

Housing Market Update

May 2025





THE

DATA MADIVE

WITH David Arbit

MNR Director of Research

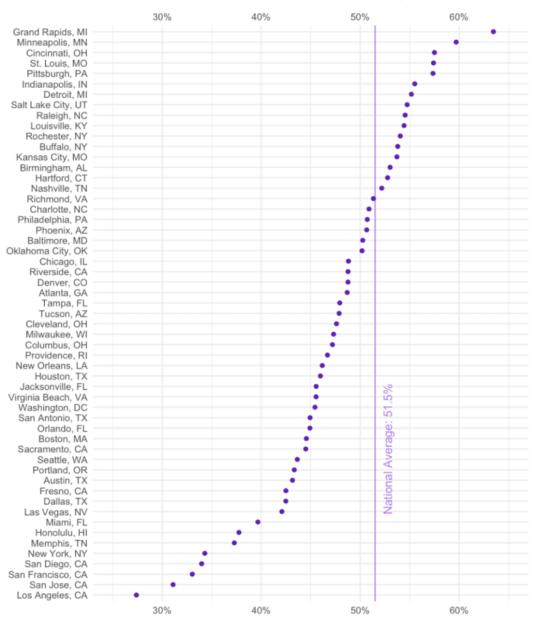
FREE MONTHLY WEBINAR SERIES FOR MNR MEMBERS

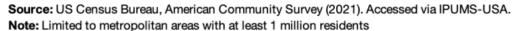


States	Homeownership Rate Under 3	5 Average young adult income (25-4	4)Final Score
Minnesota	50.80%	\$94.8K	92.7
Michigan	49.30%	\$75.9K	83.6
Alabama	49.10%	\$65.6K	79.8
Indiana	47.00%	\$76.7K	79.7
Utah	46.10%	\$95.2K	78.9
West Virginia	49.90%	\$64.7K	78.8
Delaware	46.50%	\$90.1K	78.6
South Carolin	a 48.00%	\$72K	77.6
Mississippi	49.20%	\$58.6K	76.7
Kentucky	46.90%	\$69K	75.7

https://www.ever nest.co/blog/top -us-markets-formillennials-andgen-z

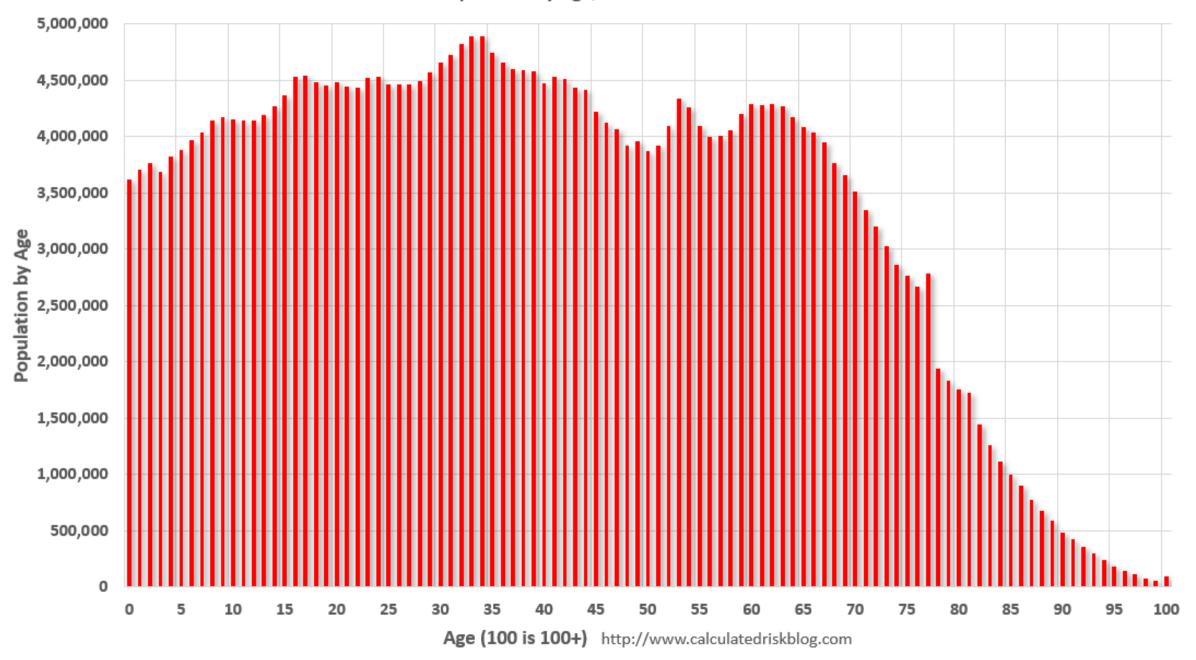
Millennial Homeownership by Metropolitan Area





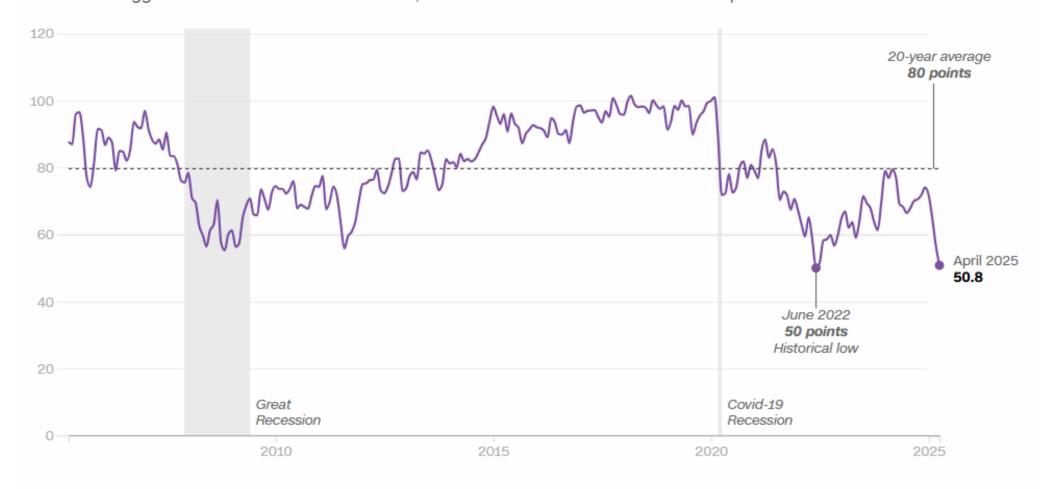


U.S. Population by Age, 2024 Census Estimate



Tracking US consumer sentiment

The <u>Index of Consumer Sentiment</u> in the US was down in April* by about 11% from March. It was below the 20-year average. The index is derived from surveys that ask Americans about their current financial situation and their expectations for the future. A higher index value suggests that consumers are confident, while a lower value indicates caution or pessimism.





Data current through April as of April 11, 2025 at 11:36 a.m. ET. * Data preliminary.

Source: University of Michigan Survey of Consumers

Graphic: Matt Stiles, CNN

Feb 2025

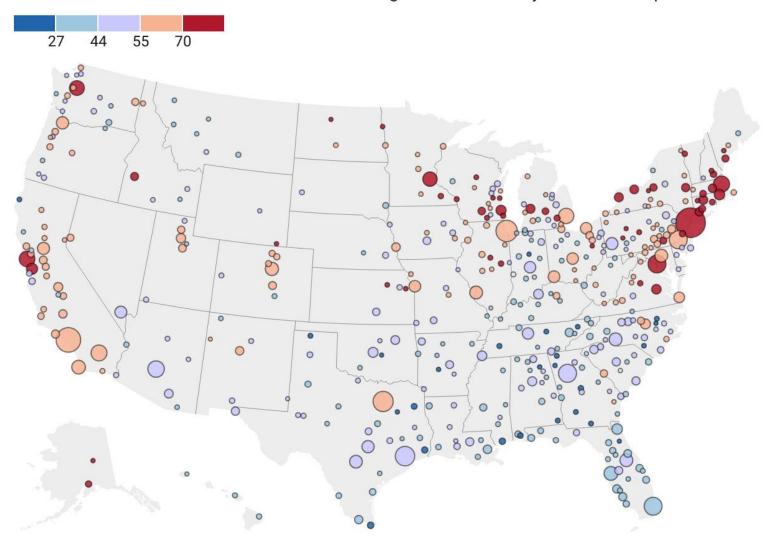
(realtor.com)

	Months-of-Supply
Miami	12.3
Miami Area	10.2
San Antonio	7.0
Jacksonville	6.6
Mid-Florida	6.4
Louisiana	6.2
Austin	5.5
Houston	5.1
Georgia	4.9
Atlanta	4.8
Des Moines	4.8
Nashville	4.6
Dallas-Ft Worth	4.3
Wisconsin	4.3
Phoenix	4.2
New Jersey	4.1
South Carolina	4.0
Memphis	4.0
Colorado	3.9
New York	3.8
Minnesota	3.4
Denver	3.3
Portland	3.2

Washington D.C.	3.2
Las Vegas	3.2
Charlotte	3.1
Minneapolis	3.0
Boston	3.0
Virginia	2.9
Detroit	2.8
San Diego	2.7
Grand Rapids	2.6
Indiana	2.6
Connecticut	2.5
Maryland	2.5
Northwest	2.4
New Hampshire	2.4
Rhode Island	2.4
Albuquerque	2.4
Illinois	2.2
Columbus	2.1
Santa Clara	1.7

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.

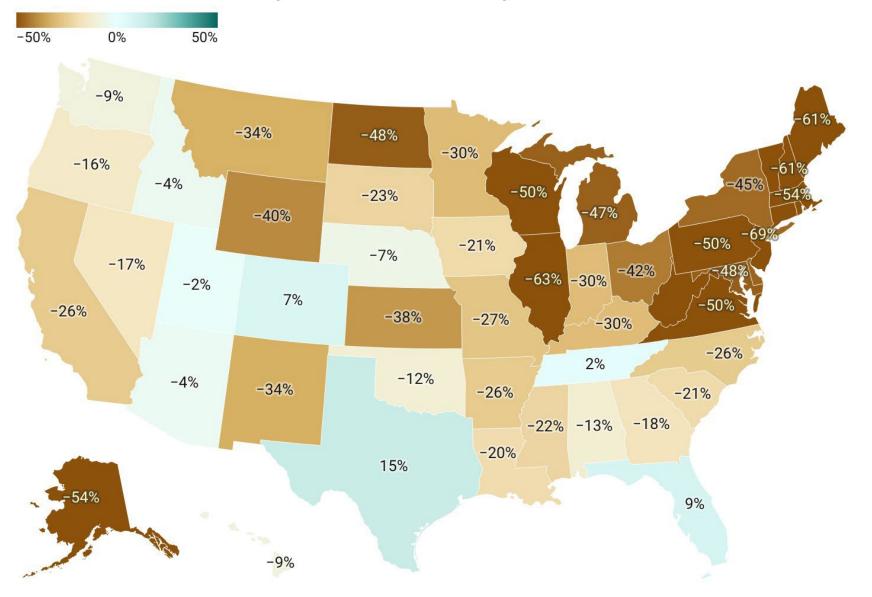


Circle sized by metro-area population

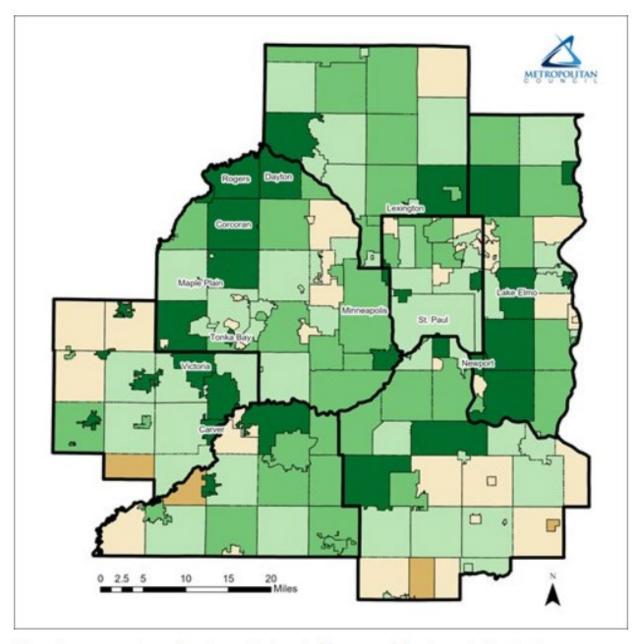
Map: Lance Lambert • Source: Zillow's Market Heat Index metro-level reading for February 2025 published in March 2025 • Created with Datawrapper



Active housing inventory for sale compared to pre-pandemic levels: Shift between February 2019 and February 2025





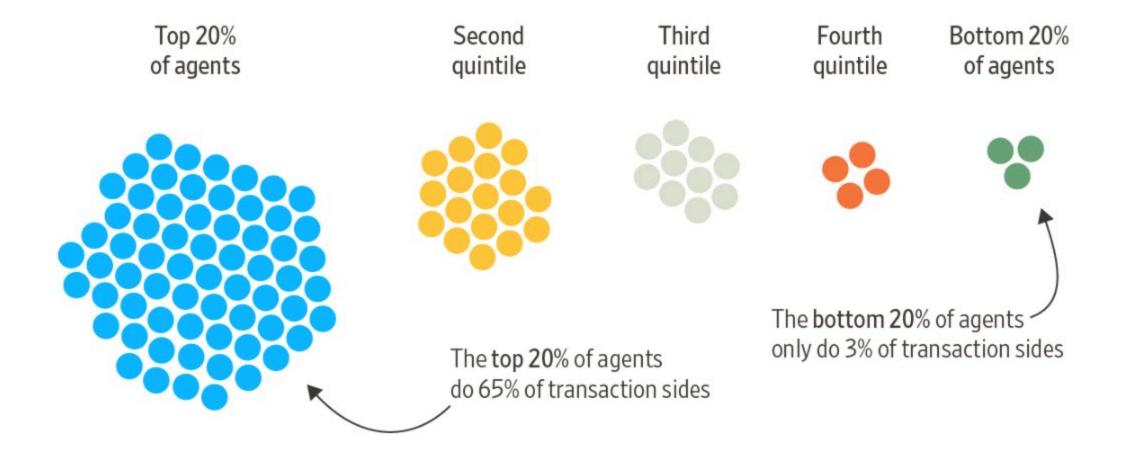


Map of seven-county region shows that most cities are gaining households. Dark green denotes number of households growing 2 percent or more; medium green between 1 percent and 2 percent growth; light green under 1 percent growth; beige, loss of less than 1 percent; and tan, loss of 1 percent or more.

