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## THE Skinny

There are now fewer homes on the market today than there were a year ago. A long-anticipated benchmark and harbinger of calmer seas ahead, the downward year-over-year inventory movement is a sign that the seemingly never-ending market shift in the buyer's favor is now slowing its pace.

This is welcome news for sellers, and a crucial step towards bringing supply and demand into greater balance.

Buyer demand is now showing some positive signs of leveling out. Waiting for a better market isn't the "home run" buying strategy it used to be.

## May 2008

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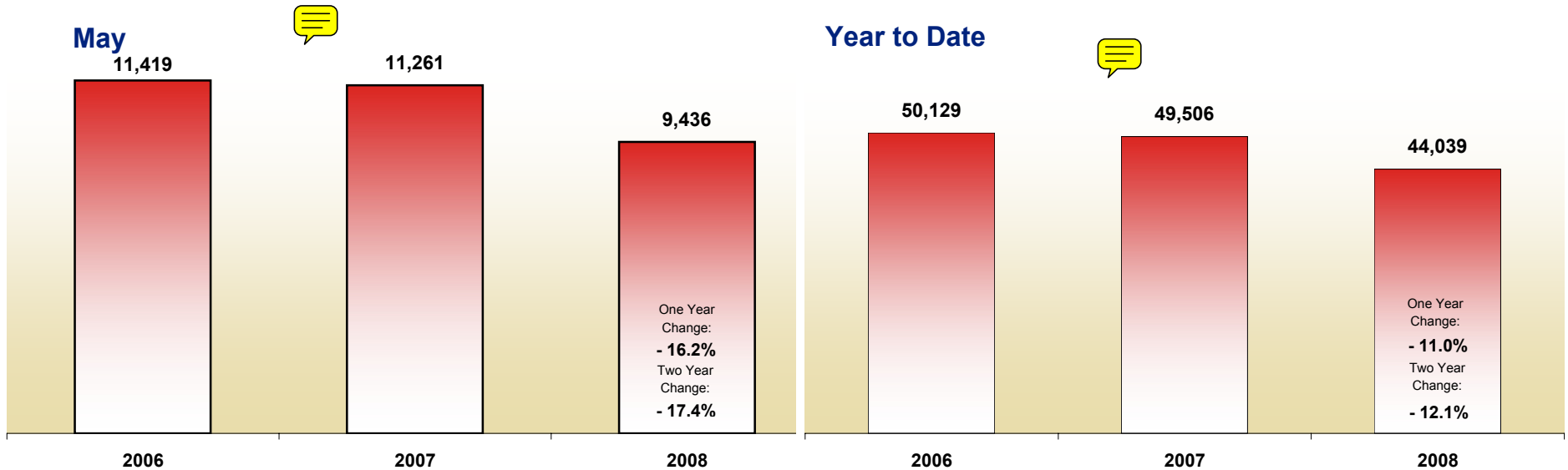
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# New Listings

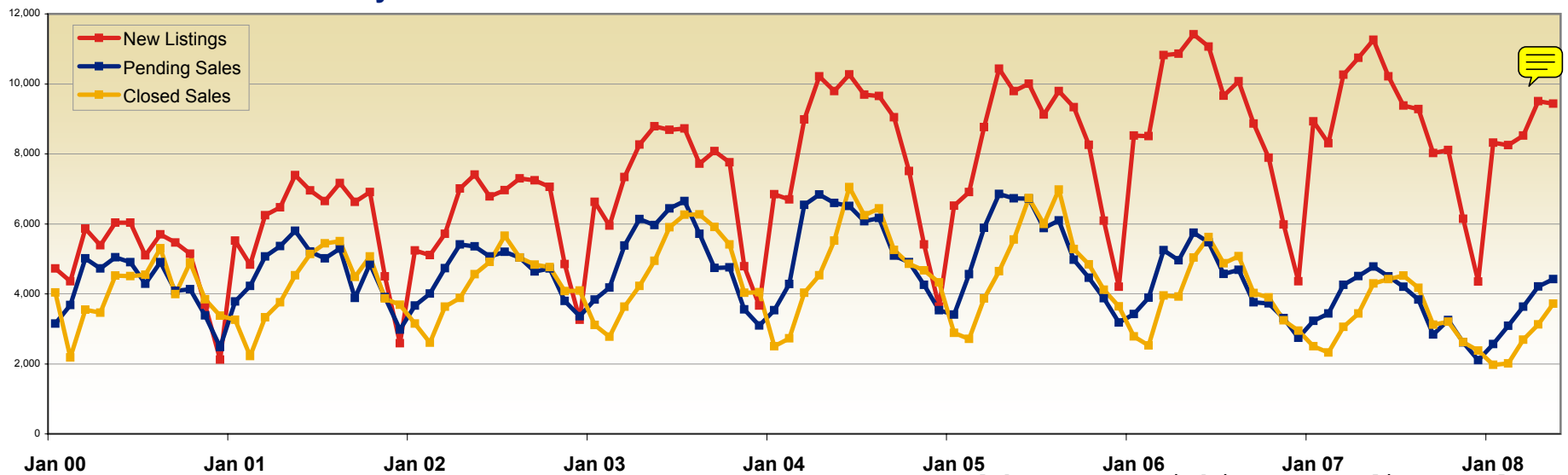
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## Historical Market Activity



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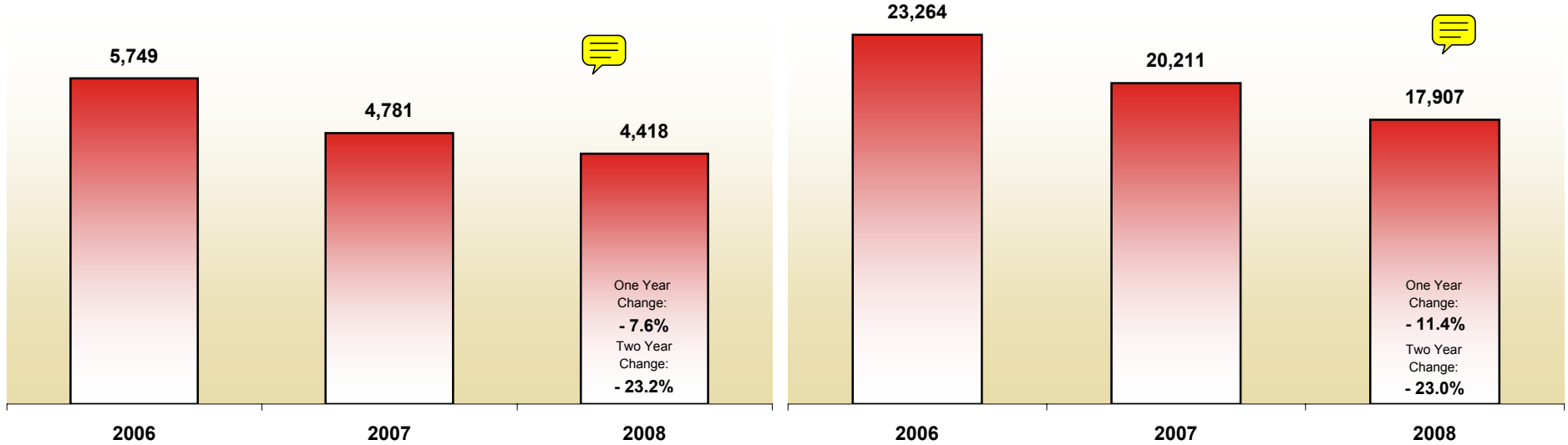
# Pending Sales

