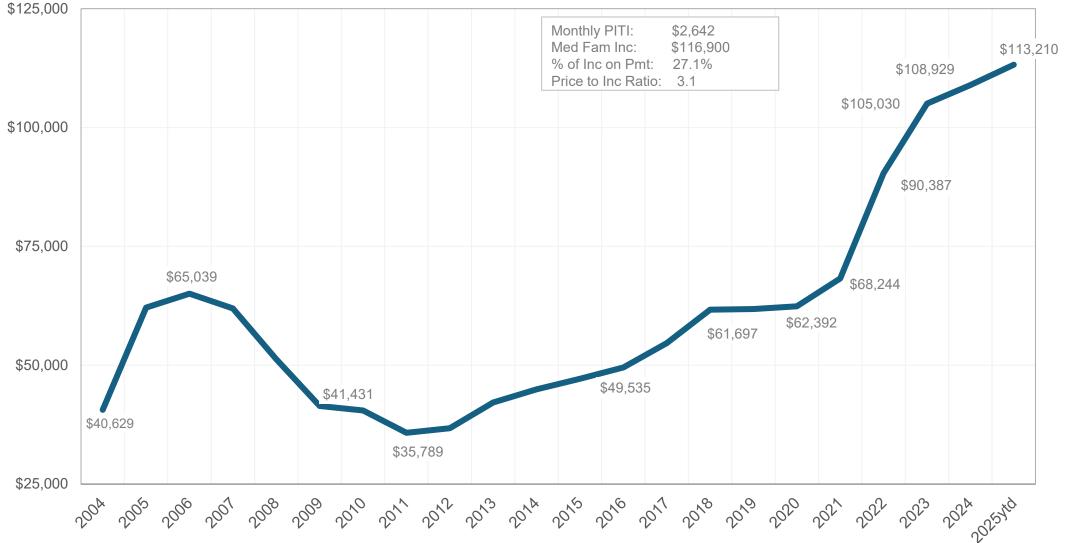


Income needed for mortgage payment not to exceed 30%

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)