Figure 6: Typical Suburban Development Pattern and Incremental Infill Development Pattern



Source: Kronberg Urbanist + Architects

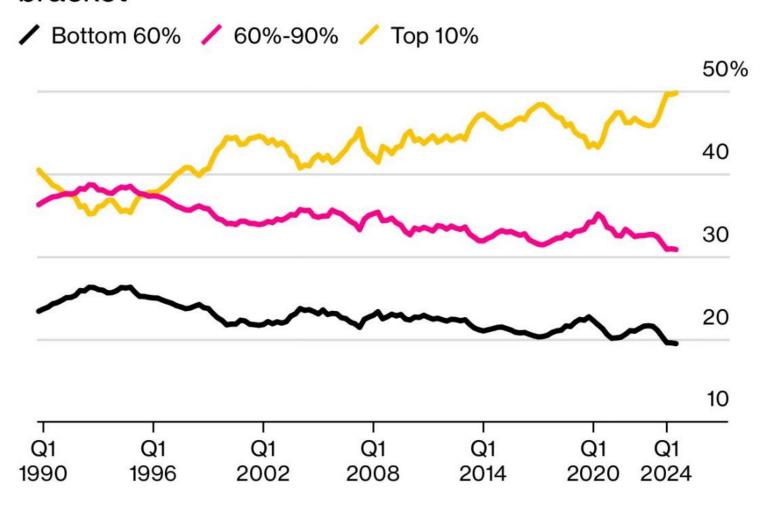


Source: CoreLogic. Sample size is 840k producing agents and 6.8M transactions (2024)

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Hey, Big Spender

Share of US personal spending by income bracket



Source: Moody's Analytics

Greenspan's mistake

For those of us old enough to have been working during the Great Financial Crisis, it's hard to forget Alan Greenspan's catastrophically incorrect view—offered in 2004—about the prospects of a nationwide housing downturn:

"While local economies may experience significant price imbalances, a national severe price distortion seems most unlikely in the United States, given its size and diversity."

But Greenspan's words are a lot more true today than they were 20 years ago. Especially since the pandemic, idiosyncratic factors like local insurance rates, new housing supply, regulation, and migration have increasingly shaped home prices. And these are all factors that have applied differentially across states. Real estate is again local—or at least, more local than it has been this century.

To be fair, we see some of the factors affecting Florida—rising new supply, higher insurance costs, and weakening demand—in other states, too. But to us, the balance of evidence suggests that Florida's downturn is unlikely to be

a harbinger of things to come elsewhere across the country.

https://www.homeeconomics.us/p/isfloridas-downturncoming-for-the



The first questions you're asked are....

"So, how's the market near me?"

"So what do you think my home is worth?"

"Is it a good time to buy/sell a home?"

"How would you say nbhd X compares to nbhd Y?"

"How do new homes compare with existing homes?"

Properly answering these (and other) questions requires an understanding of market dynamics and market stats.

This is one of several ways you can up your game and grow your business!

(Don't be afraid of numbers. You don't have to be a statistician/economist to use data to your benefit.)

More recent questions...

"What's happening with mortgage rates and why?"

"What happens if the economy slows down or enters recession?"

"If inflation increases from tariffs, will rates rise even further?"

"If rates go down but my spouse loses their job, what then?"

"Can I rent out my home? How do I do that?"

"Could this impact my home's value or ability to buy the next?"

"I'm building my home, could the tariff pause impact my costs?"

"Does more inventory mean I have a better chance of success?"

"The best time to buy a house is when you're ready, and the best time to sell a house is when you need to."

Quick Headlines Check



U.S.-China tariff truce offers temporary relief – and plenty of uncertainty



















U.S. and China agree to slash tariffs for 90 days as trade talks continue

The world's two biggest economies agreed to a temporary rollback of most of their recent levies after negotiating in Switzerland over the weekend.



China Truce Eases Tariffs but Does Little to Resolve Future Uncertainty

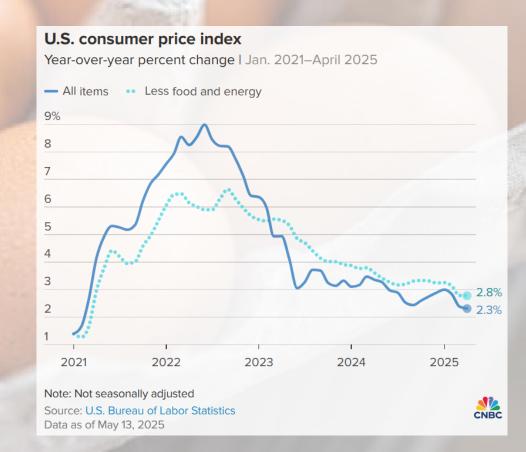
A 90-day pause on punishing tariffs could restart trade between the world's largest economies. But it is not enough to resolve uncertainty about the economy.

China sees the U.S. trade deal as a huge win for Beijing

Quick Inflation Check







Quick Stock Market Check

Stock Market News: S&P 500 Turns Positive on the Year

UnitedHealth stock is dragging on the Dow, while the Nasdaq gains.

Last Updated: May 13, 2025 at 2:10 PM EDT

Dow Jones Surges

On Monday, the Dow Jones Industrial Average rallied 2.8%, or 1,160 points, while the S&P 500 gained 3.3% and the Nasdaq advanced 4.4%.

Stocks Get Tech Boost to Erase Their 2025 Decline: Markets Wrap

The stock market is bouncing back. Here's a chance to fix your portfolio.

You might have been waiting for bounce to make a move. Don't be complacent.

By Philip van Doorn (Follow)

Published: May 13, 2025 at 9:55 a.m. ET

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2023



Quick Mortgage Rate Check

30 Yr. Fixed		
	Rate	Change
5/13/2025	6.92%	+0.00%
5/12/2025	6.92%	+0.03%
5/9/2025	6.89%	-0.02%
5/8/2025	6.91%	+0.05%
5/7/2025	6.86%	-0.02%
5/6/2025	6.88%	-0.02%
5/5/2025	6.90%	+0.00%
5/2/2025	6.90%	+0.07%
5/1/2025	6.83%	+0.02%
4/30/2025	6.81%	+0.00%
4/29/2025	6.81%	-0.01%
4/28/2025	6.82%	-0.02%



The Fed is no longer as worried about unemployment or recession, given it is still relatively low, still near 4%. But it is getting nervous about inflation with the worst of the tariff risk off the table for now.

As a result, odds of more Fed interest-rate cuts have plummeted, causing yields to increase.

Hard data vs. soft data

Soft Data

- -Measures "sentiment" such as:
 - -Consumer confidence
 - -Business outlook
 - -Consumer/Business expectations

Hard Data

- -Measured more quantifiable metrics such as:
 - -GDP
 - -Job growth
 - -Unemployment
 - -Income/wage growth
 - -Spending/retail sales
 - -Inflation
 - -Industrial production
 - -energy/commodity prices

"So what" / "why should I care"?

The Federal Reserve doesn't cut rates until there's good reason to do so based on the hard economic data. Soft/sentiment indicators still matter, but the Fed can't make rate decisions based on how people are feeling because it change quickly. They must be "data-dependent" and wait for more hard data before acting.

That said, soft data and sentiment indicators can be a harbinger of what's to come. Less confident consumers are less likely to make a major purchase.

For now, cooler "hard data" (CPI report) increases the likelihood of a Fed cut, perhaps this summer or September.

Recession isn't off the table, but odds are down.

Change is scary

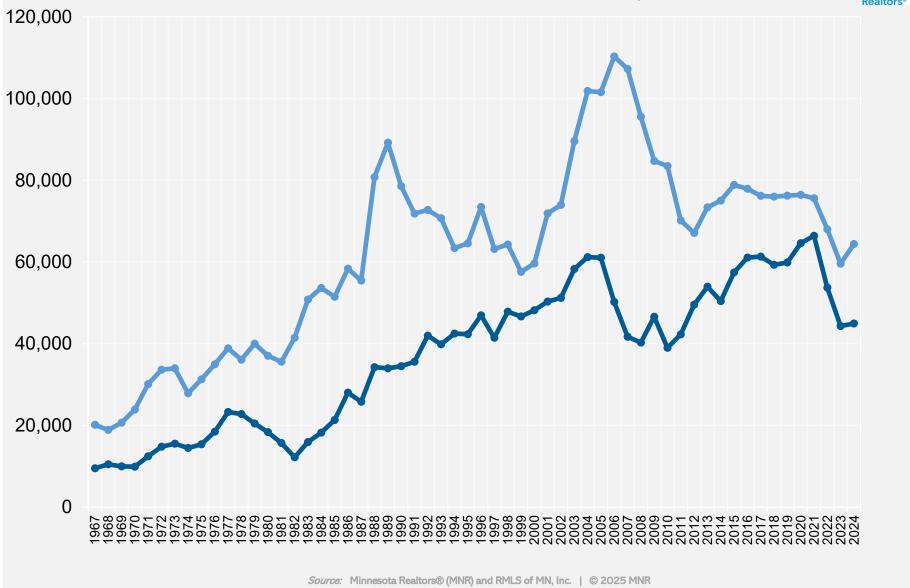
Data is the antidote to fear



Twin Cities Housing Market Activity New Listings and Closed Sales (1967-2024)

New Listings
Closed Sales

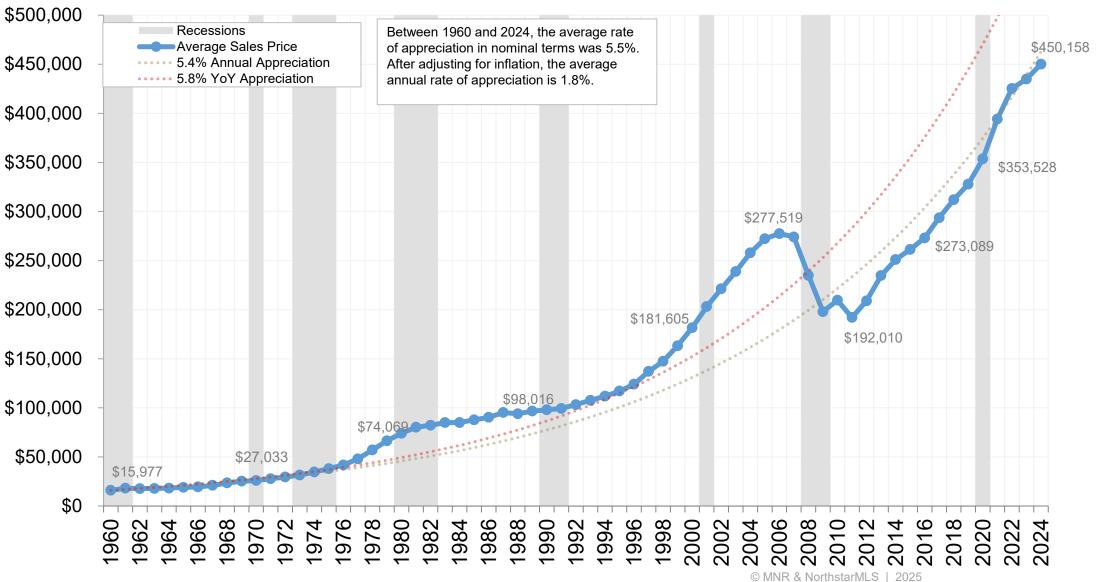






The Great Mean Reversion:

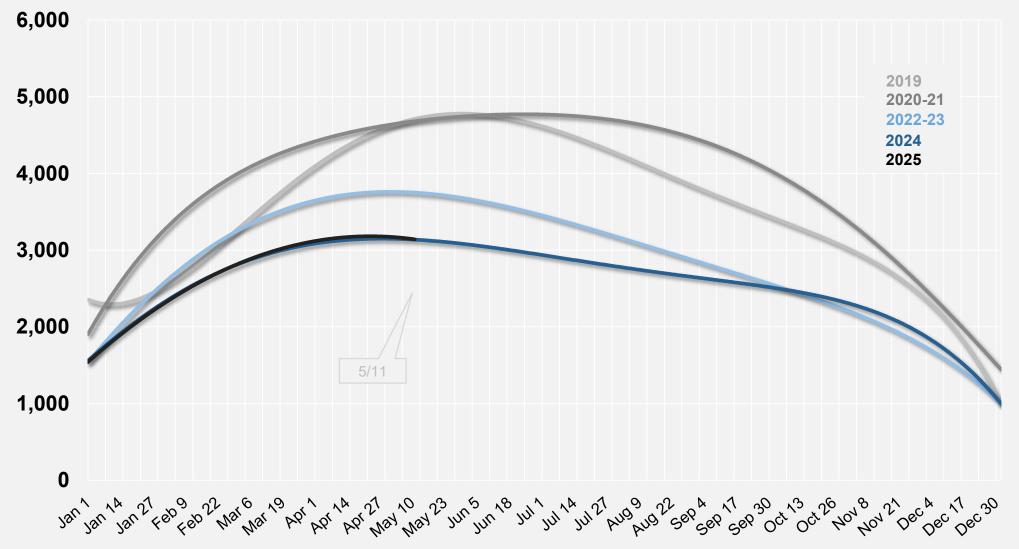
Average Residential Sales Price, Twin Cities Metro (unadjusted nominal dollars)