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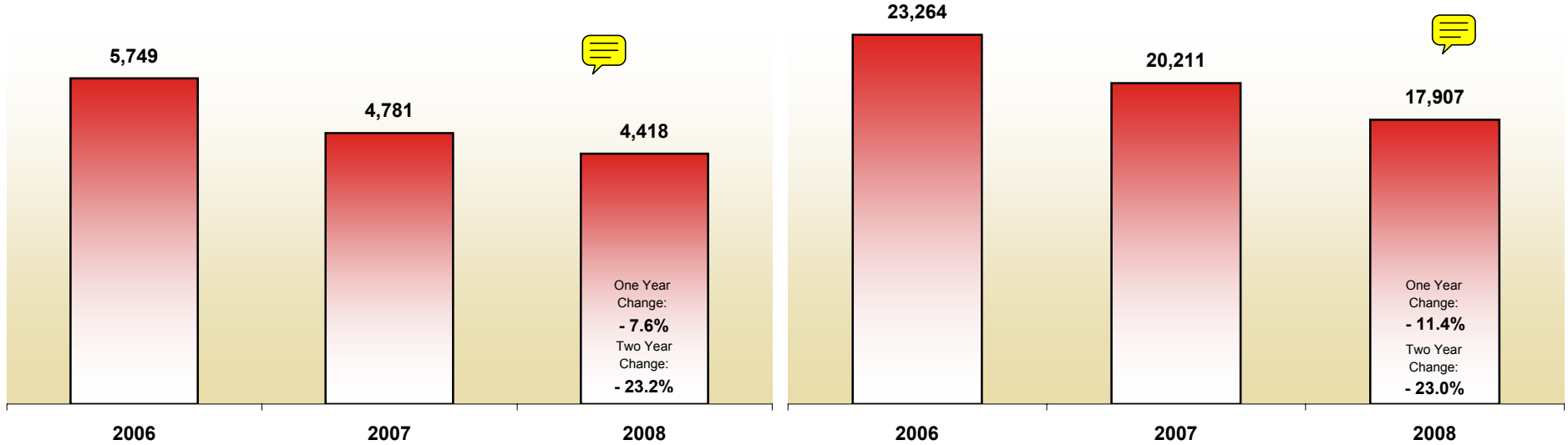


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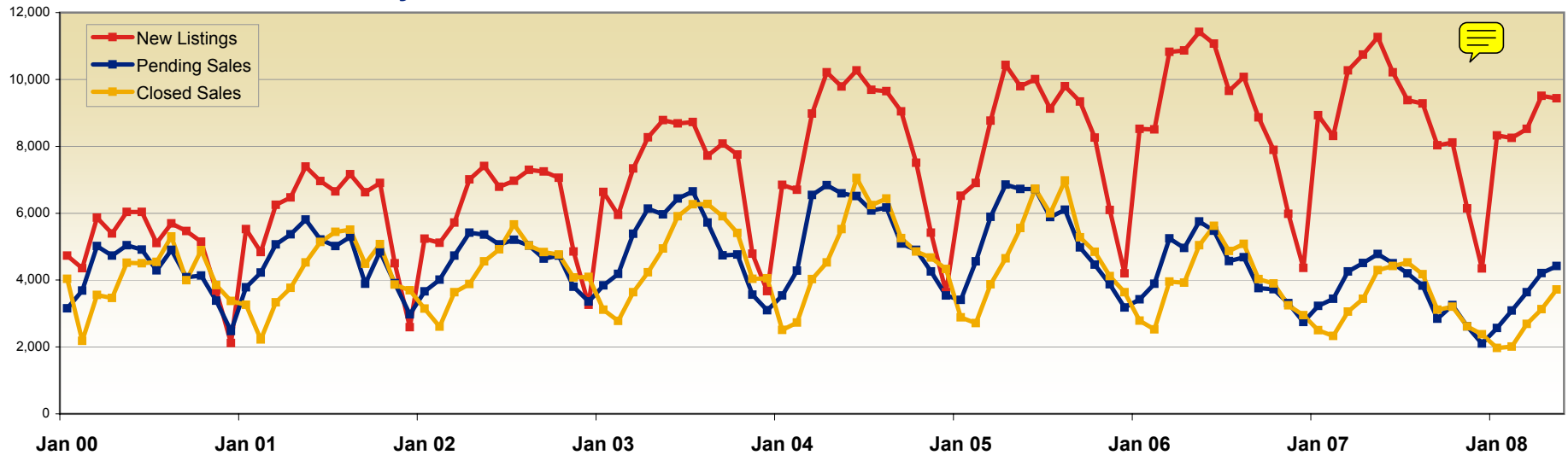
## May



## Year to Date



## Historical Market Activity



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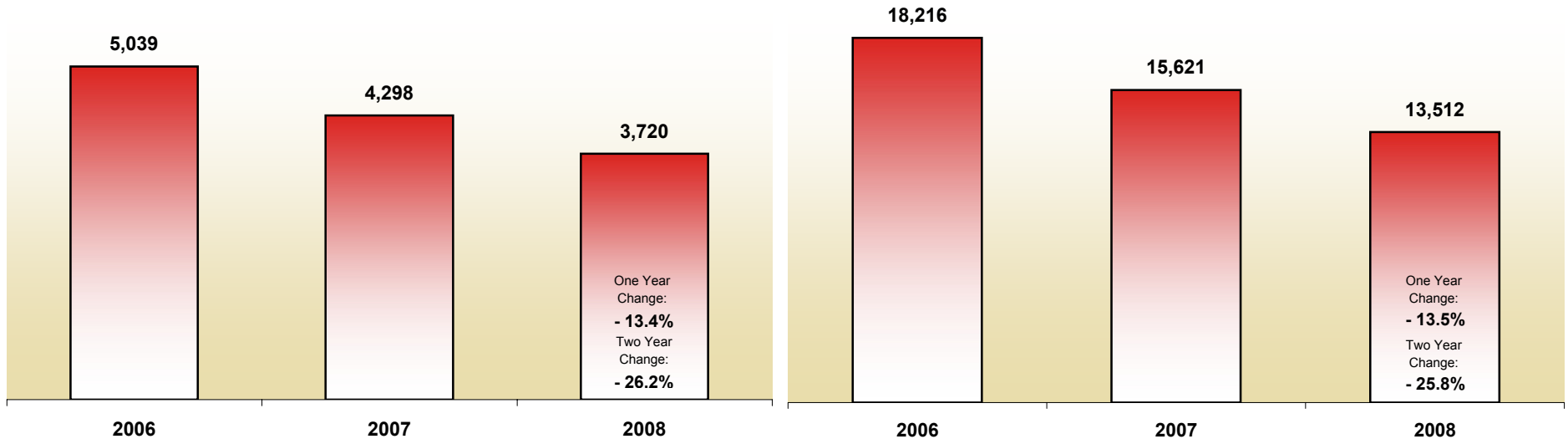
# Closed Sales

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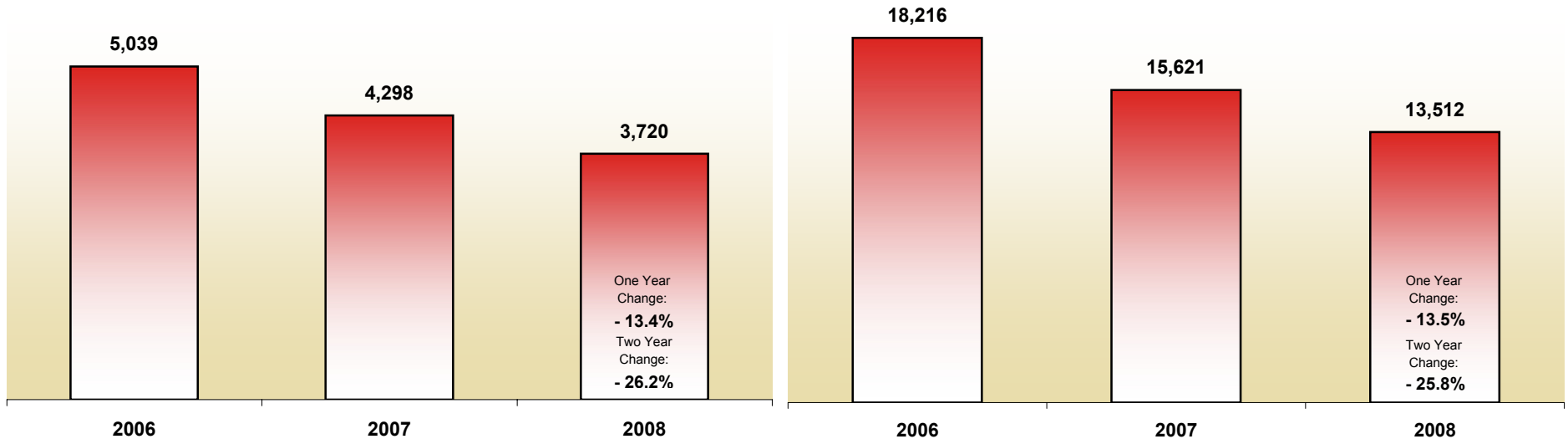