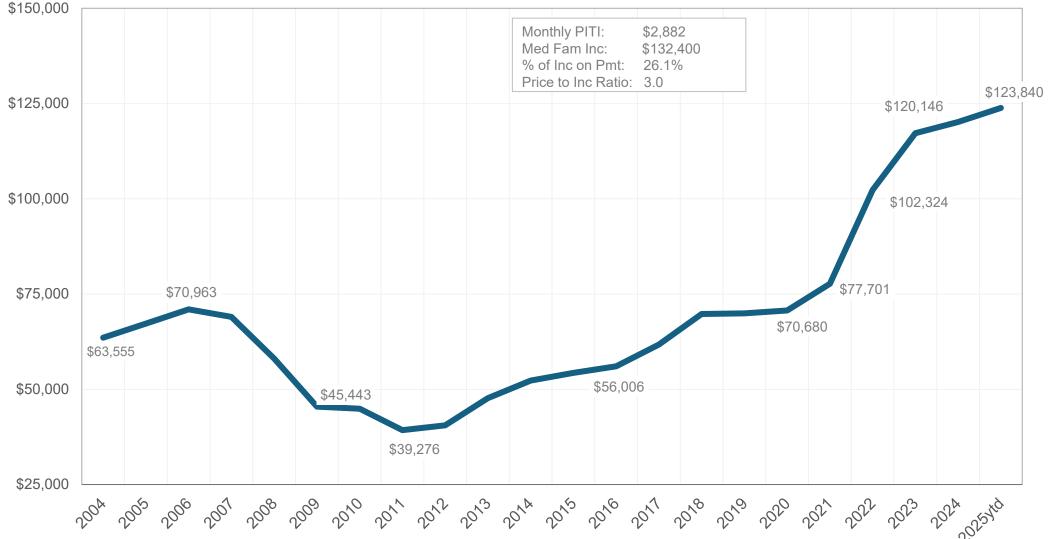


Income needed for mortgage payment not to exceed 30%

Based on monthly PITI Payment on Median Priced Home, Twin Cities

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

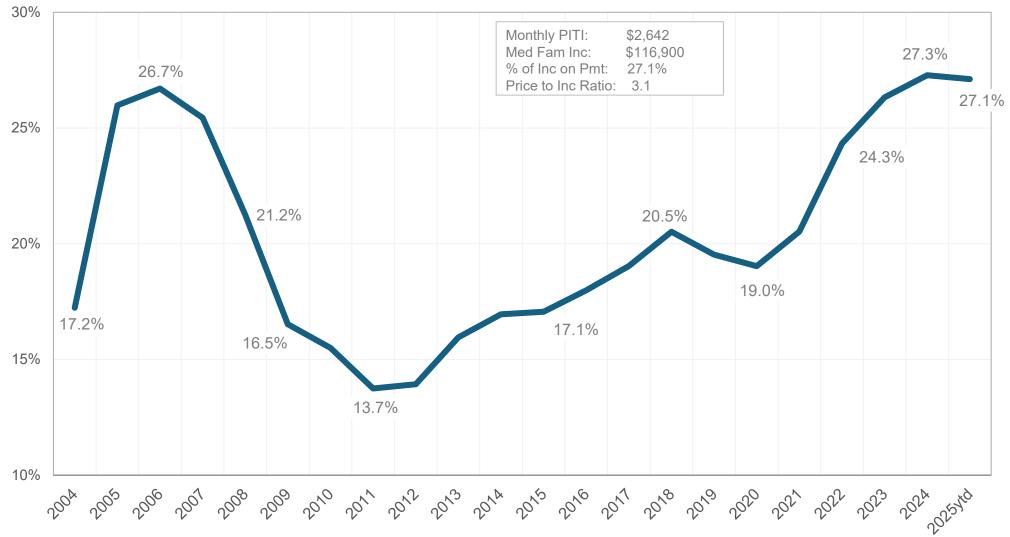




Mortgage payments occupying larger share of income



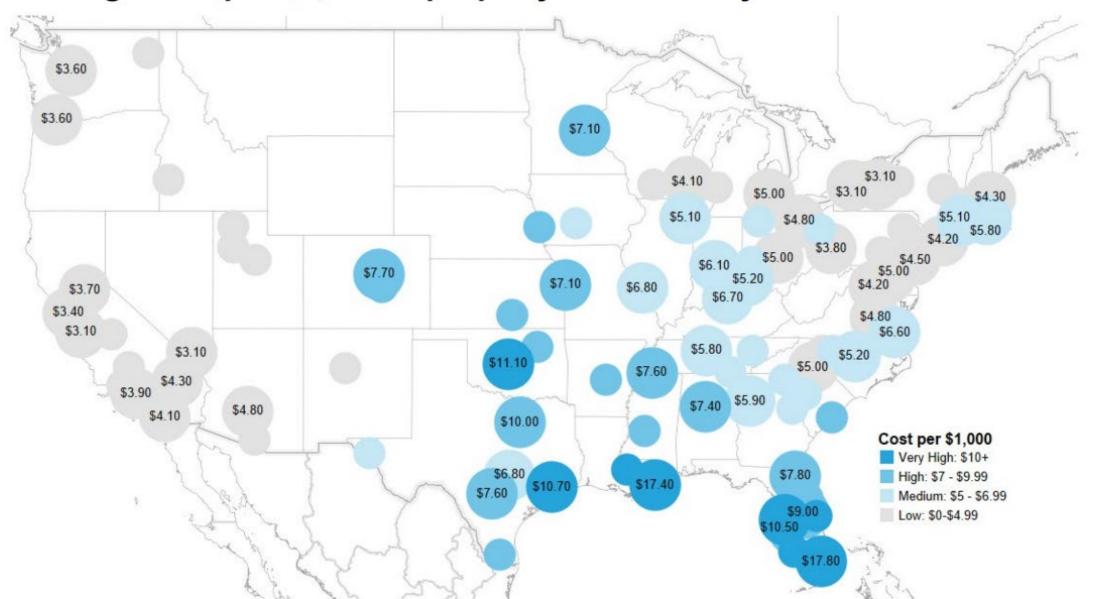




"We're seeing a K-shaped economy where higher earners with wealth tied to stock market portfolios and rising home values are doing well and others are struggling with high rates and affordability problems," Tommy Lee, senior director at FICO, has said.