Daily Showing Activity

MLS-Wide | Rolling Weekly Average | Trended

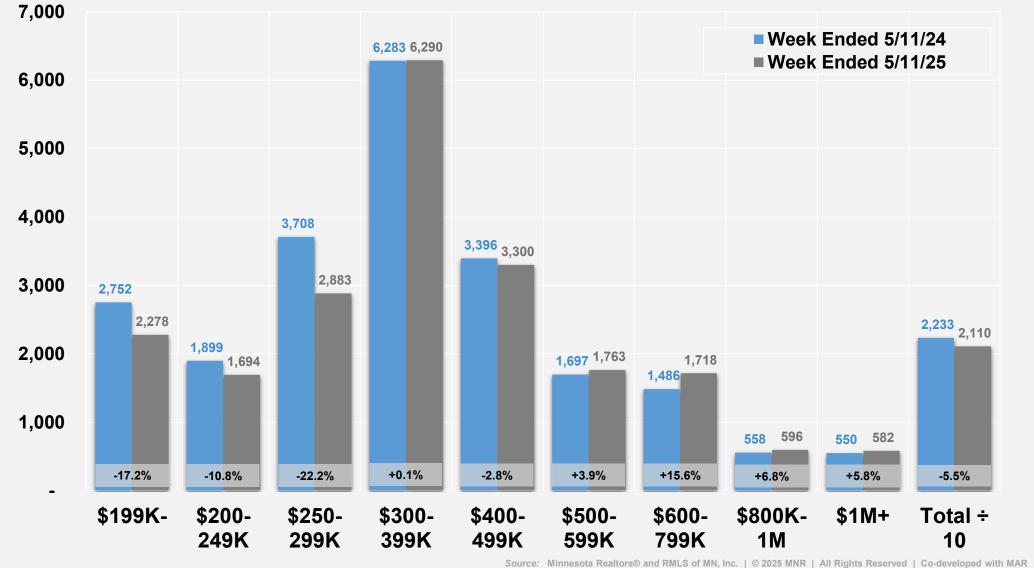




Showing Activity by Price Range



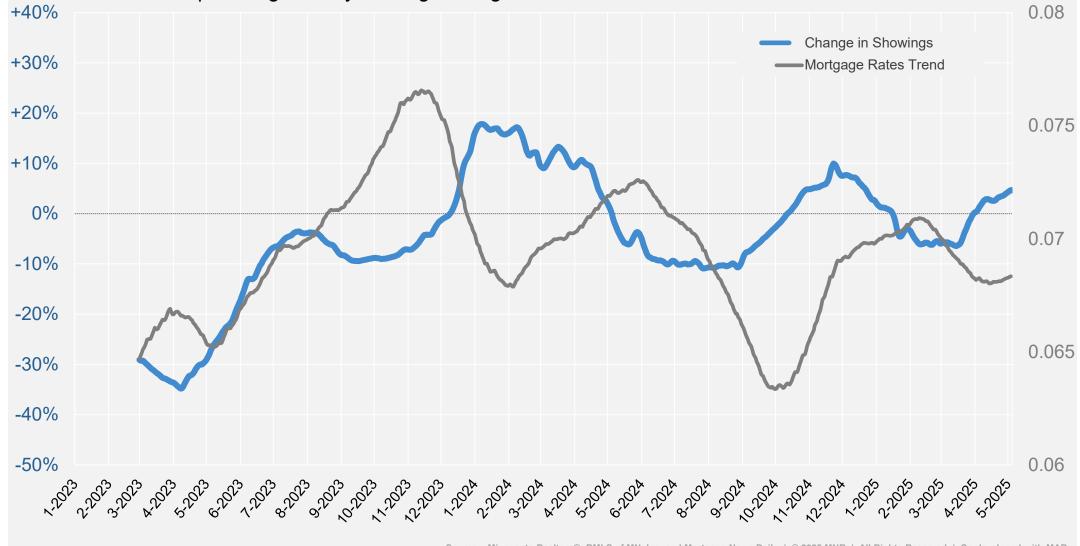
MLS-Wide



Change in Showings Trend

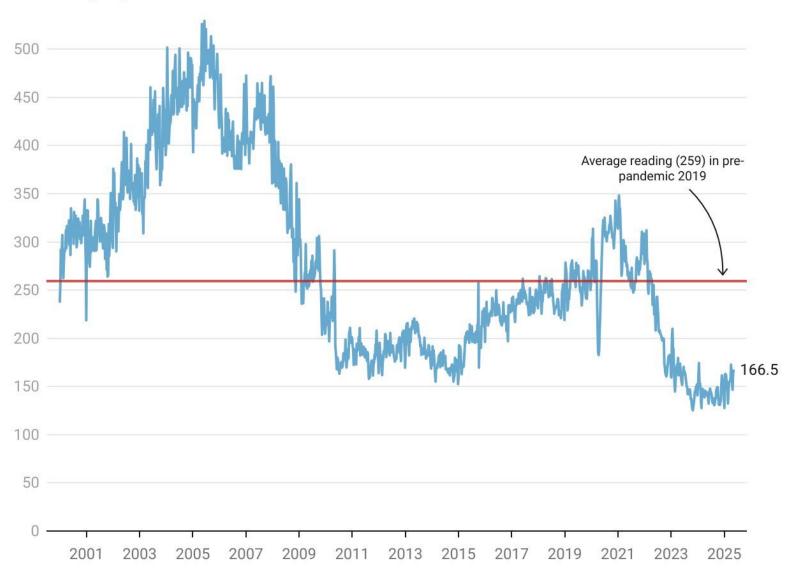
Minnesota Realtors®

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



Mortgage Purchase Application Index

Seasonally adjusted

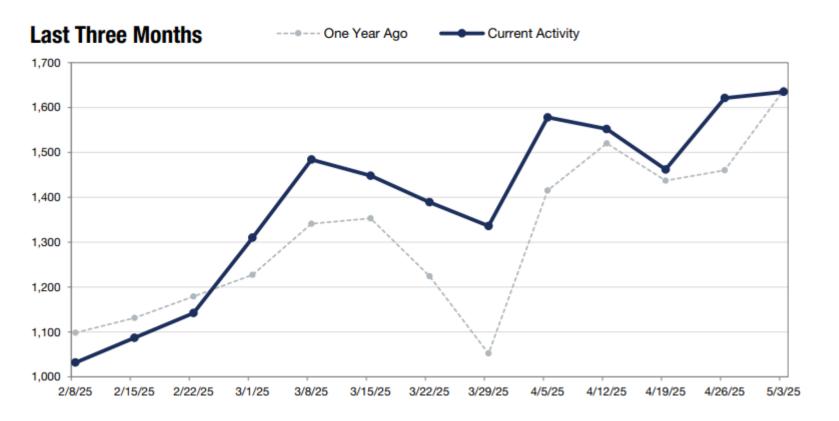




New Listings

A count of the properties that have been newly listed on the market in a given week.



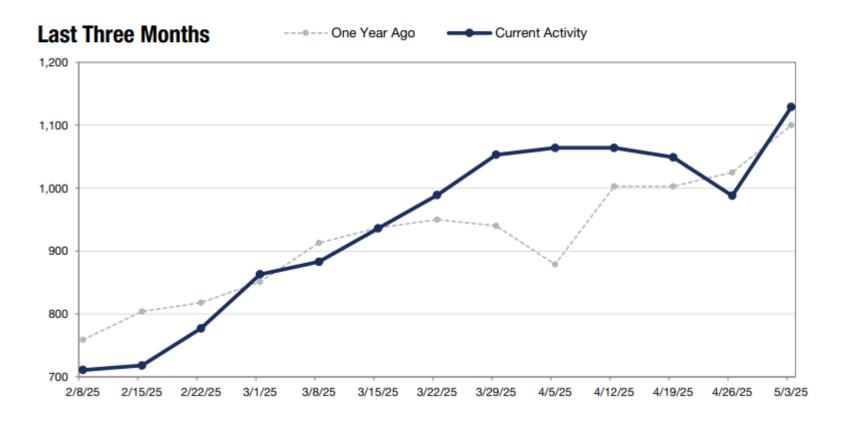


For the Week Ending	Current Activity	One Year Previous	+/-	
2/8/2025	1,032	1,098	- 6.0%	
2/15/2025	1,087	1,131	- 3.9%	
2/22/2025	1,142	1,179	- 3.1%	
3/1/2025	1,310	1,227	+ 6.8%	
3/8/2025	1,484	1,341	+ 10.7%	
3/15/2025	1,448	1,353	+ 7.0%	
3/22/2025	1,389	1,224	+ 13.5%	
3/29/2025	1,336	1,052	+ 27.0%	
4/5/2025	1,578	1,415	+ 11.5%	
4/12/2025	1,552	1,520	+ 2.1%	
4/19/2025	1,462	1,437	+ 1.7%	
4/26/2025	1,621	1,460	+ 11.0%	
5/3/2025	1,635	1,639	- 0.2%	
3-Month Total	18,076	17,076	+ 5.9%	

Pending Sales





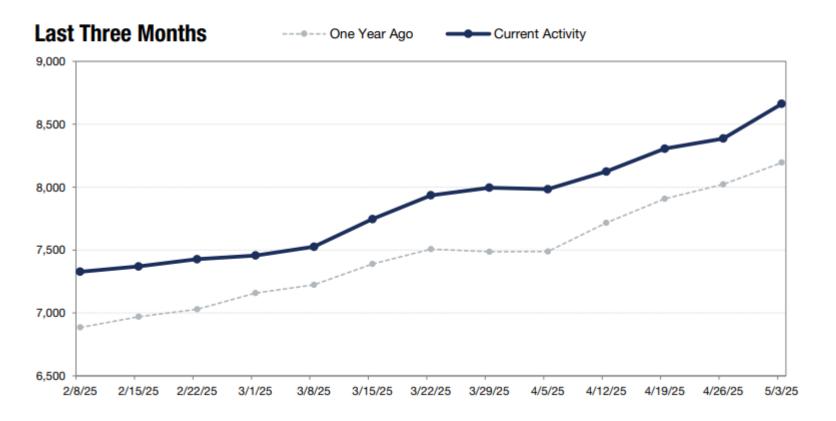


For the Week Ending	Current Activity	One Year Previous	+/-
2/8/2025	711	759	- 6.3%
2/15/2025	718	804	- 10.7%
2/22/2025	777	818	- 5.0%
3/1/2025	863	851	+ 1.4%
3/8/2025	883	913	- 3.3%
3/15/2025	936	937	- 0.1%
3/22/2025	989	950	+ 4.1%
3/29/2025	1,053	940	+ 12.0%
4/5/2025	1,064	879	+ 21.0%
4/12/2025	1,064	1,003	+ 6.1%
4/19/2025	1,049	1,003	+ 4.6%
4/26/2025	988	1,025	- 3.6%
5/3/2025	1,129	1,100	+ 2.6%
3-Month Total	12,224	11,982	+ 2.0%

Inventory of Homes for Sale

The number of properties available for sale in active status at the end of a given week.





or the Veek Ending	Current Activity	One Year Previous	+/-
2/8/2025	7,328	6,885	+ 6.4%
2/15/2025	7,370	6,971	+ 5.7%
2/22/2025	7,427	7,030	+ 5.6%
3/1/2025	7,457	7,159	+ 4.2%
3/8/2025	7,526	7,224	+ 4.2%
3/15/2025	7,746	7,390	+ 4.8%
3/22/2025	7,935	7,508	+ 5.7%
3/29/2025	7,996	7,486	+ 6.8%
/5/2025	7,984	7,489	+ 6.6%
/12/2025	8,124	7,717	+ 5.3%
/19/2025	8,306	7,908	+ 5.0%
/26/2025	8,386	8,022	+ 4.5%
5/3/2025	8,663	8,196	+ 5.7%
-Month Avg	7,865	7,460	+ 5.4%

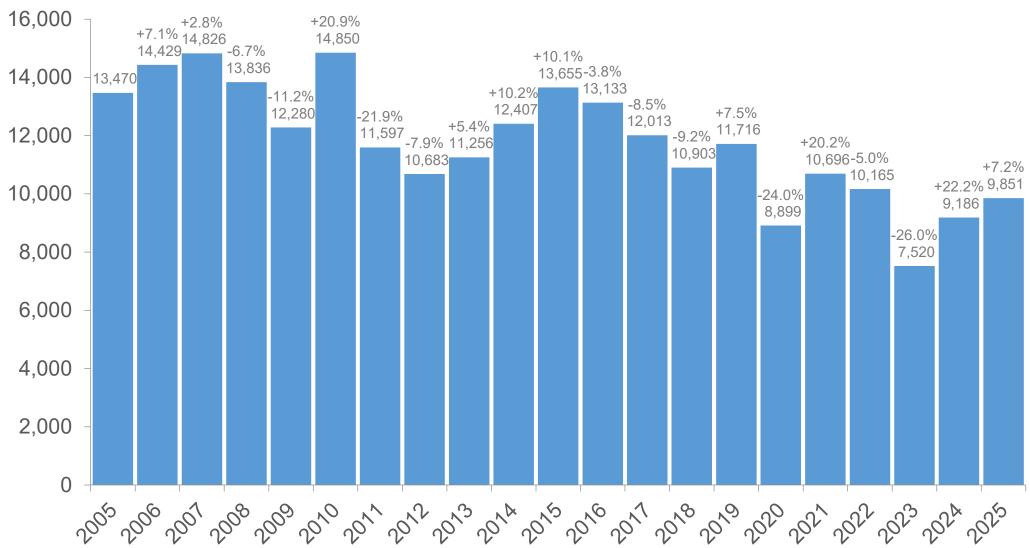
Here's the key thing to watch...

Does the increase in seller activity from any downturn outpace increases in sales from lower rates.

That's the key.

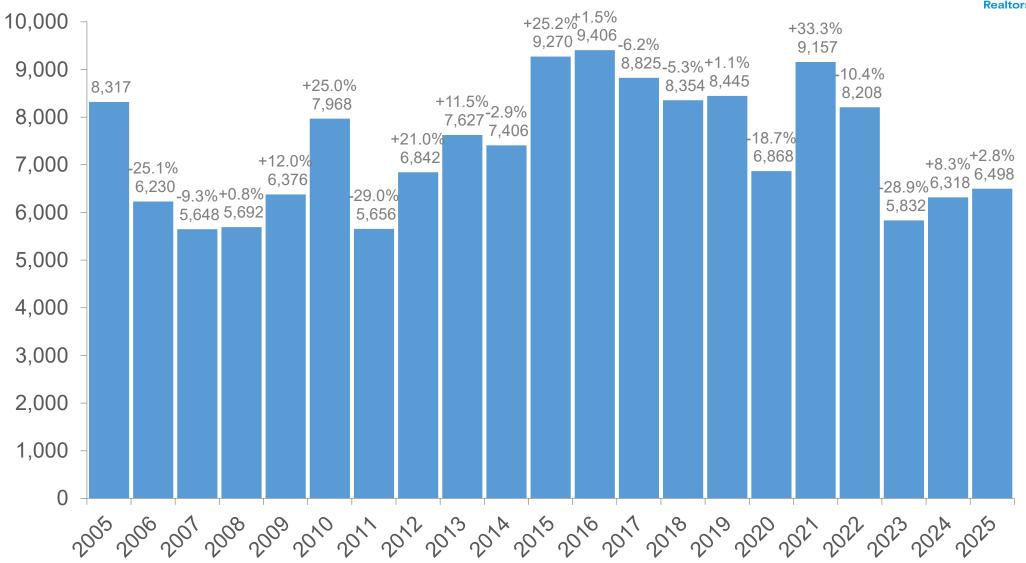
Minnesota Statewide | New Listings | April





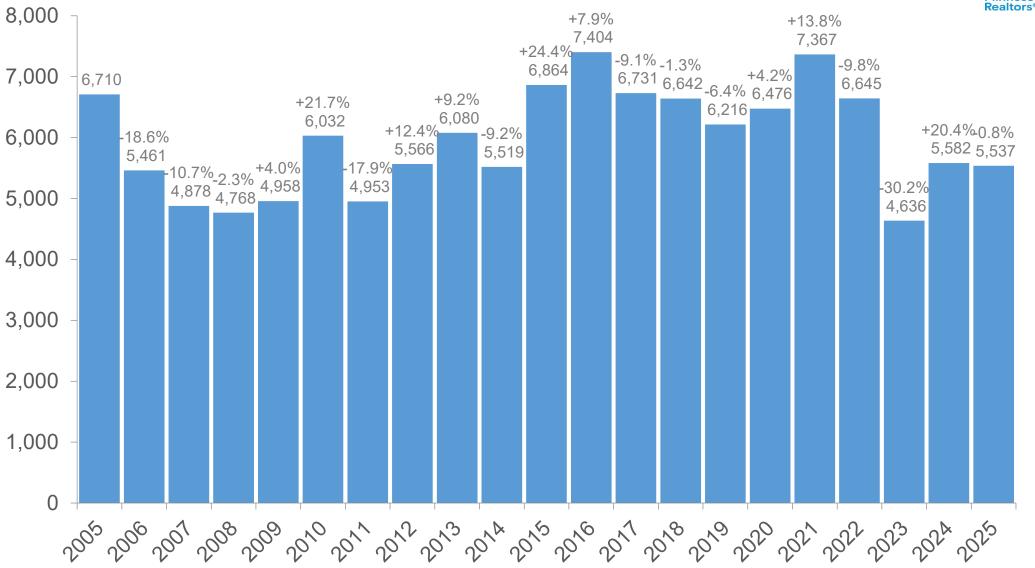
Minnesota Statewide | Pending Sales | April