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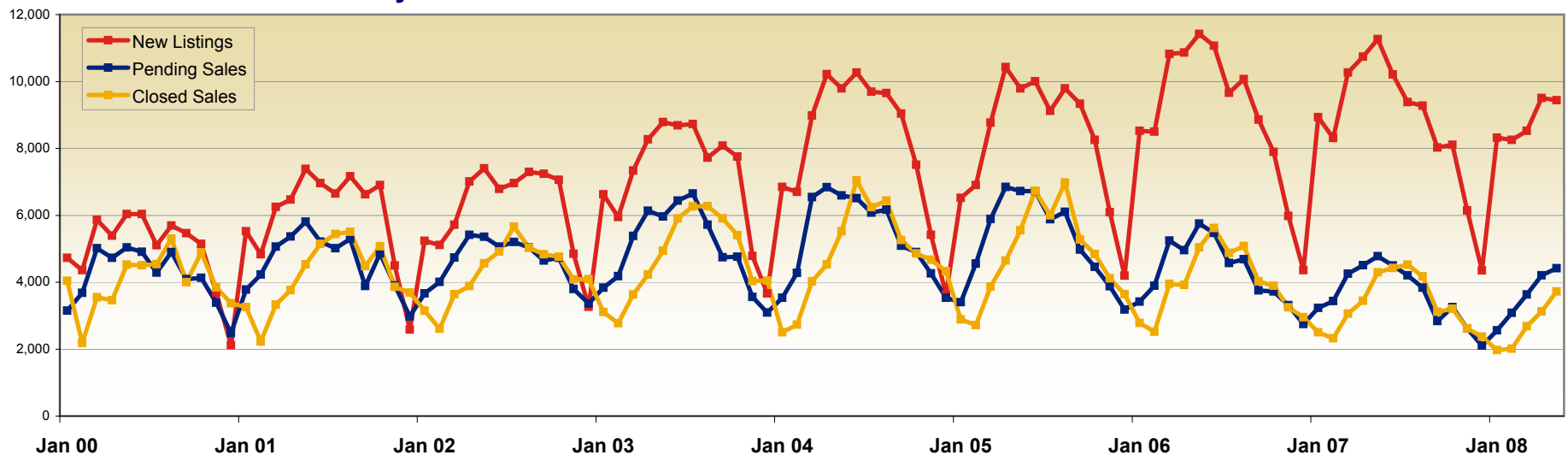
## May



## Year to Date



## Historical Market Activity



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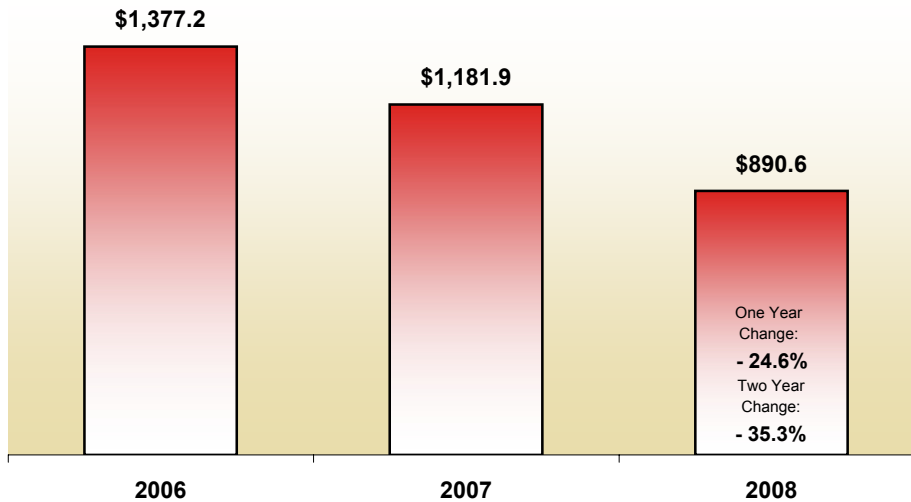
# Dollar Volume of Closed Sales (in millions)

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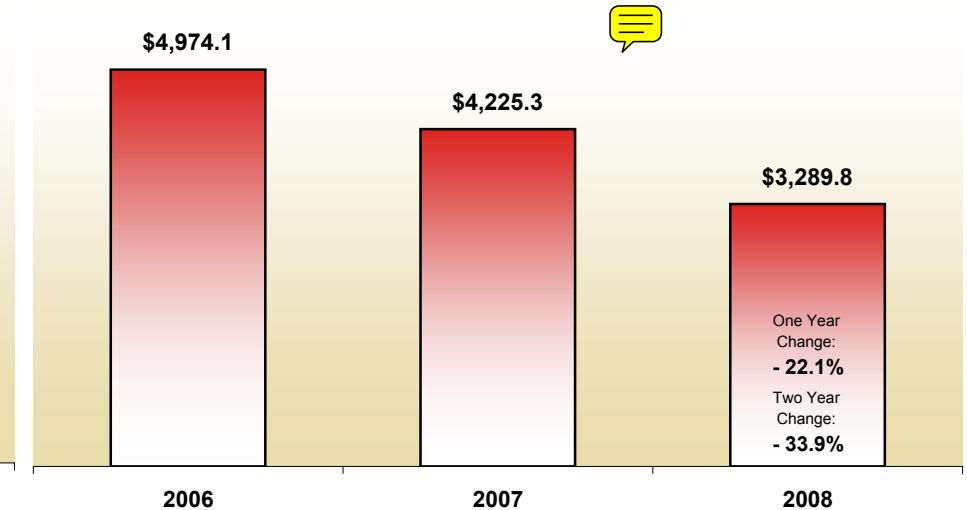


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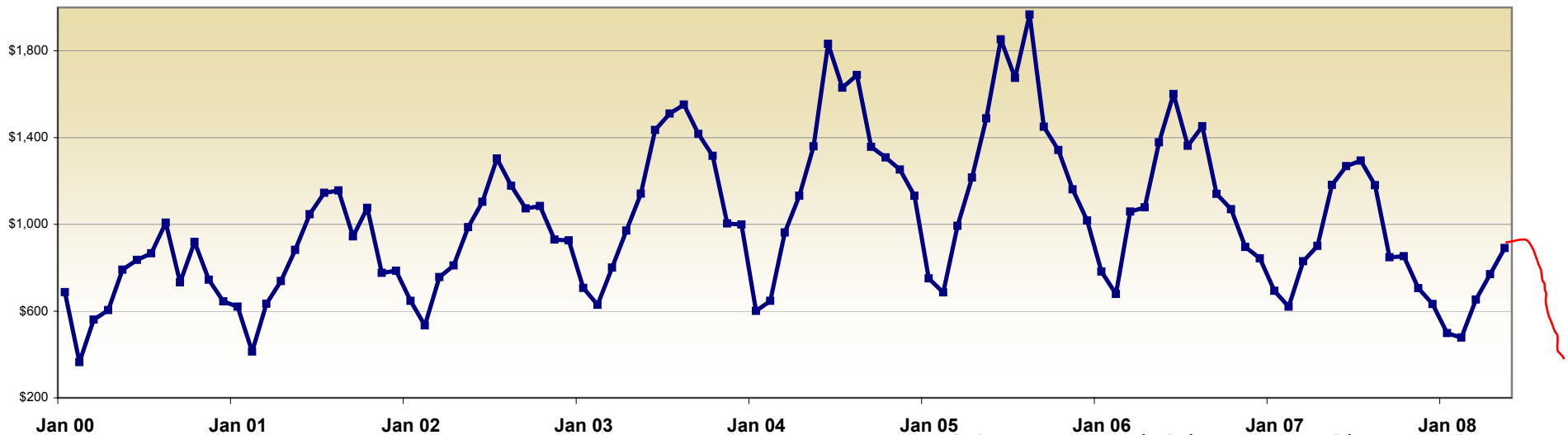
## May