Average cost per \$1,000 of property insurance by market – June 2025

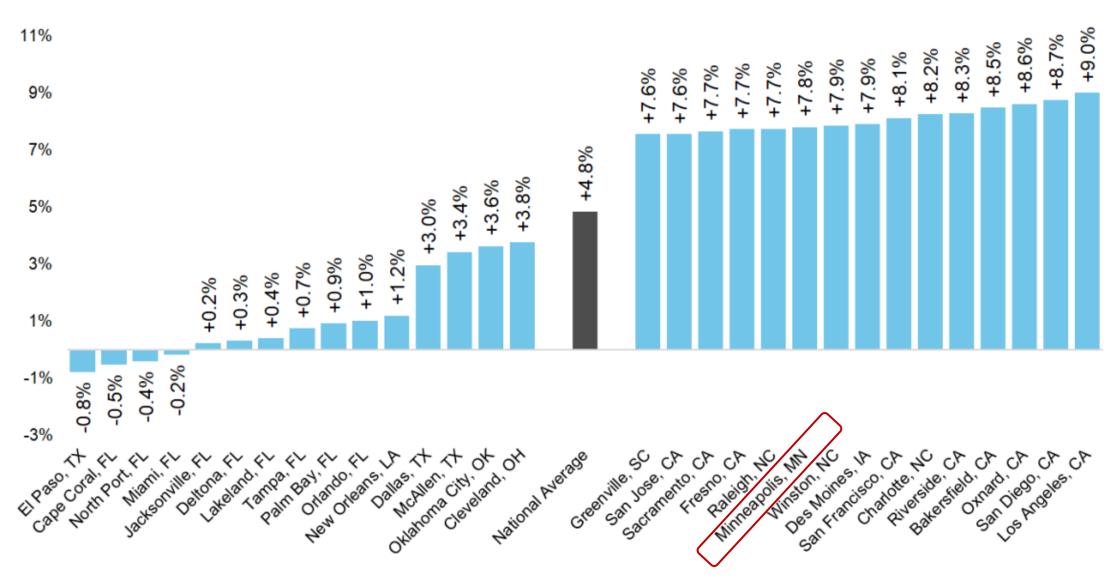


Source: ICE McDash + Property Insurance

Analysis of mortgaged singlefamily residences observed in the ICE McDash database.

Change in average property insurance payment

(December 2024 - June 2025)