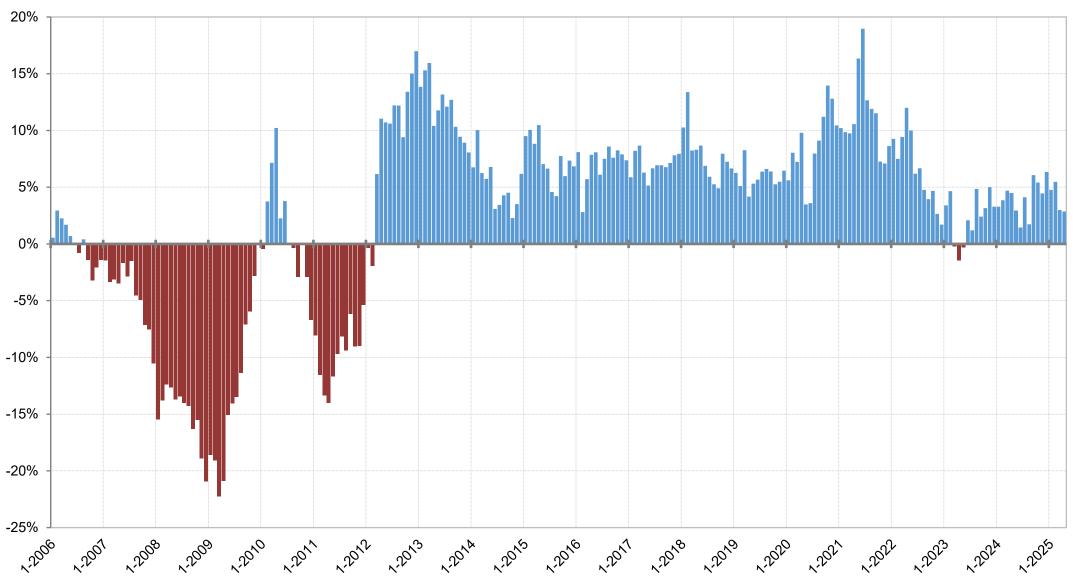
Minnesota Statewide | Closed Sales | April





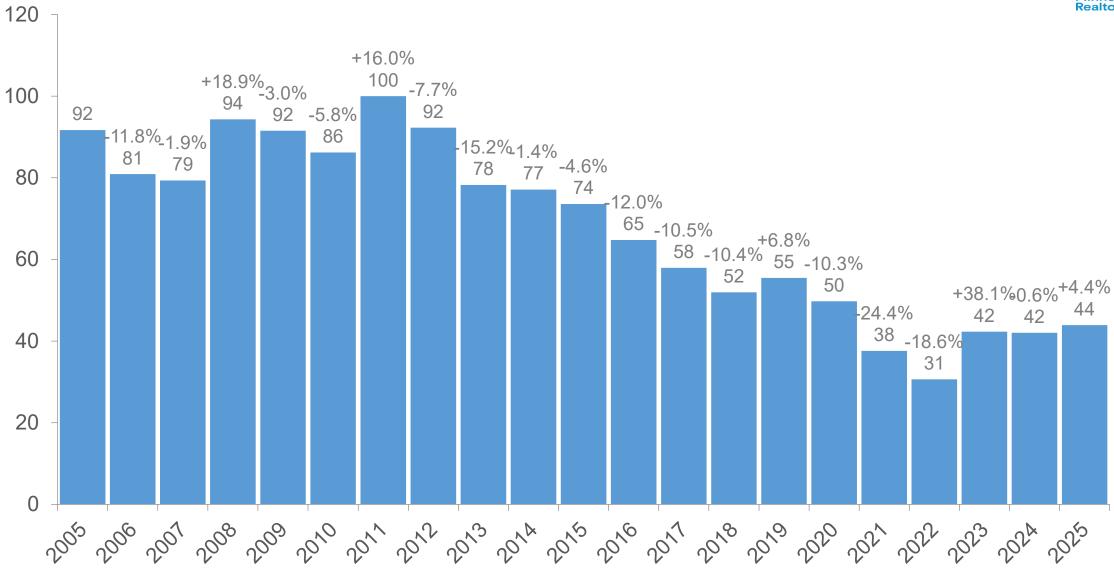
Year-over-Year Change in Median Sales Price MN Statewide





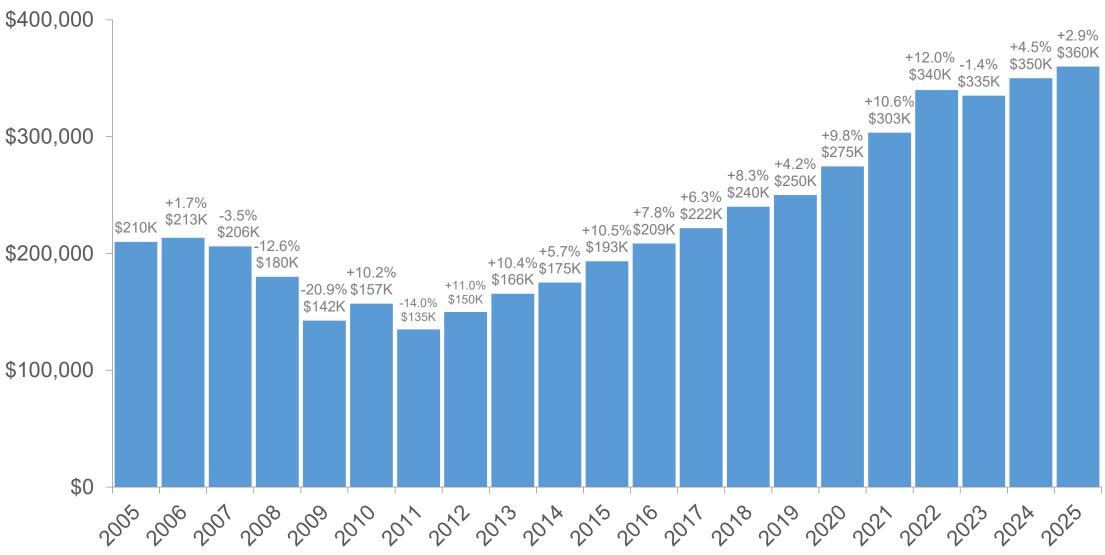
Minnesota Statewide | Days on Market | April





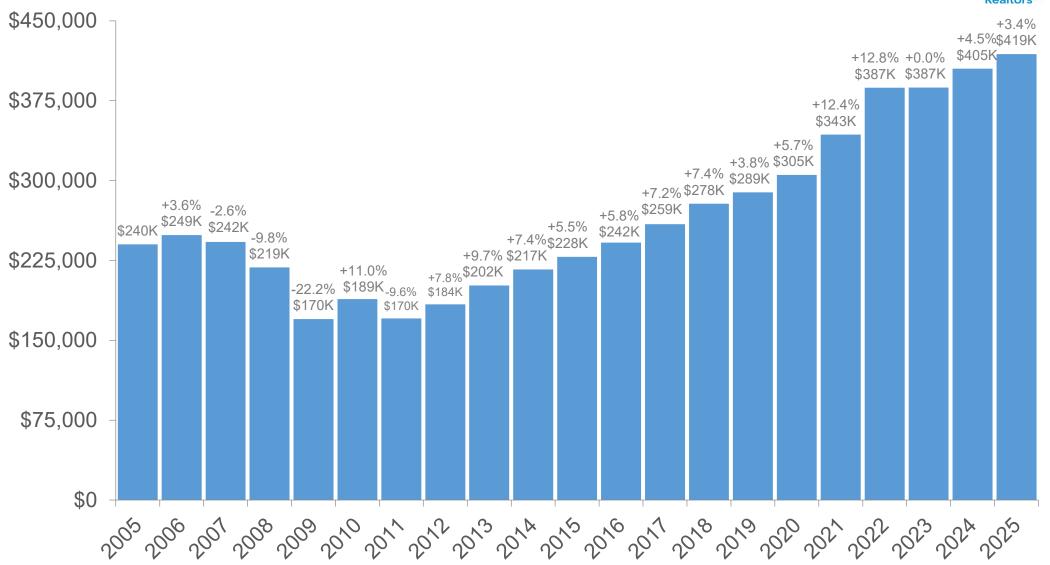
Minnesota Statewide | Median Sales Price | April





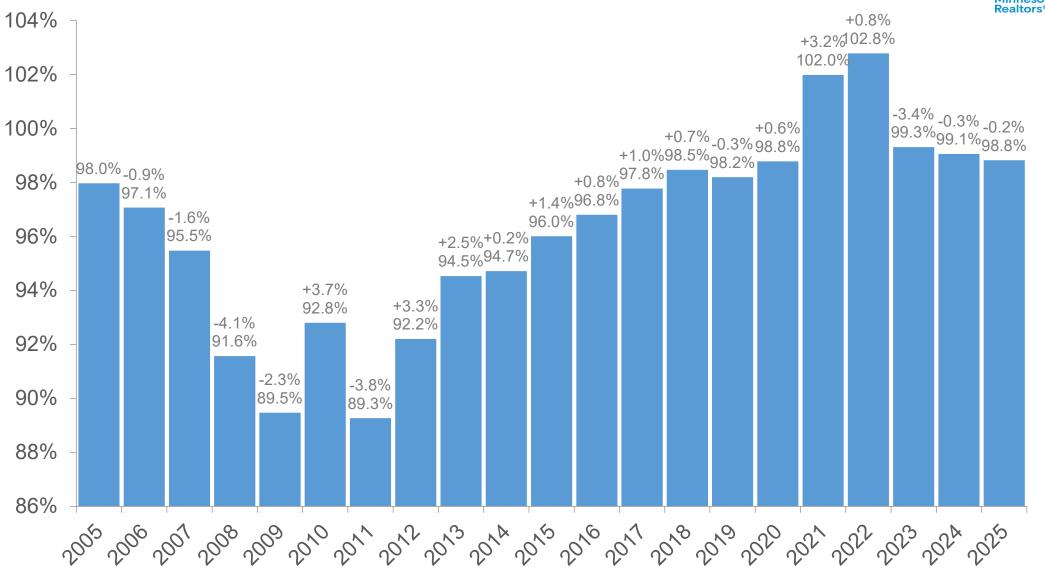
Minnesota Statewide | Average Sales Price | April





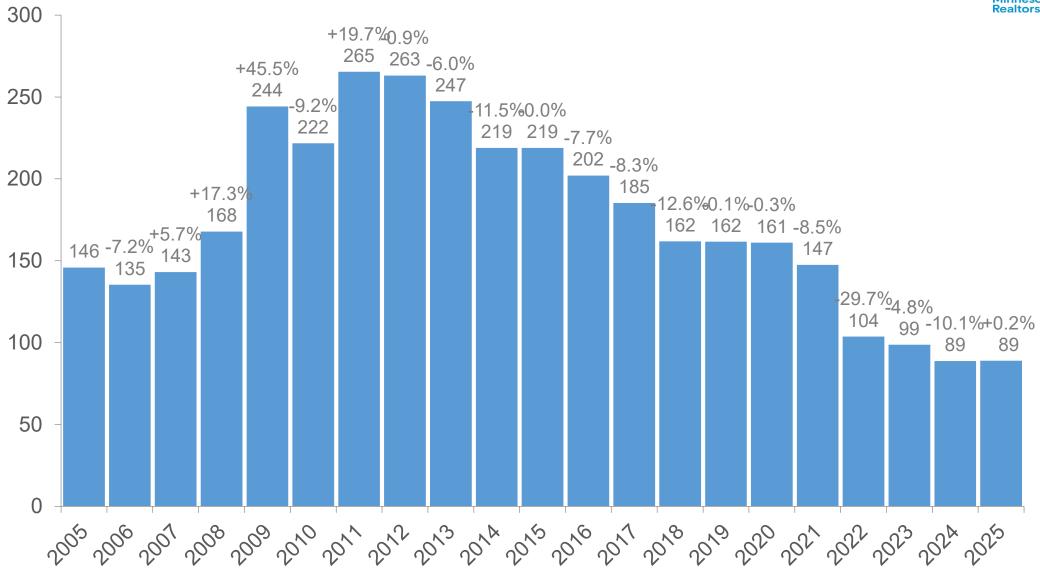
Minnesota Statewide | Pct of Orig. List Price | April





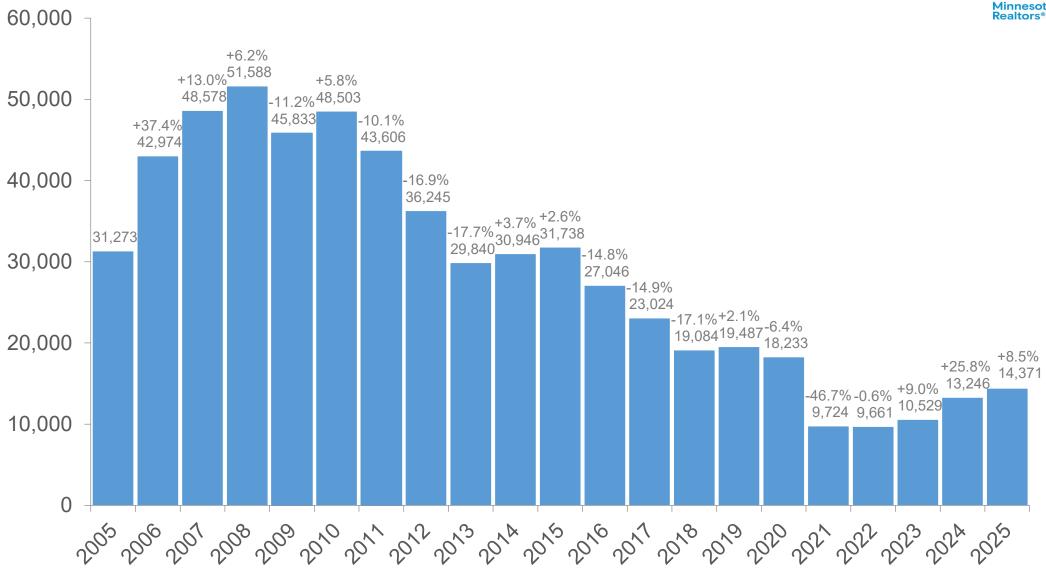
Minnesota Statewide | Housing Affordability Index | April