## Year to Date



## Historical Dollar Volume (in millions)



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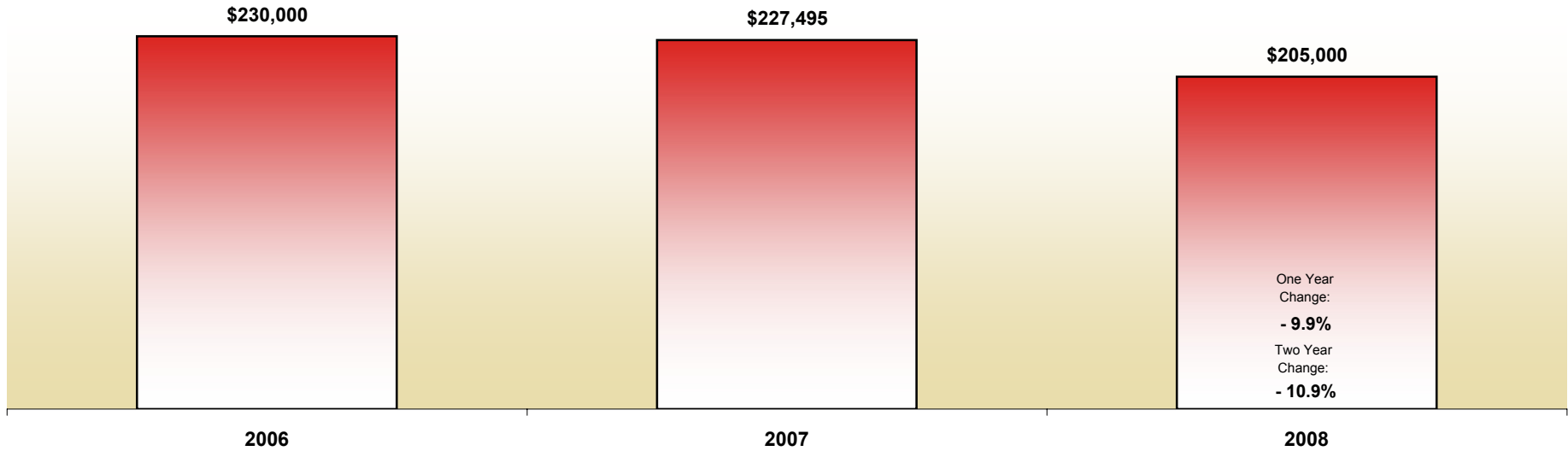
# Median Sales Price

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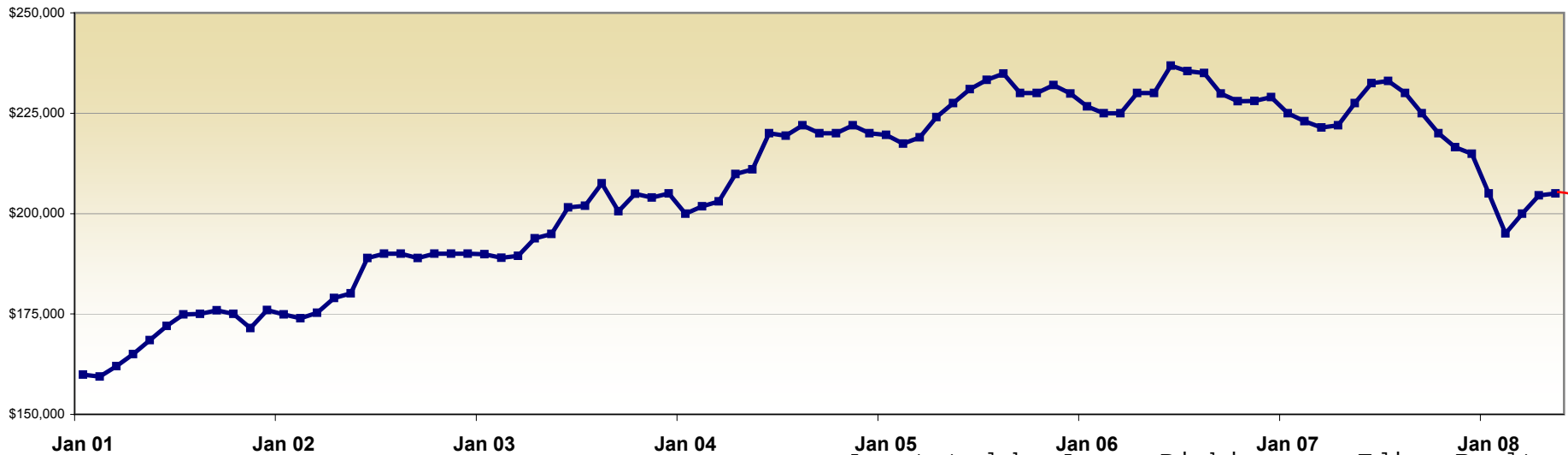


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May



## Historical Median Sales Prices



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# Average Sales Price

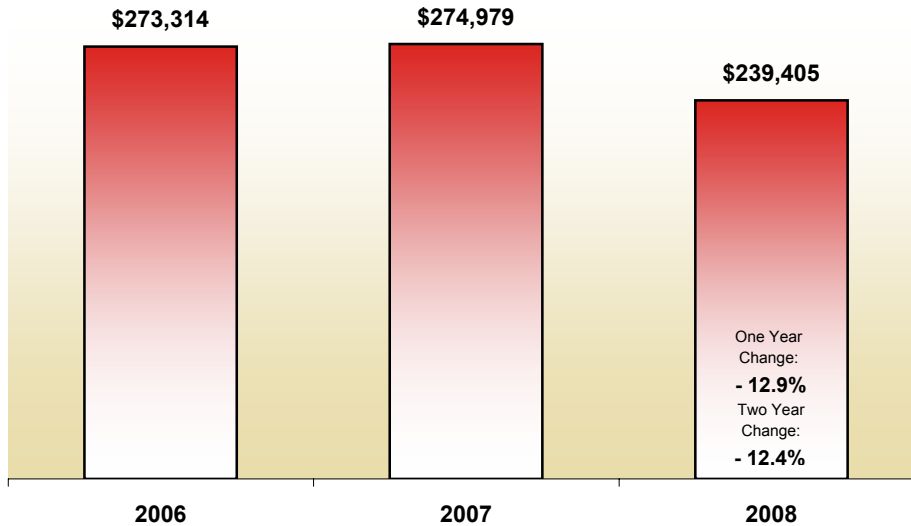


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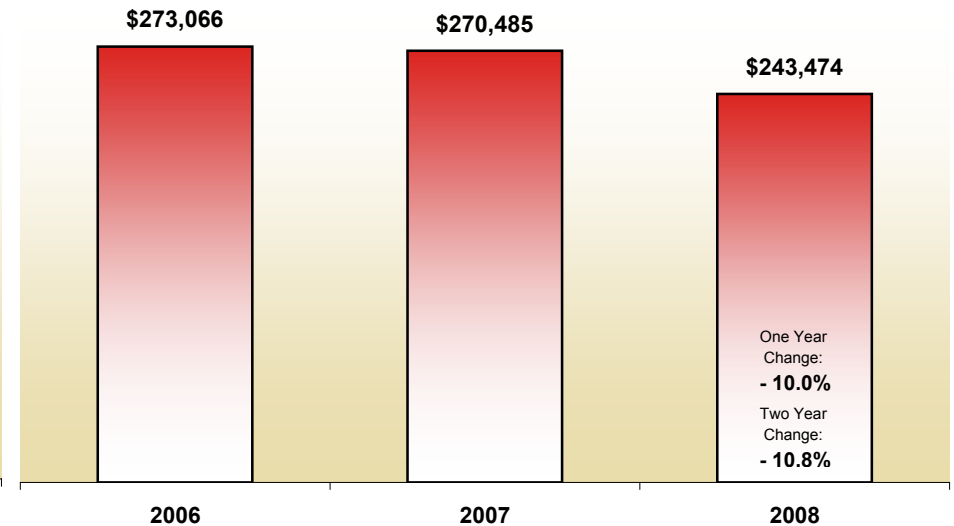