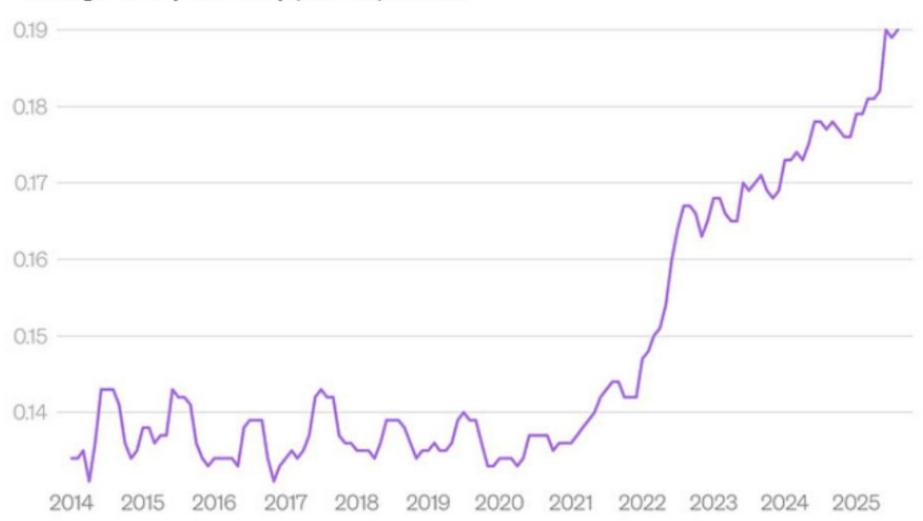


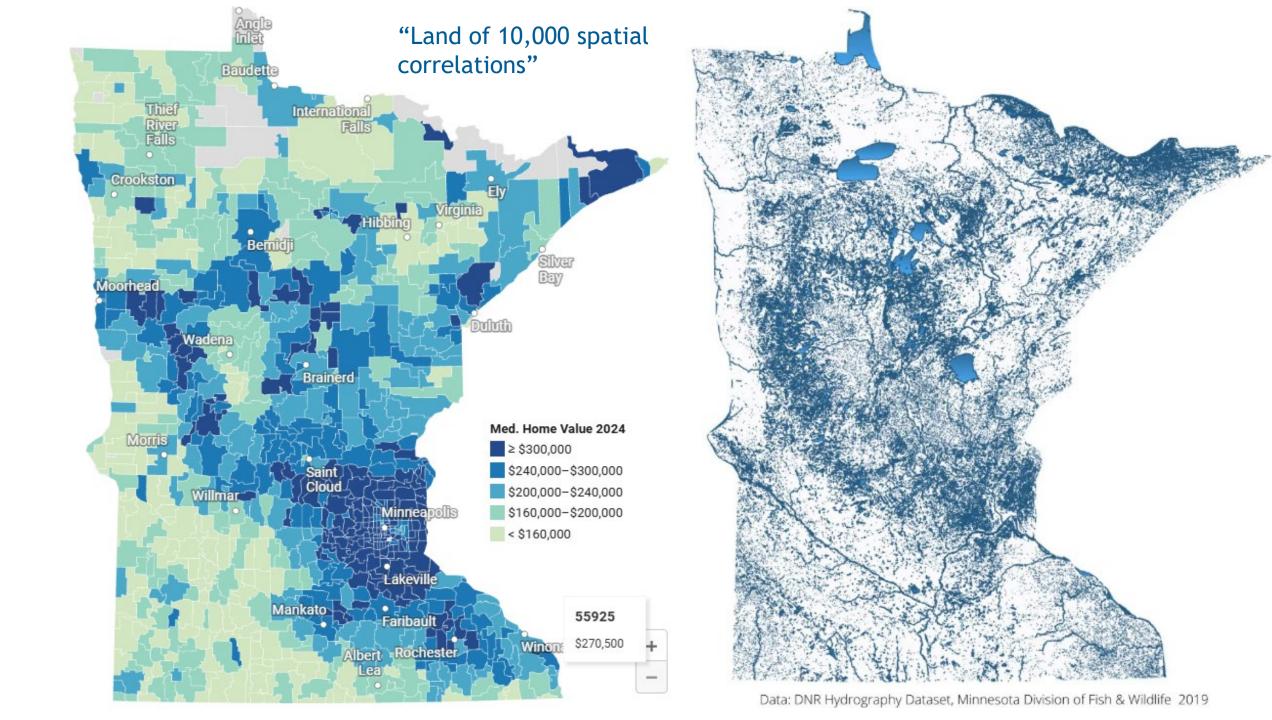
Source: ICE McDash - Property Insurance

> Analysis of mortgaged singlefamily residences observed in the ICE McDash database.

US Electricity Price

Average US city electricity price, \$ per kWh.