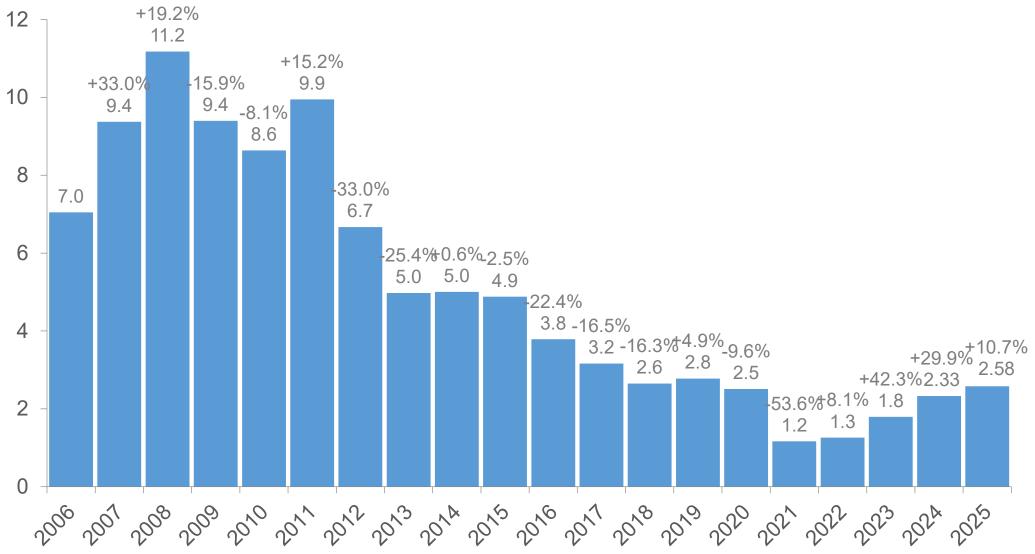
Minnesota Statewide | Inventory | April





Minnesota Statewide | Months Supply of Inventory | April



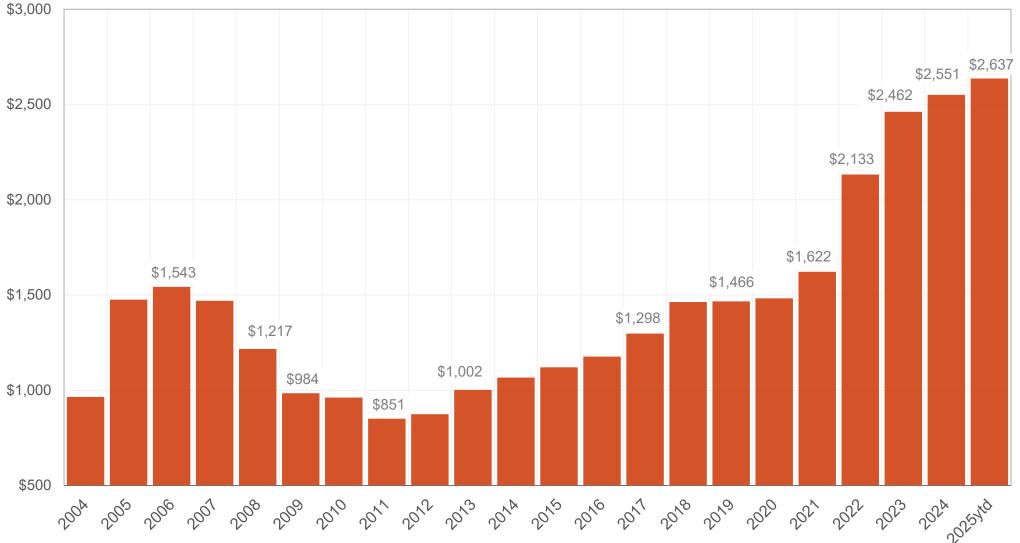


Monthly budgets stretched

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)



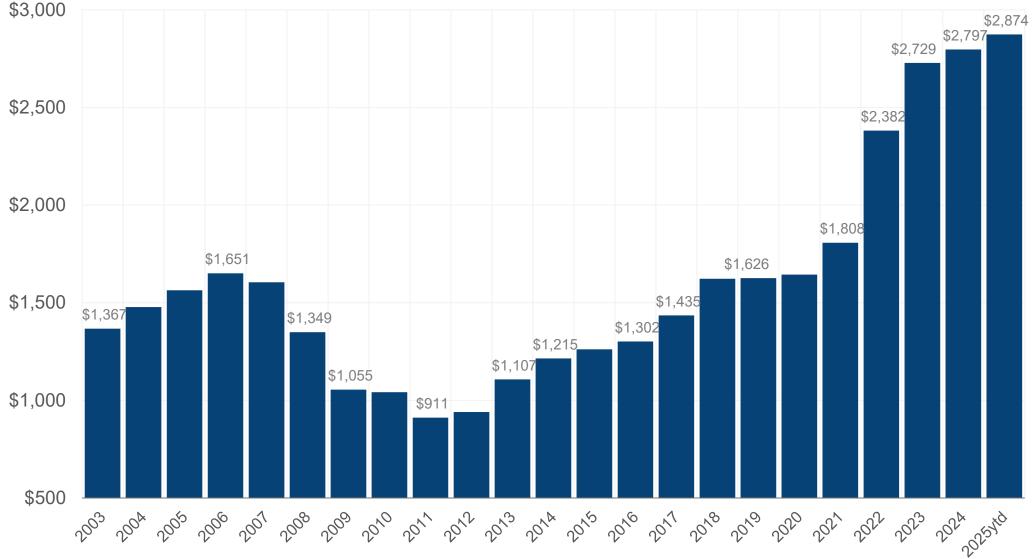


Monthly budgets stretched

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)



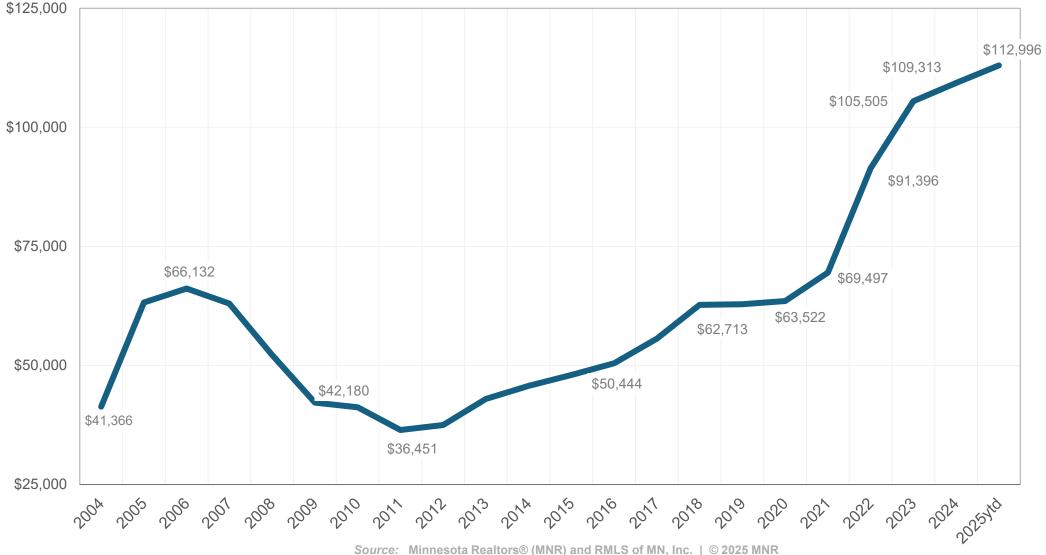


Income needed for mortgage payment not to exceed 30%

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)



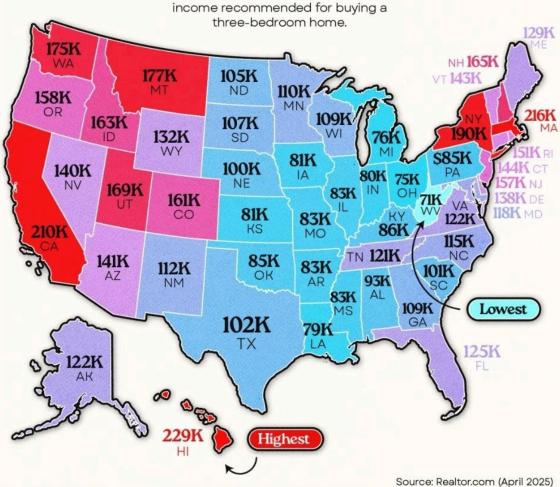


THE INCOME NEEDED TO



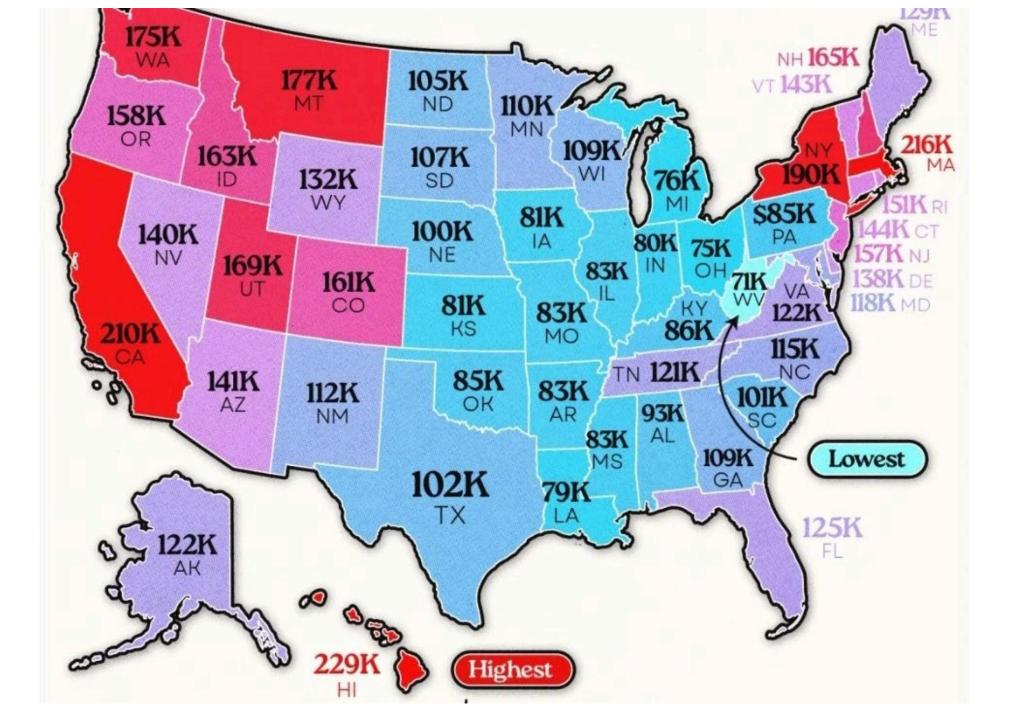
This map shows the median household income recommended for buying a

IN 2025

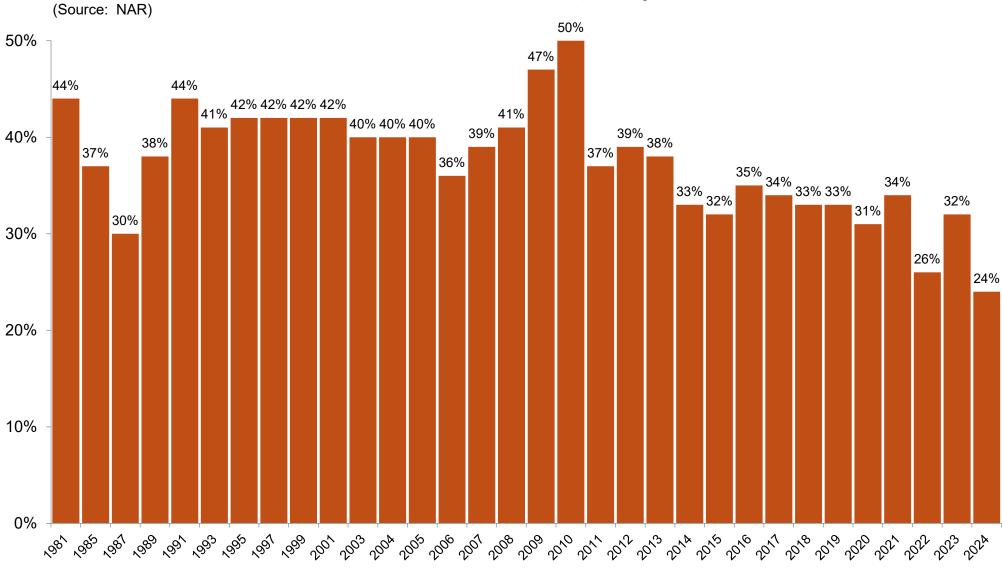




Figures shown factor in a 6.65% rate for a 30-year fixed mortgage with 10% down, factoring in taxes, insurance, and a 30% income-to-housing cost limit.