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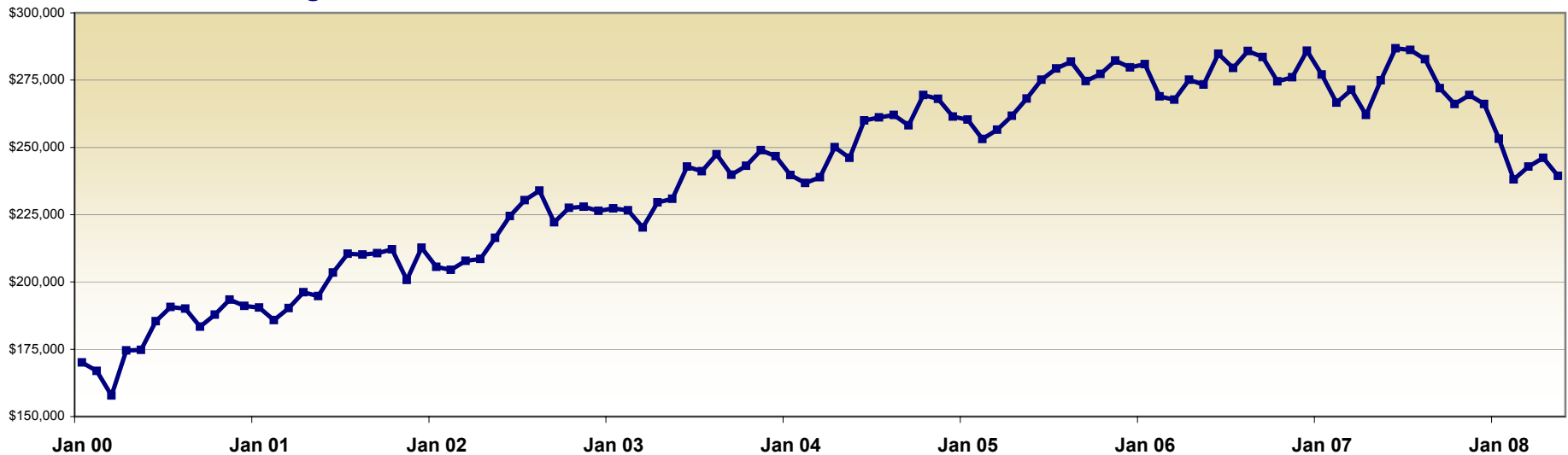
## May



## Year to Date



## Historical Average Prices



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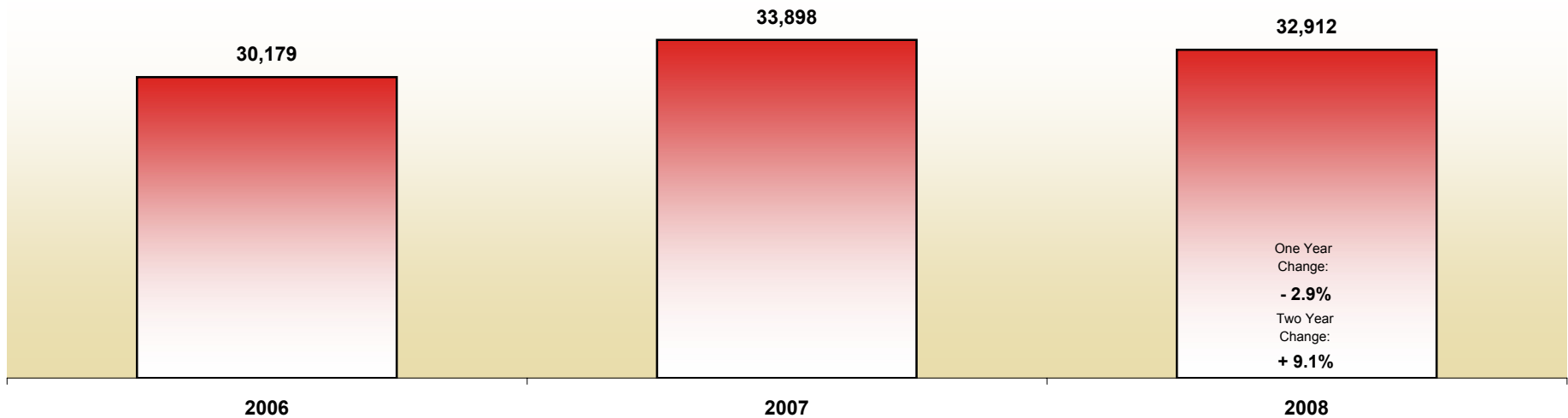
# Total Active Listings Available

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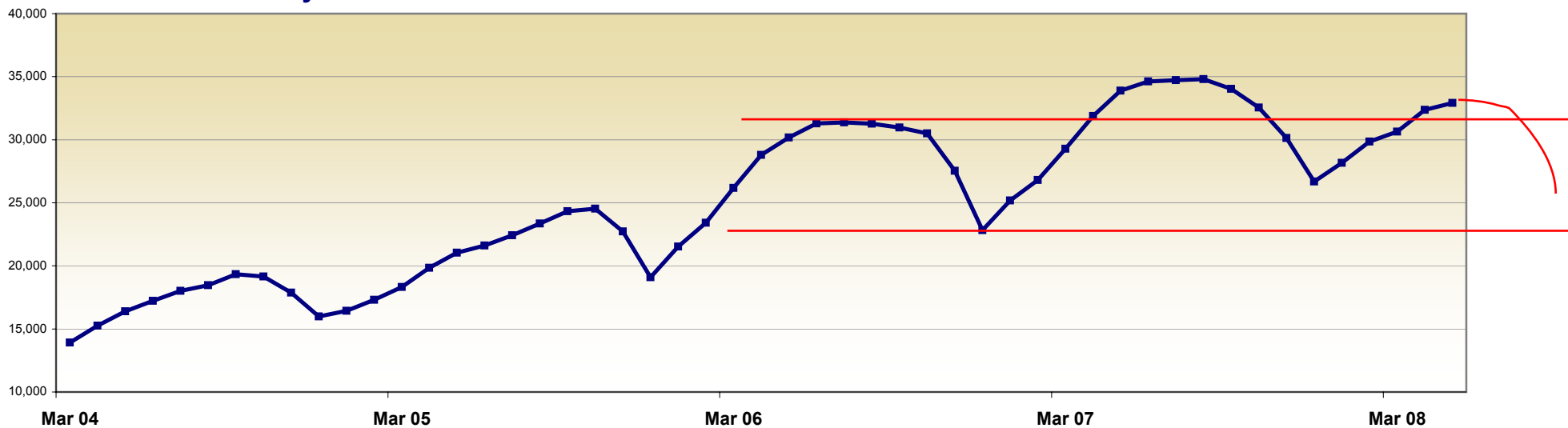


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May



## Historical Inventory Count



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# Percent of Original List Price Received at Sale

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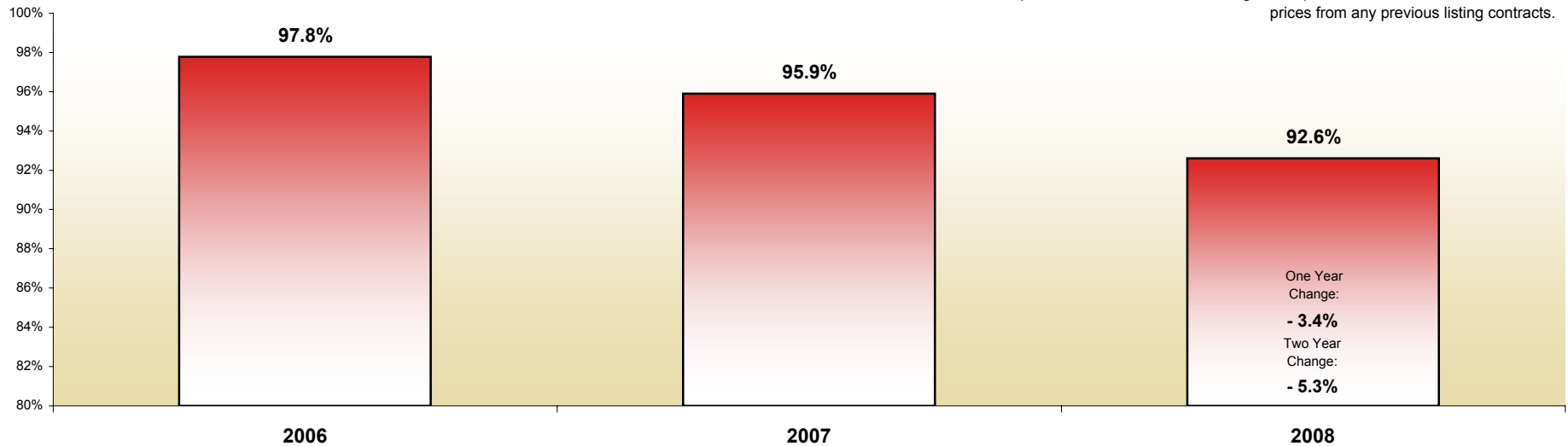