Statewide Maps | September

Sales Growth: https://www.datawrapper.de/_/8jr3x/

Prices: https://www.datawrapper.de/_/SUrZp/

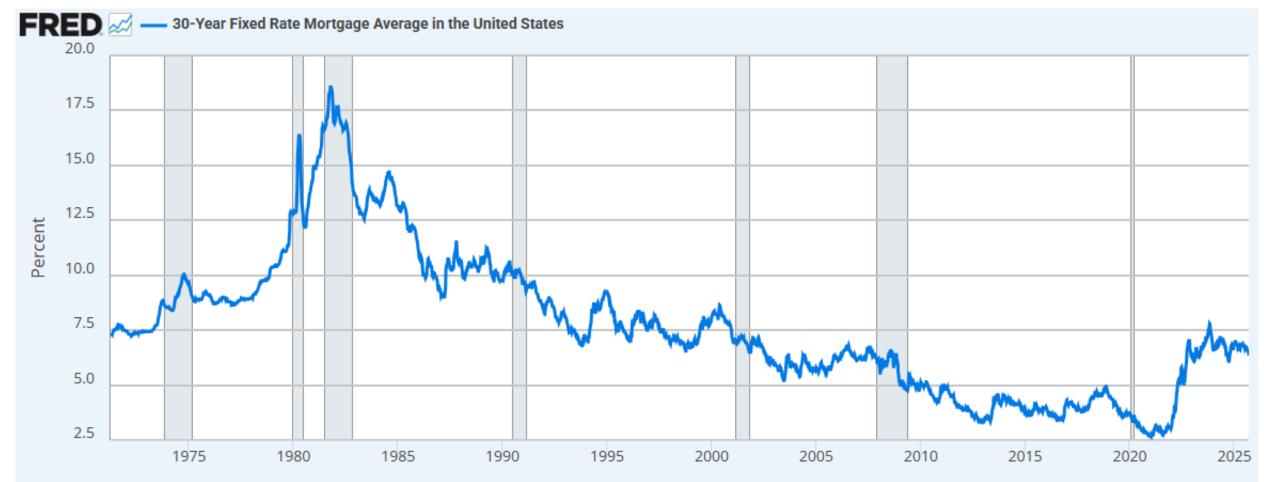
Pct of Orig. List Price: https://www.datawrapper.de/_/bCkDR/

Days on Market: https://www.datawrapper.de/_/eR8gQ/

Monthly mortgage payment on median priced home by county:

https://www.datawrapper.de/_/mPpRs/

Income needed to purchase median priced home: https://www.datawrapper.de/_/MpoJB/



Source: Freddie Mac via FRED®

Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

Fullscreen []

30 Yr. Fixed

	Rate	Change
10/15/2025	6.27%	-0.04%
10/14/2025	6.31%	-0.01%
10/10/2025	6.32%	-0.06%
10/9/2025	6.38%	+0.02%
10/8/2025	6.36%	-0.02%
10/7/2025	6.38%	+0.00%
10/6/2025	6.38%	+0.04%
10/3/2025	6.34%	-0.02%
10/2/2025	6.36%	-0.01%
10/1/2025	6.37%	+0.00%
9/30/2025	6.37%	-0.01%

https://www.mortgagenewsdaily.com/mortgage-rates/mnd#historic-mortgage-rates





For Over 50 Years, the 30-Year Mortgage Rate Has Moved in Unison with the 10-Year Treasury Yield



Where Would Mortgage Rates Be With a Normal Spread?

The Increase in the Spread Above the 10-Year Yield

■ 10-Year Treasury Yield ■ Spread (Difference Between the Mortgage Rate and the 10-Year Yield)

Mortgage Rate: 6.36%

Mortgage Rate: 5.85%

2.27

1.76

This is actually interesting!
It means yields and Fed Funds rate
don't necessarily need to fall in order
for mortgage rates to continue to fall.
The spread simply has to normalize.