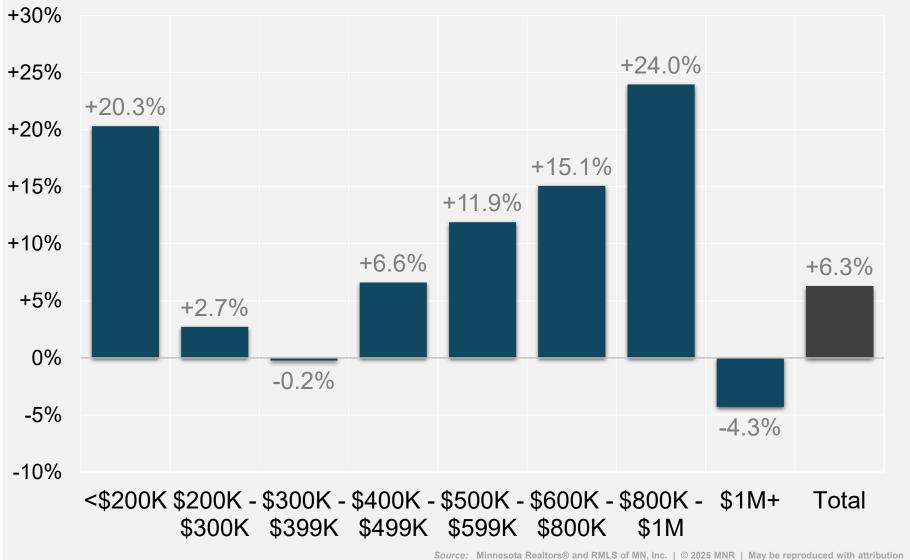


Percent of all buyers that are first-time buyers | Nationwide



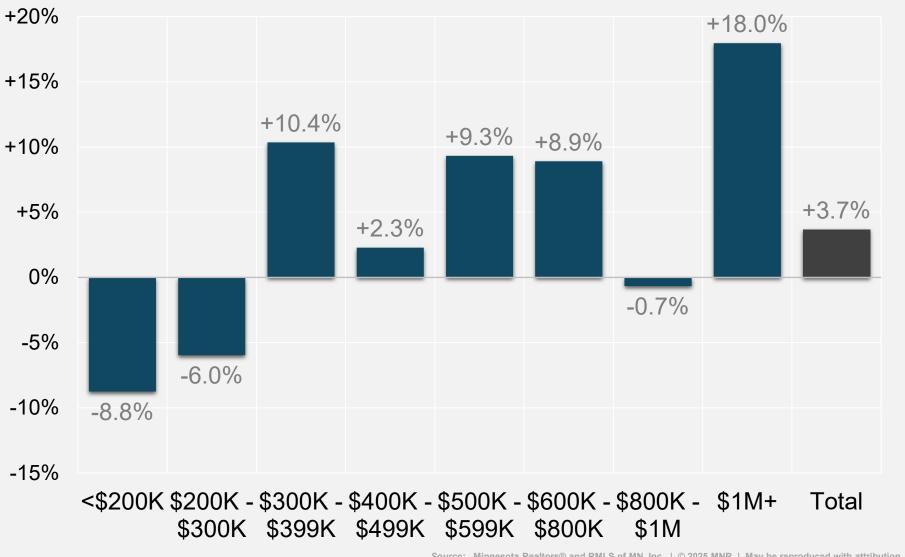
Change in New Listings by Price Range





Change in Pending Sales by Price Range





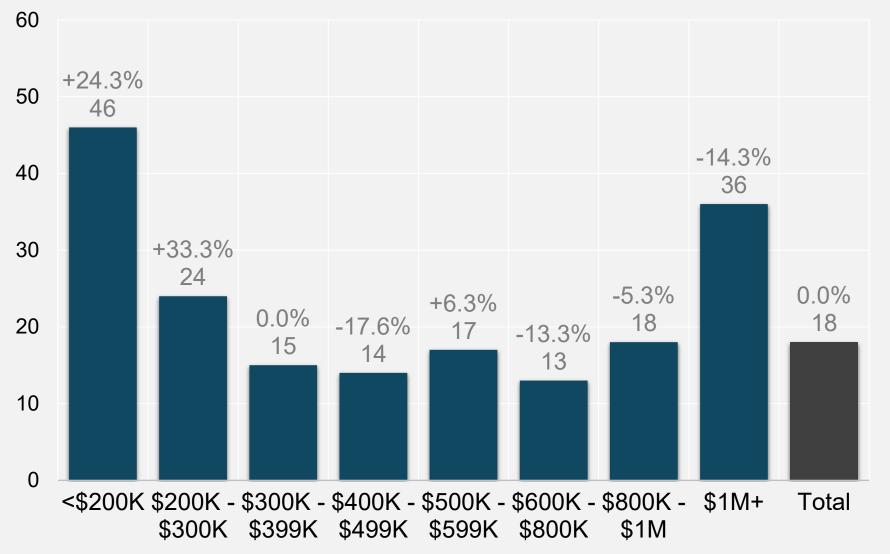
Change in Inventory by Price Range





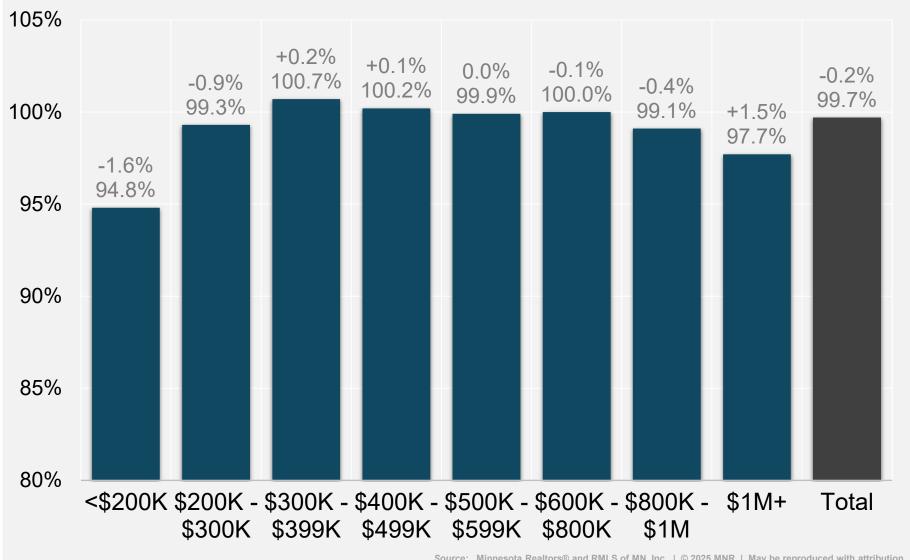
Median Days on Market by Price Range





Pct of Orig. List Price Rec'd by Price Range





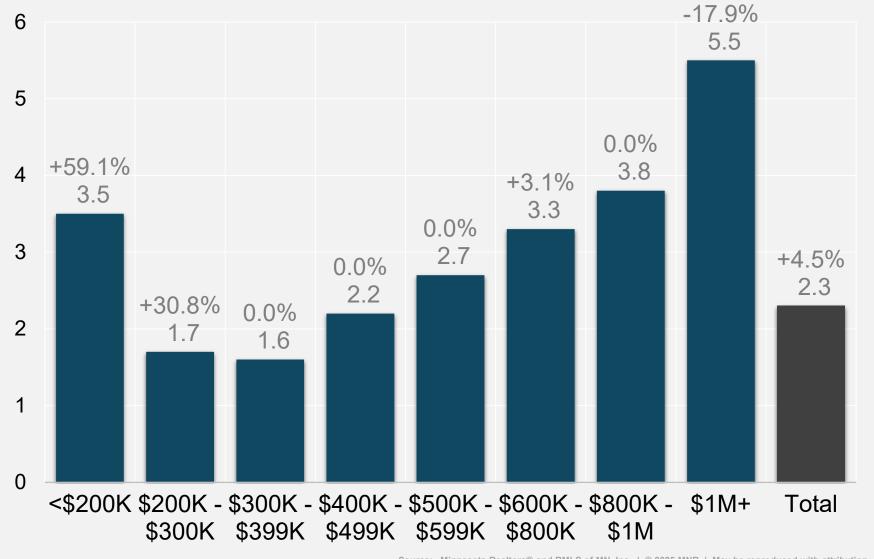
Inventory by Price Range





Months Supply by Price Range





Residential Housing Market Activity Across MN



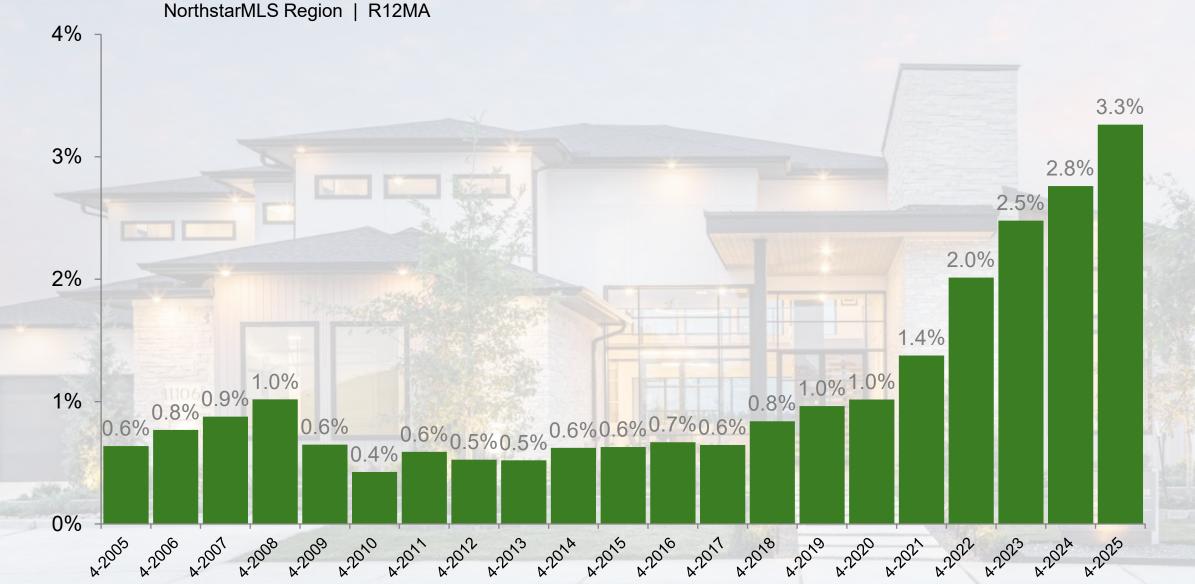
Valid as of 5/12/25.

April 2025 compared to a year ago

	GAAAR (Alexandria)	% Chg	GLAR (Brainerd)	% Chg	ICBR (Grand Rapids)	% Chg	LCAR (Detroit Lakes)	% Chg	LRAR (Fergus Falls)	% Chg
New Listings	151	+6.3%	726	+13.4%	137	-2.1%	127	+30.9%	160	-7.0%
Pending Sales	92	-8.0%	407	-1.5%	68	-16.0%	55	-16.7%	87	-5.4%
Closed Sales	64	-14.7%	334	-8.0%	51	-21.5%	45	-29.7%	72	-8.9%
Median Sales Price	\$269,500	-6.3%	\$300,000	-3.2%	\$253,950	+10.9%	\$270,000	-14.7%	\$250,000	-12.3%
Days on Market	64	+36.8%	64	+7.3%	73	+7.3%	71	-19.7%	86	+9.7%
Pct of List Price Rec'd	96.5%	+0.6%	96.7%	-0.2%	95.6%	-0.1%	94.7%	-0.2%	93.3%	-1.0%
Inventory	245	+10.9%	1,429	+16.7%	310	+28.1%	319	+4.2%	383	+8.8%
Months Supply	3.2	+12.7%	3.8	+22.2%	4.0	+33.4%	5.4	+21.8%	4.5	+24.5%
	LSAR (Duluth/N. Shore)				RAOR (Hibbing/Virginia)	% Chg	RASM (Mankato)		SCAAR (St. Cloud)	% Chg
New Listings	405	+5.2%	170	+14.1%	104	-5.5%	222	+3.3%	194	+24.4%
Pending Sales	238	-18.8%	86	-1.1%	30	-62.5%	168	+3.7%	138	+4.5%
Closed Sales	247	+7.4%	62	-17.3%	64	-1.5%	128	-6.6%	90	-25.6%
Median Sales Price	\$275,000	+3.5%	\$215,000	-6.5%	\$162,700	-17.7%	\$273,500		\$267,450	-0.9%
Days on Market	43	-3.7%	106	+30.1%	115	-4.3%	96	+3.8%	42	-5.2%
Pct of List Price Rec'd	96.9%	-1.0%	92.8%	-1.6%	94.8%	-1.3%	96.9%		98.3%	-1.0%
Inventory	757	+22.9%	502	+22.1%	275	+39.6%	353	+18.5%	236	+7.8%
Months Supply	2.9		6.3	+40.8%	3.8	+67.7%	2.6	+20.9%	2.1	+8.5%
	SEMR (Rochester)			% Chg	7-County Twin Cities	% Chg	16-County Twin Cities		MN Statewide	% Chg
New Listings	684	+5.7%	345	+19.8%	5,644	+5.6%	6,754	+5.5%	9,851	+7.2%
Pending Sales	534	+9.7%	238	+4.4%	3,772	+2.8%	4,498	+3.6%	6,498	+2.8%
Closed Sales	420	-2.1%	203	+7.4%	3,278	-1.1%	3,871	+0.3%	5,537	-0.8%
Median Sales Price	\$289,950	-1.0%	\$202,500	+1.8%	\$400,000	+3.1%	\$398,900		\$360,000	+2.9%
Days on Market	49	+8.5%	68	+7.6%	46	+4.5%	49	+6.5%	44	+4.8%
Pct of List Price Rec'd	98.0%	-1.0%	94.8%	-0.1%	100.0%	0.0%	99.7%	-0.2%	98.8%	-0.3%
Inventory	985	+15.5%	642	+17.4%	6,968	+4.2%	8,617	+4.8%	14,371	+8.5%
Months Supply	2.3	+16.7%	3.1	+21.5%	2.2	+4.8%	2.3	+4.5%	2.6	+13.0%