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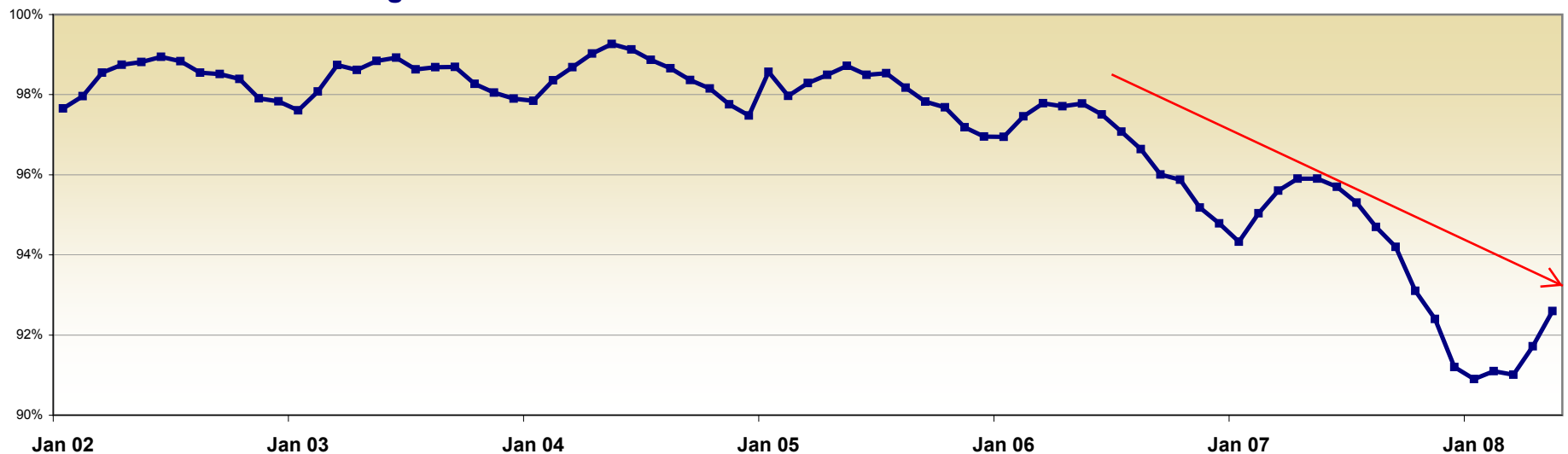


May

The Percent of Original List Price Received at Sale is calculated by comparing the final sales prices of closed sales to their original list prices. This does not account for list prices from any previous listing contracts.



## Historical Percent of Original List Price Received at Sale



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# Mortgage Rates

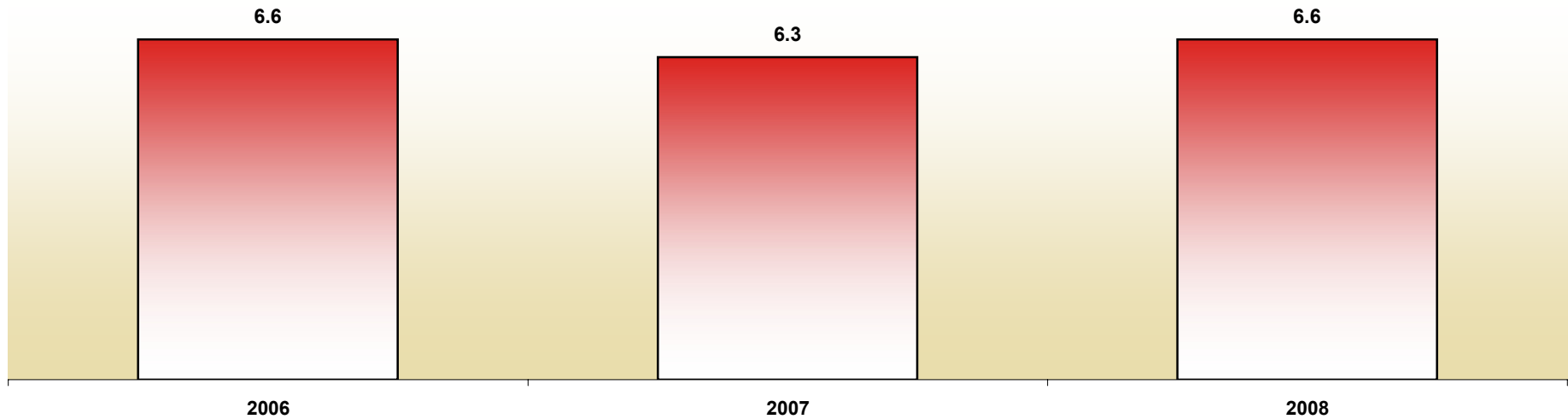
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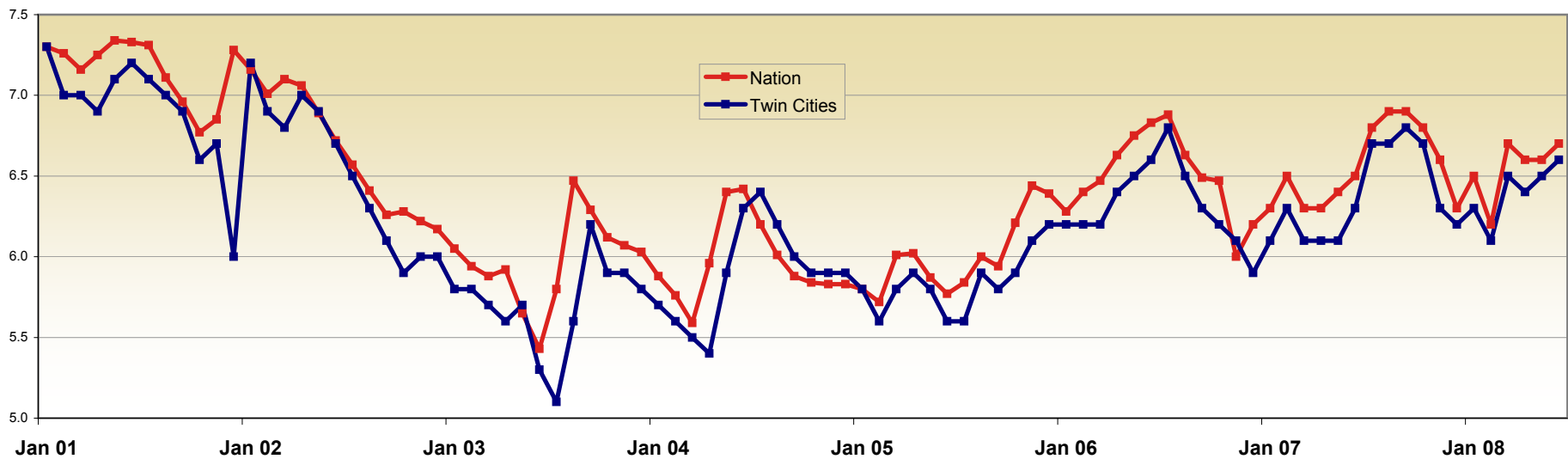
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Mortgage rate information is gathered from HSH Associates Financial Publishers, Inc (www.hsh.com). Data represents 30-year fixed-rate mortgages in the Twin Cities region.