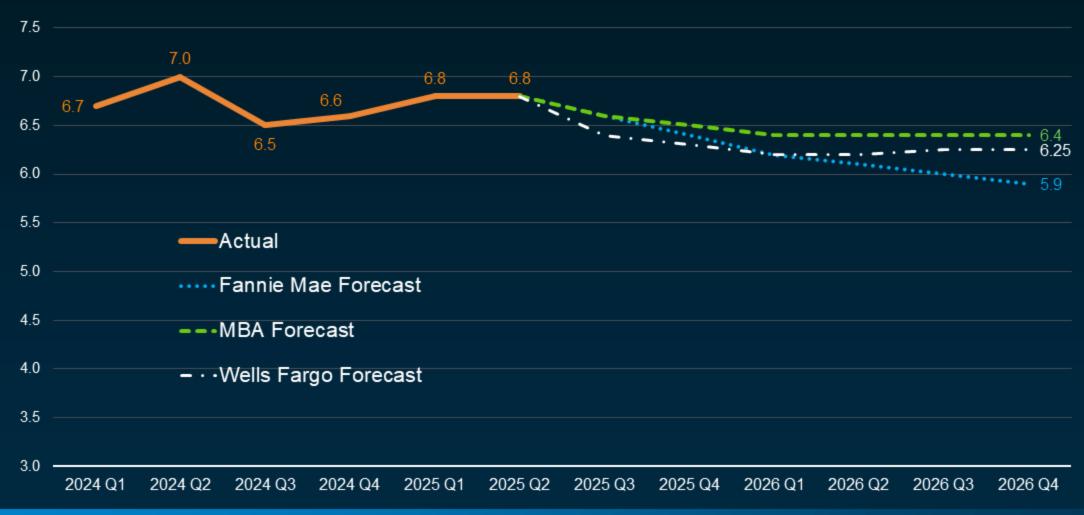
30-Year Fixed Mortgage Rate (10/2/25)

Today if Normal Spread



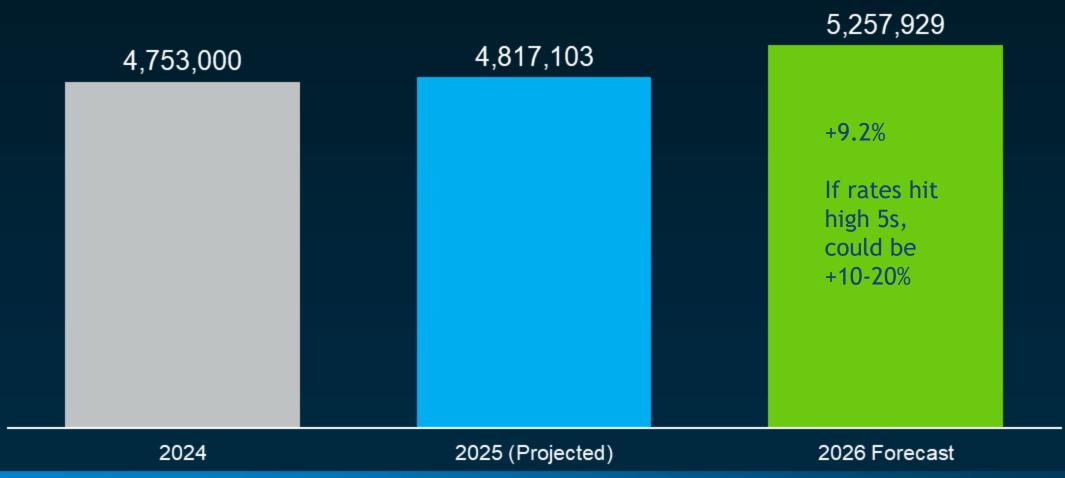
Mortgage Rates Could Ease in the Year Ahead

The 30-Year Fixed Rate and Rate Projections, as of 10/14/2025



Home Sales Are Expected To Rise

Total Home Sales (Forecasts as of 10/14/2025)





2026 Home Price Forecasts

Percent Change as of 10/14/2025





Reasons for optimism! (there

(there are plenty)

- Recession odds have declined
- Mortgage rates are trending down
- Inventory is improving
- New construction is now a balanced market
- Builder sentiment is improving
- Luxury market still strong
- Price growth more moderate alongside solid wage growth
- Homeowners are sitting on a mountain of equity, very few are likely to go underwater
- Regionalism: the Northeast and Midwest are outperforming other regions
- Gov't support for homeownership and pro-homeownership policies
- Many millennials/Gen Z still sidelined and ready to jump in
- Strong labor market here in MN, maybe softening elsewhere
- Much better lending standards than 2006-8
- Very few foreclosures/short sales, even if prices softened, few would be underwater
- Changes in zoning and density policies



Thank You!

Please reach out with any questions/feedback!

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