Percent of Sales \$1M+

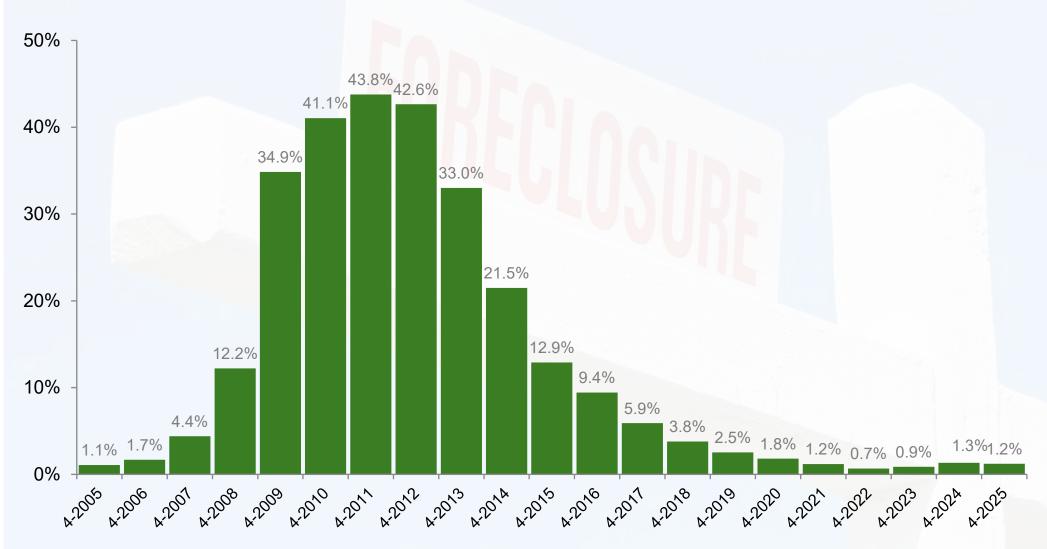




Lender Mediated Market Share



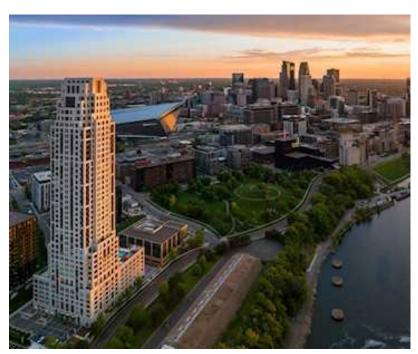
NorthstarMLS Region | R12MA











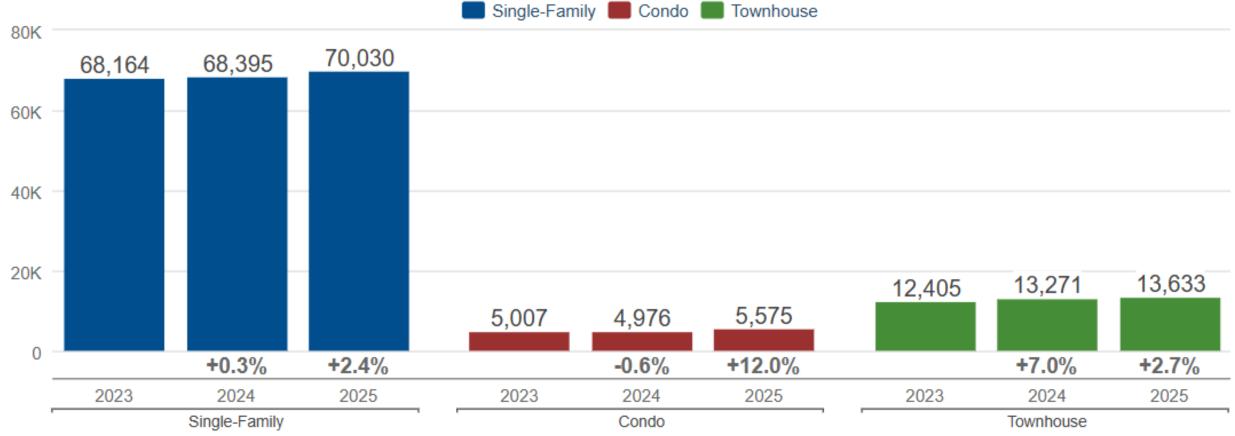




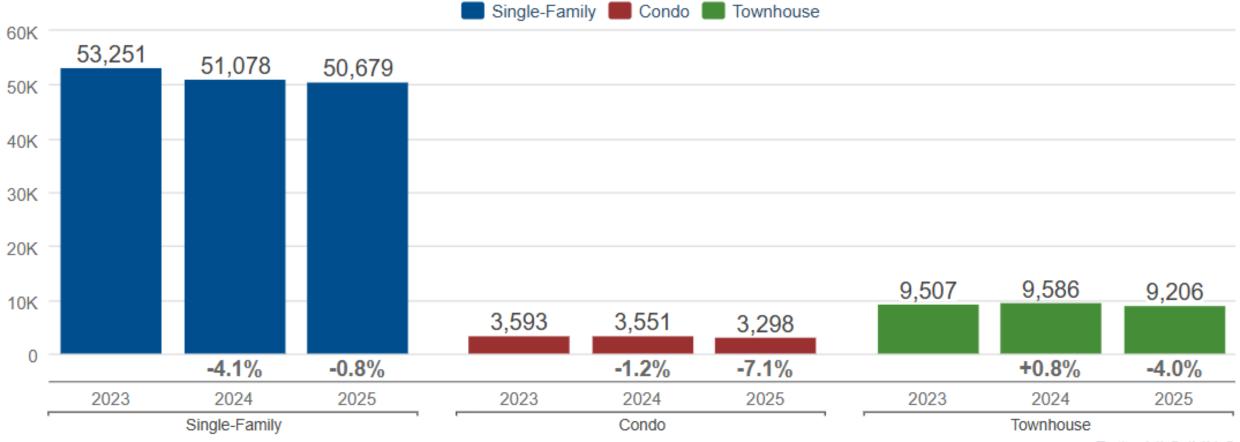




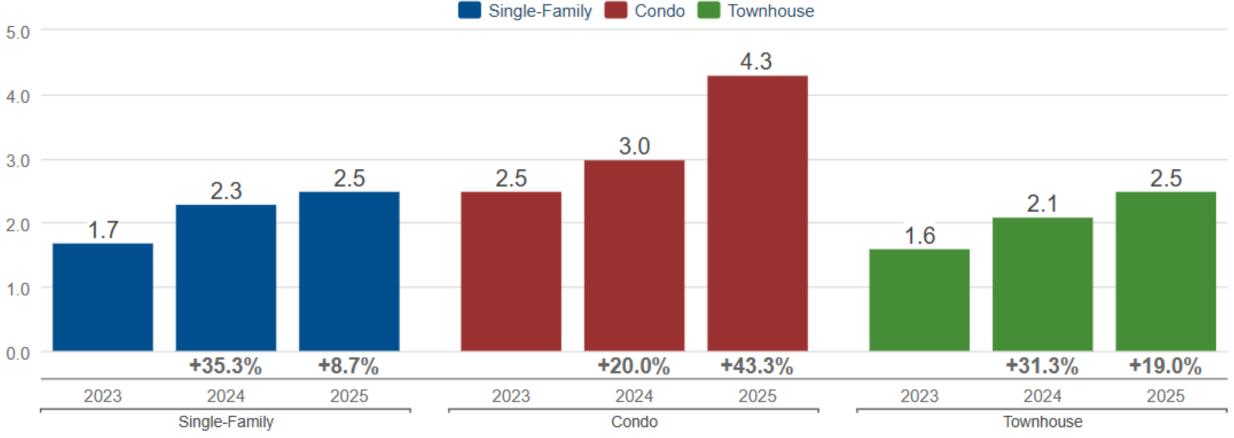
April New Listings - By Property Type



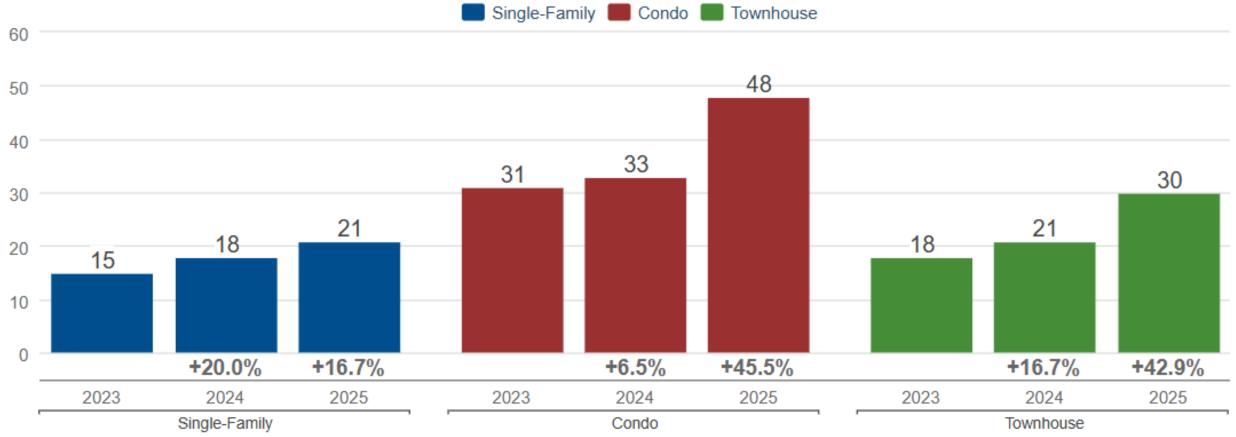
April Pending Sales - By Property Type

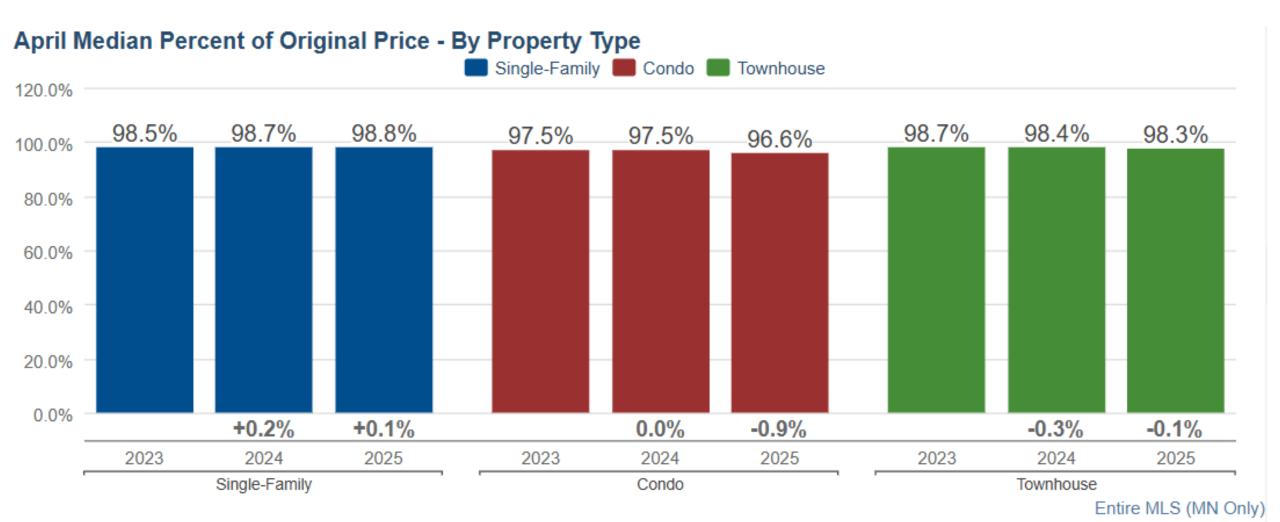


April Months Supply of Homes for Sale - By Property Type

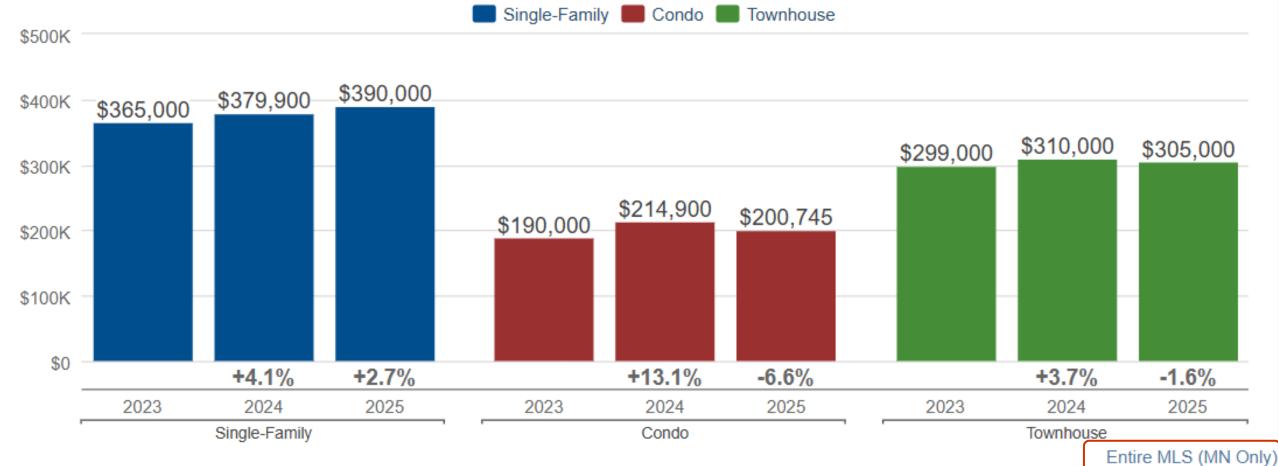


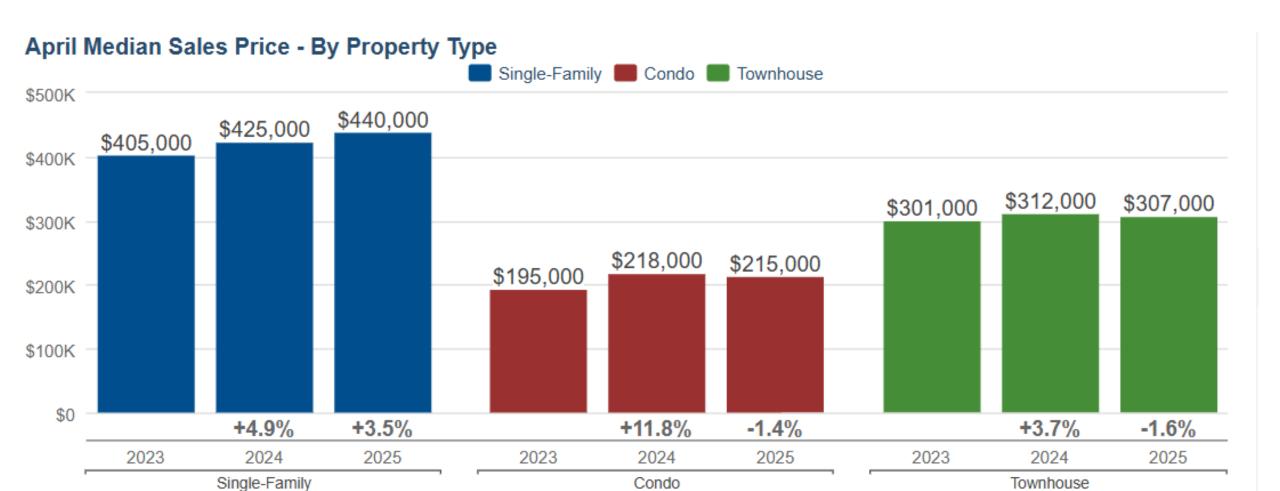
April Median Days on Market - By Property Type