**June**



## Historical Interest Rates



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# Supply-Demand Ratio

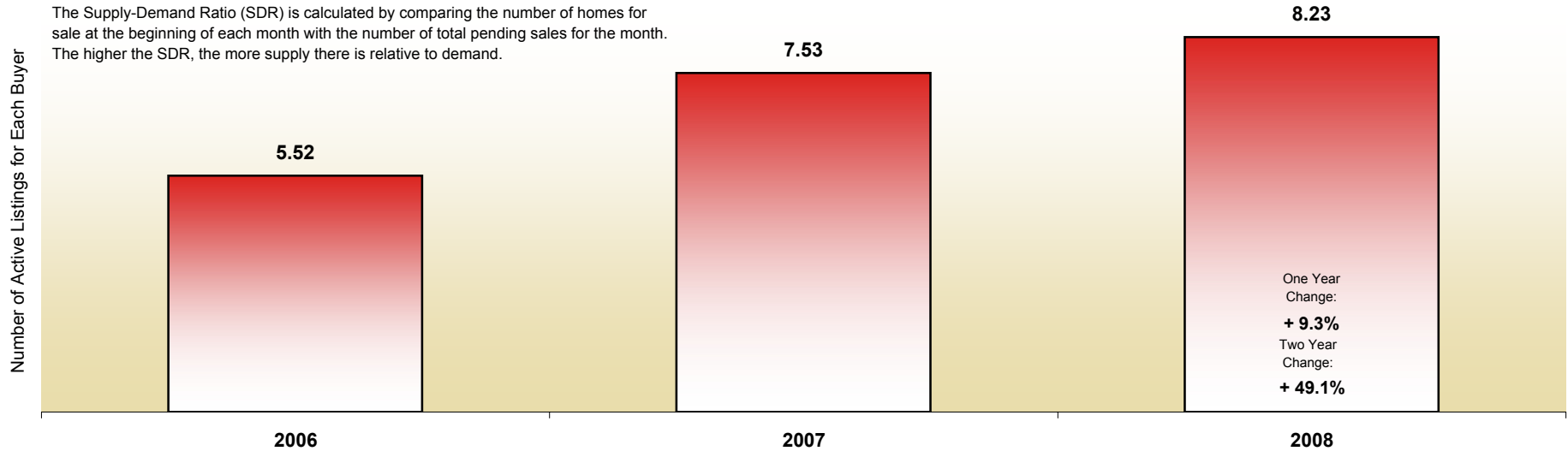
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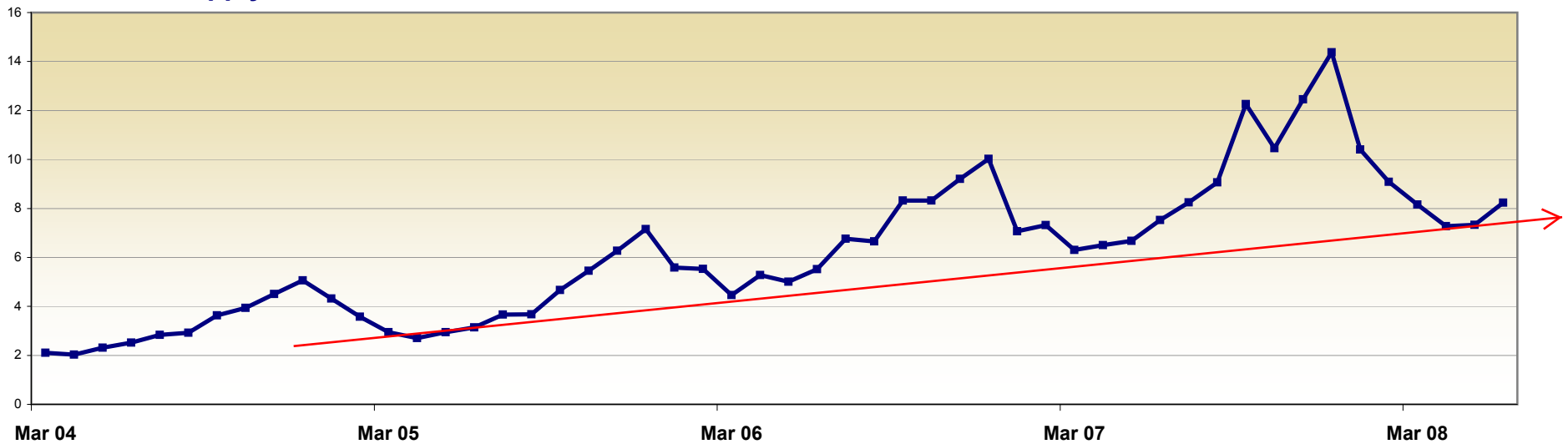
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## June

The Supply-Demand Ratio (SDR) is calculated by comparing the number of homes for sale at the beginning of each month with the number of total pending sales for the month. The higher the SDR, the more supply there is relative to demand.



## Historical Supply-Demand Ratio



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# Housing Affordability Index

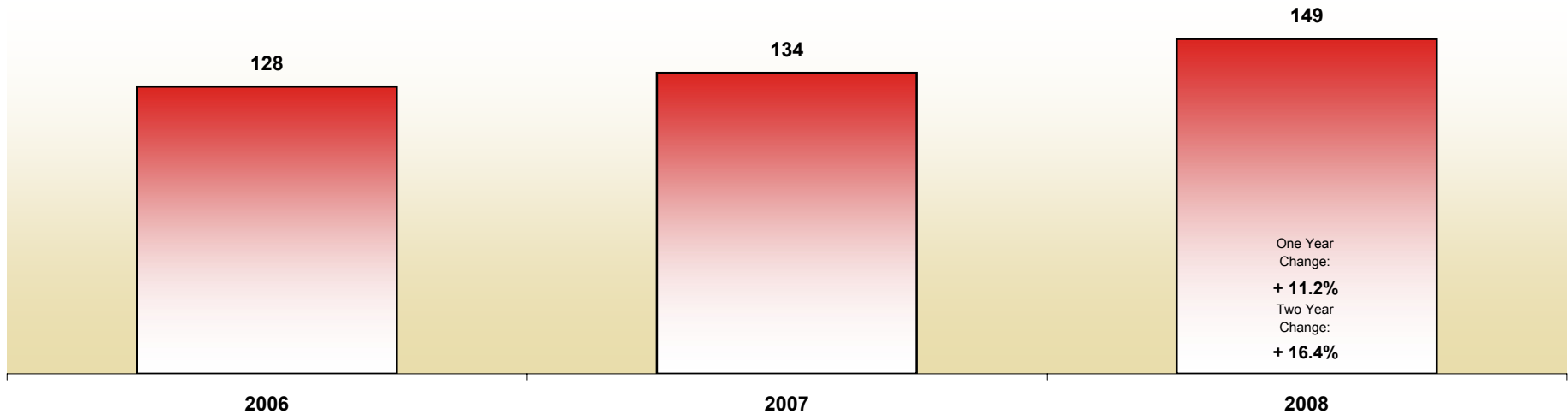
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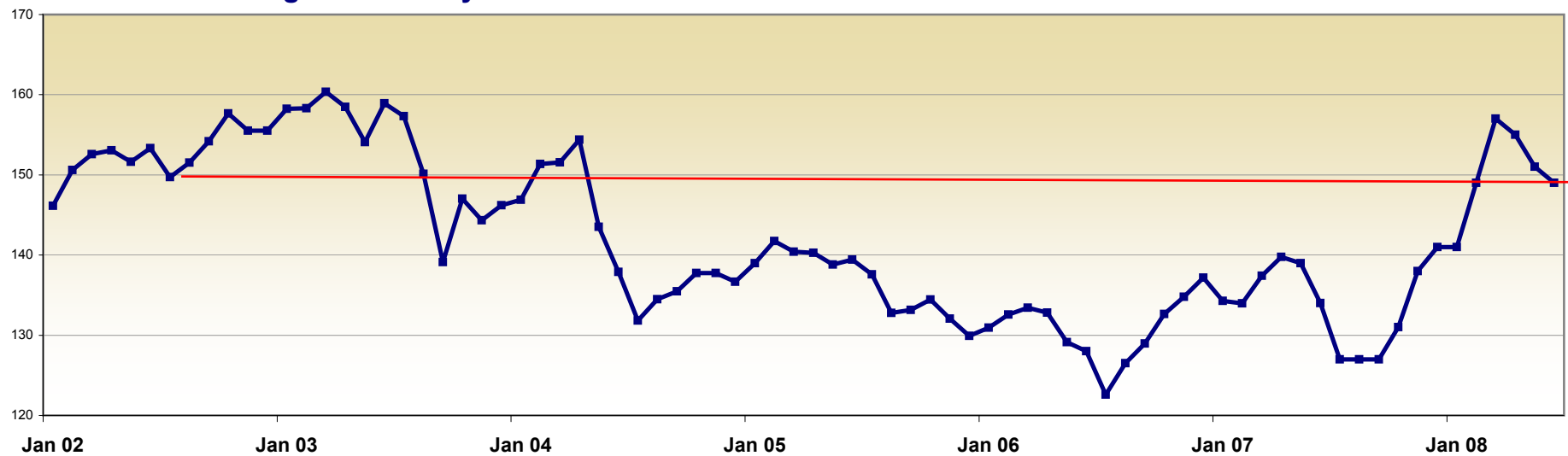
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June