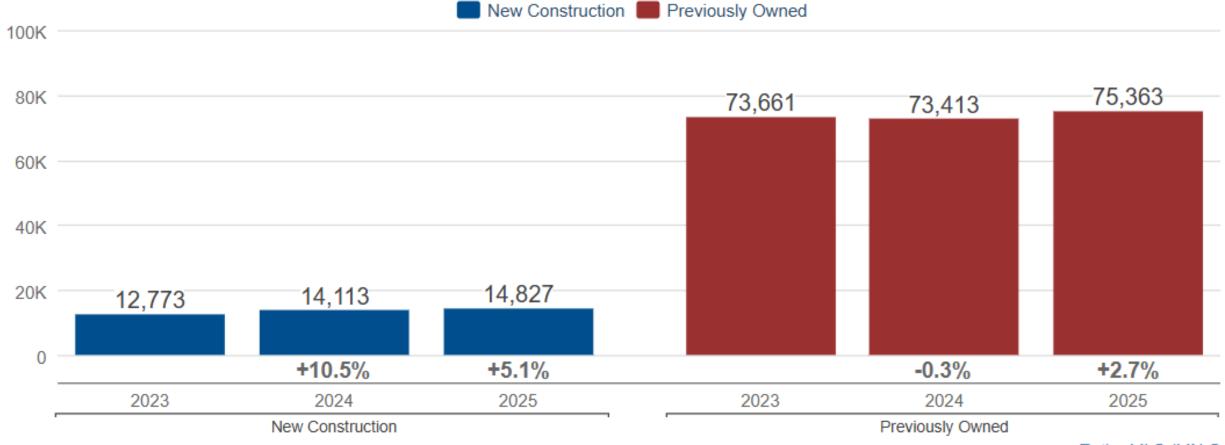




Twin Cities Region

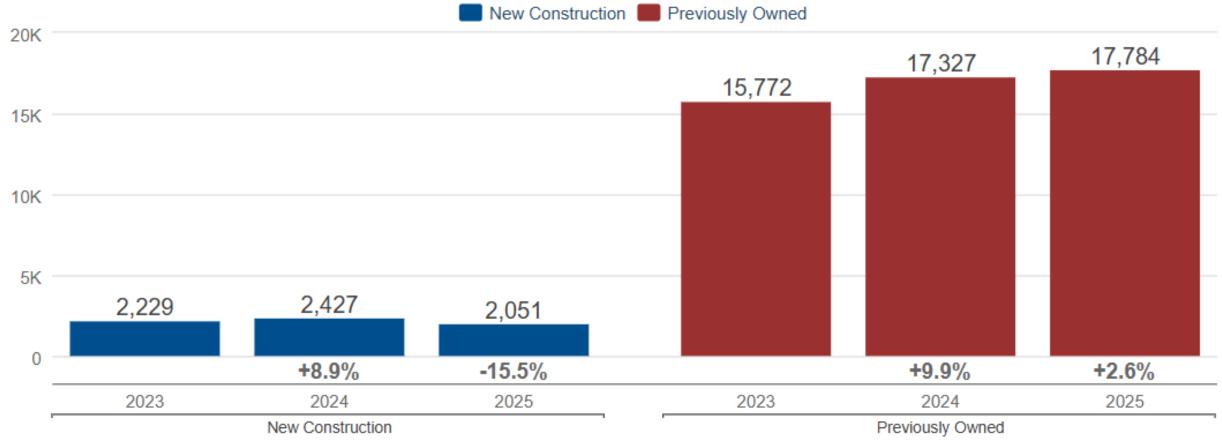


April New Listings - By Construction Type

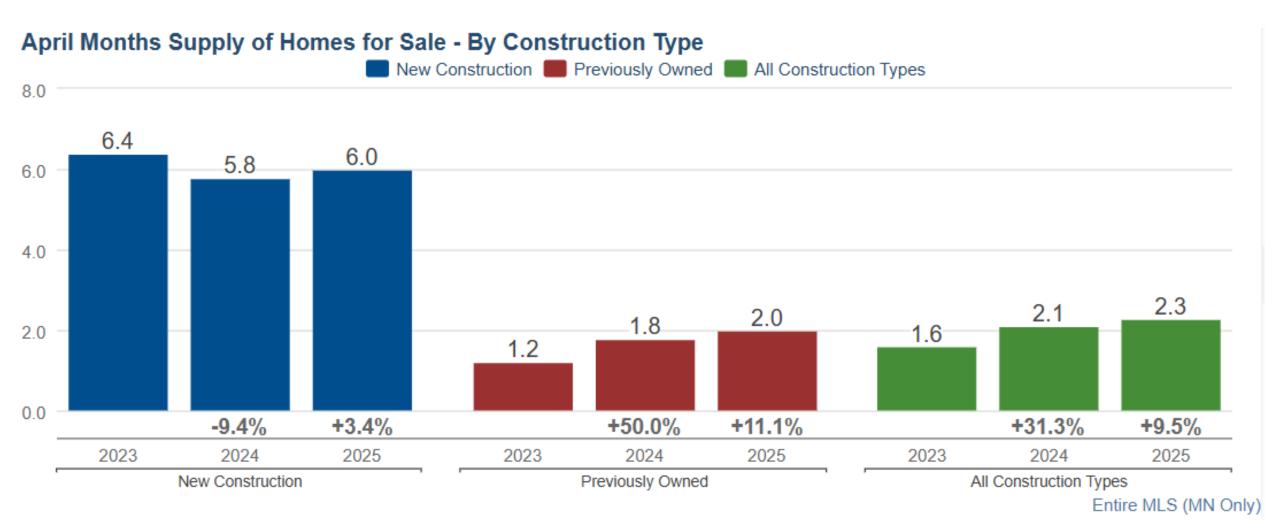


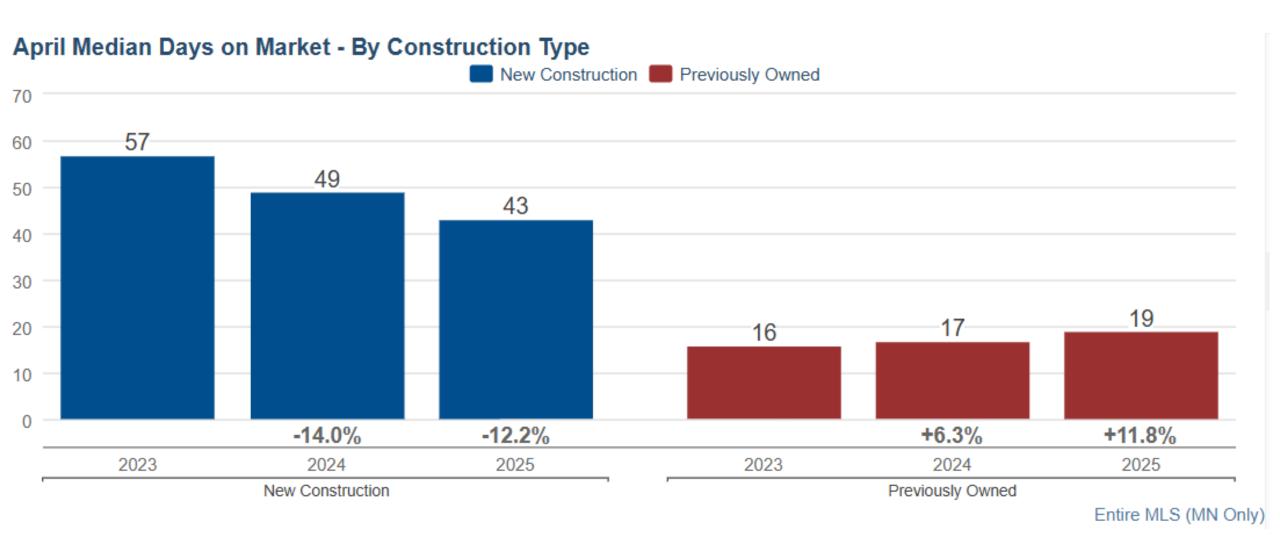
Entire MLS (MN Only)

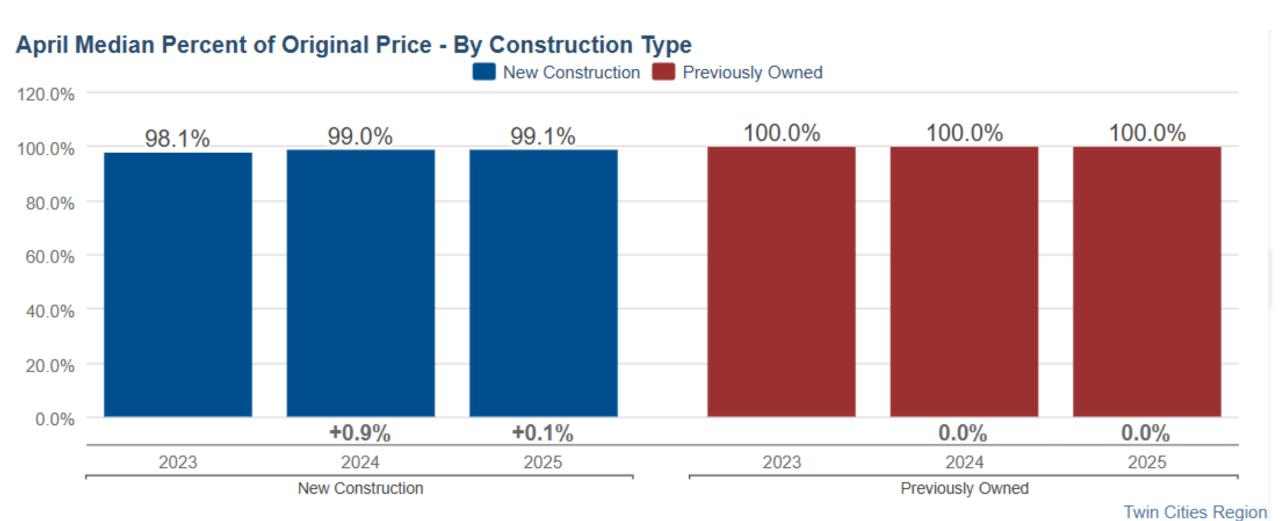


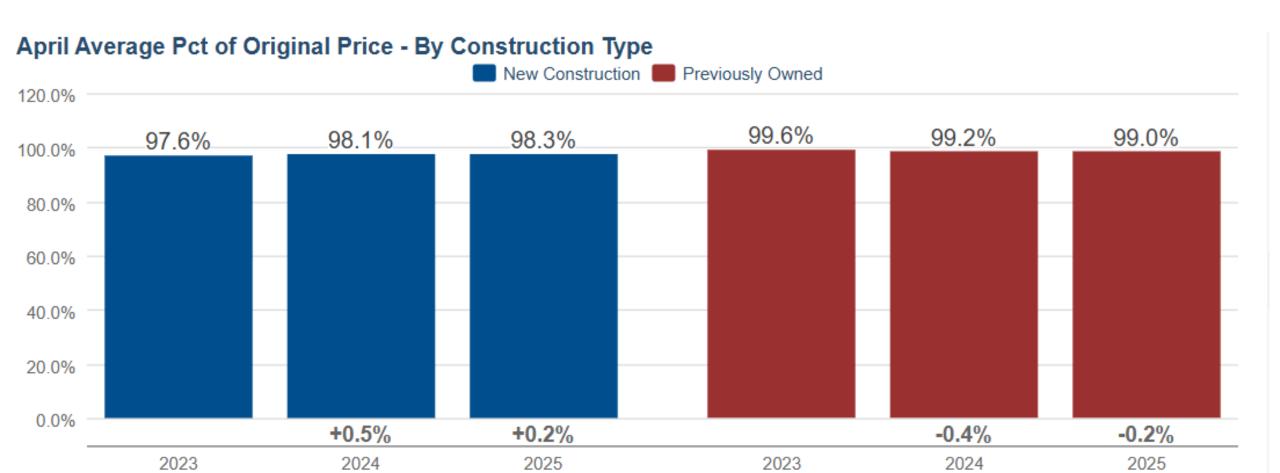


Entire MLS (MN Only)





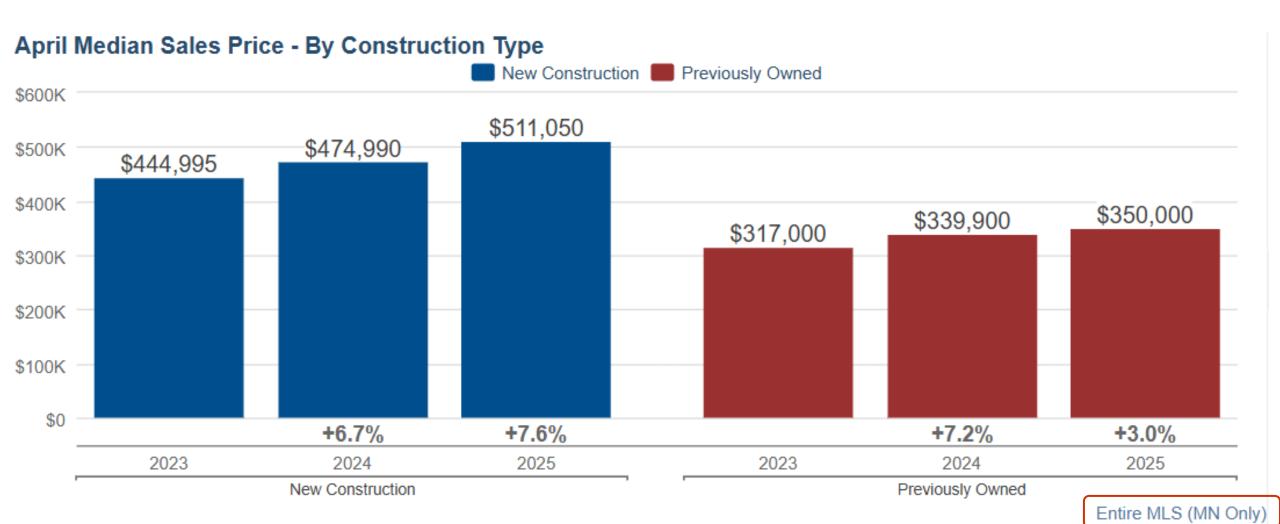


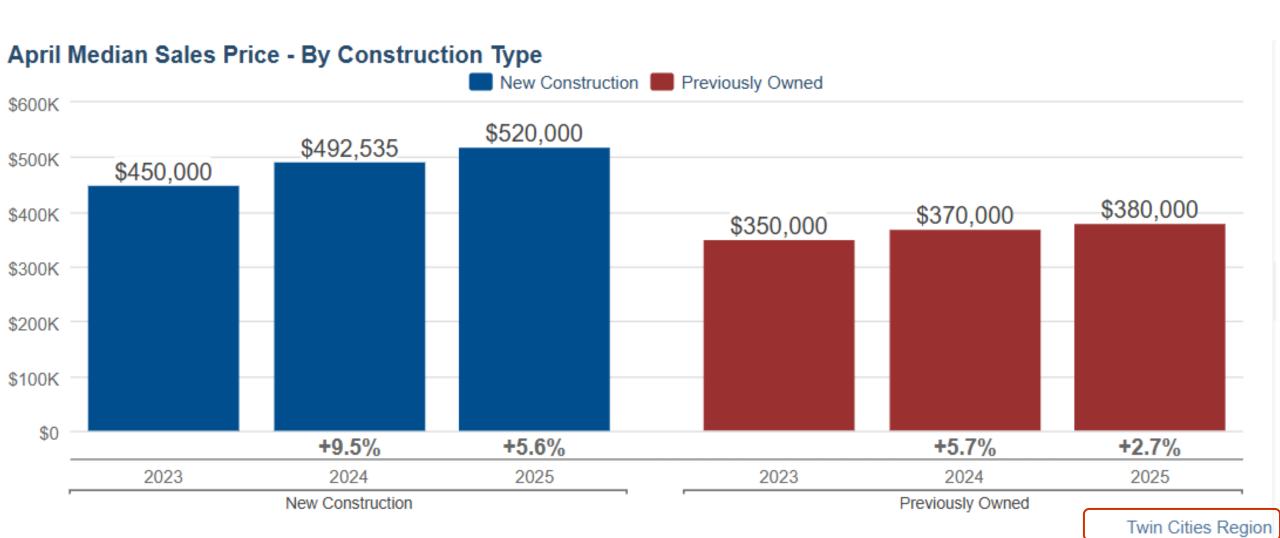


New Construction

Entire MLS (MN Only)

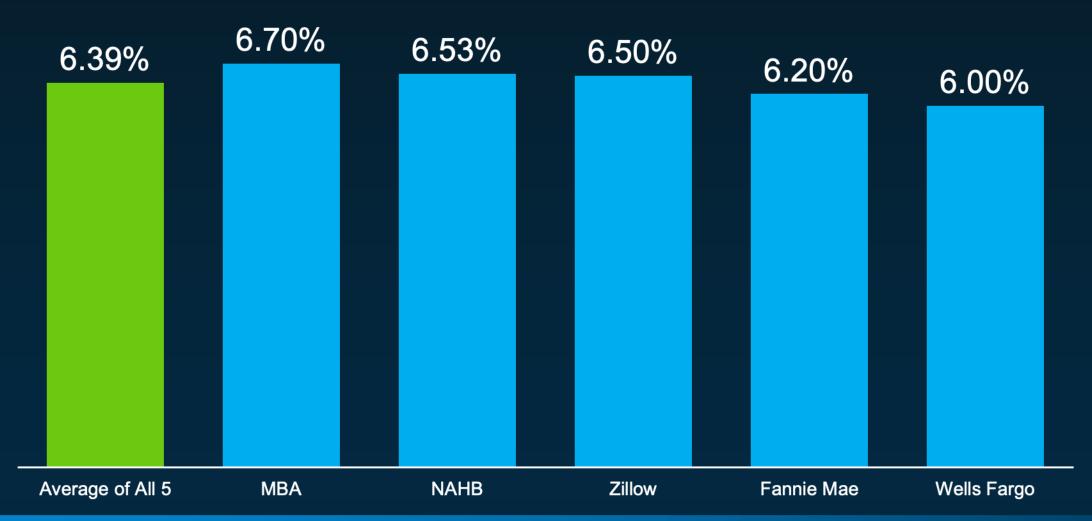
Previously Owned





Mortgage Rates Are Projected To Come Down Slightly

2025 Year-End 30-Year Fixed Mortgage Rate Projections, as of 5/7/2025



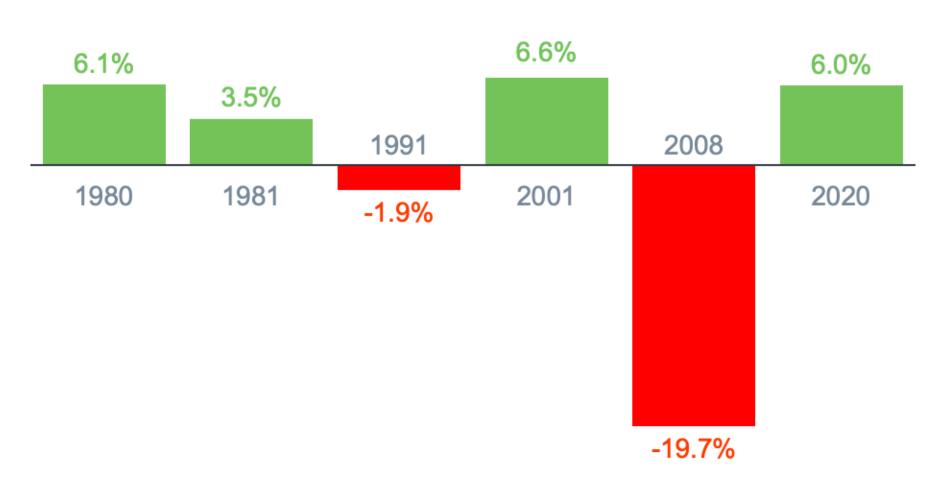


They say economists have predicted 17 of the last 3 recessions



A Recession Does Not Mean Falling Prices

Home Price Change During Last 6 Recessions





Thank You!

Please reach out with any questions/ feedback!

Darbit@MNrealtor. com