Note: The HAI formula measures housing affordability for the Minneapolis/St. Paul market. An HAI of 149 means the median family income is 149% of the necessary income to qualify for the median priced home using a 20% down payment, 30-year fixed mortgage.



## Historical Housing Affordability Index



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# Months Supply of Inventory



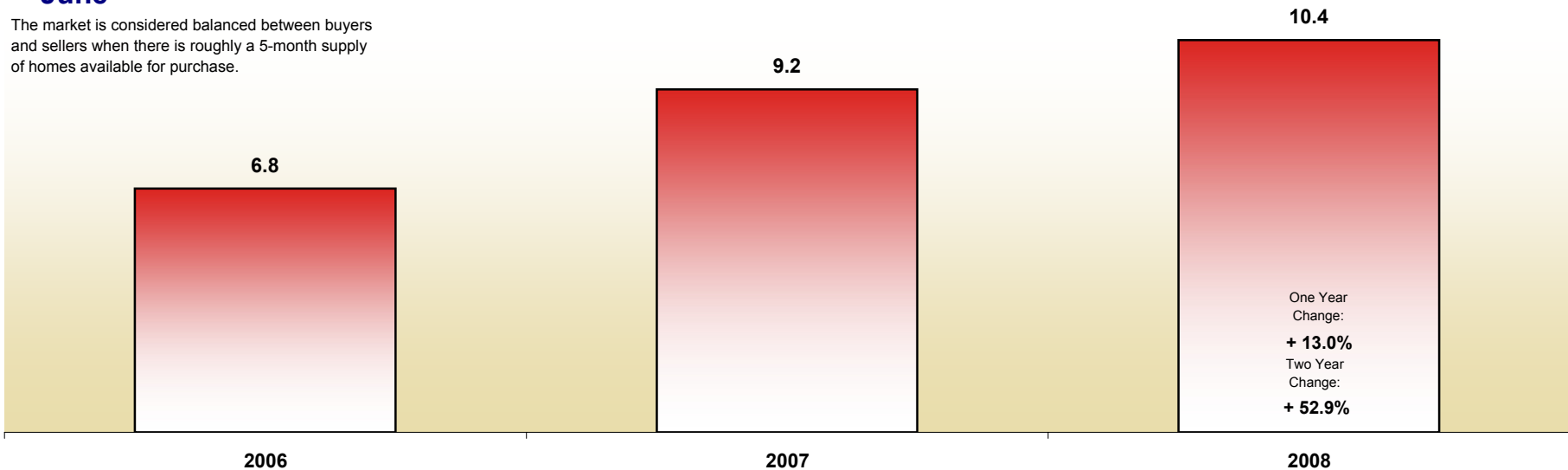
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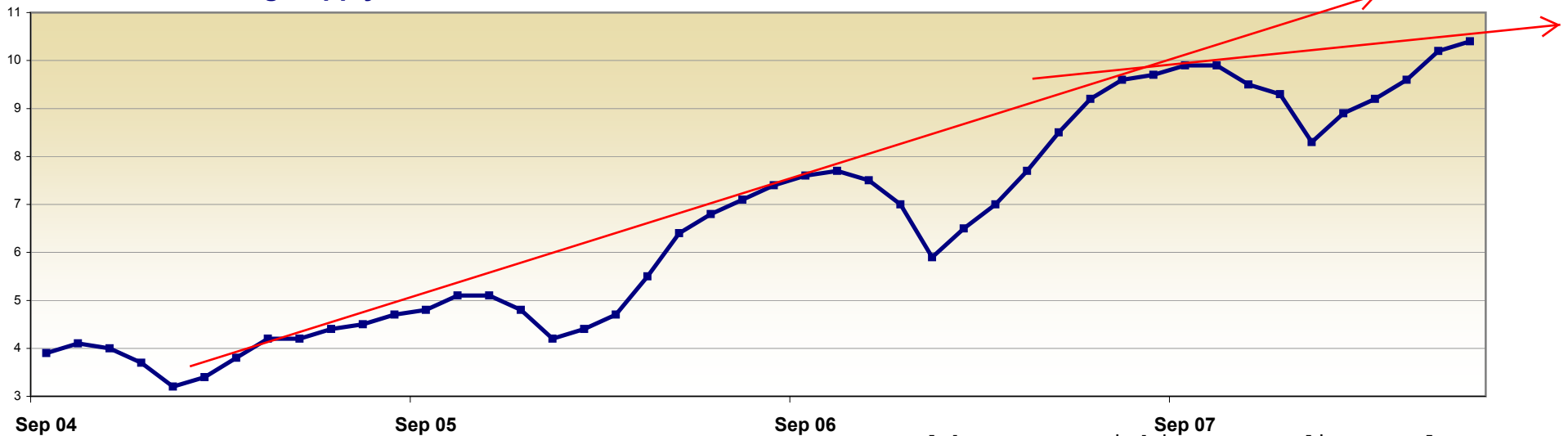
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## June

The market is considered balanced between buyers and sellers when there is roughly a 5-month supply of homes available for purchase.



## Historical Housing Supply Outlook



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# Market Overview

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## May 2008

		2008	2007	Percent Change	5-Year Average	3-Month Forecast	2008 Year-to-Date	2007 Year-to-Date	Percent Change	5-Year Year-to-Date Average	Market Conditions
<b>New Listings</b>	Mar	8,523	10,265	- 17.0%	9,471	↔	25,097	27,503	- 8.7%	25,032	New supply continues its 2008 decline, with sellers and builders cutting back their output dramatically
	Apr	9,506	10,742	- 11.5%	10,351	↔	34,603	38,245	- 9.5%	35,383	
	<b>May</b>	<b>9,436</b>	<b>11,261</b>	<b>- 16.2%</b>	<b>10,340</b>	↔	<b>44,039</b>	<b>49,506</b>	<b>- 11.0%</b>	<b>45,723</b>	
<b>Pending Sales</b>	Mar	3,632	4,254	- 14.6%	5,112	↔	9,281	10,923	- 15.0%	12,193	Summer pending sales should be equal or slightly less than 2007
	Apr	4,208	4,507	- 6.6%	5,472	↔	13,489	15,430	- 12.6%	17,665	
	<b>May</b>	<b>4,418</b>	<b>4,781</b>	<b>- 7.6%</b>	<b>5,654</b>	↔	<b>17,907</b>	<b>20,211</b>	<b>- 11.4%</b>	<b>23,319</b>	
<b>Closed Sales</b>	Mar	2,687	3,056	- 12.1%	3,518	↑	6,665	7,883	- 15.5%	8,507	2008 closed sales are slowly closing the gap on 2007 closed sales
	Apr	3,127	3,440	- 9.1%	3,932	↑	9,792	11,323	- 13.5%	12,439	
	<b>May</b>	<b>3,720</b>	<b>4,298</b>	<b>- 13.4%</b>	<b>4,827</b>	↑	<b>13,512</b>	<b>15,621</b>	<b>- 13.5%</b>	<b>17,266</b>	
<b>Dollar Volume of Closed Sales</b> (in millions)	Mar	\$652.7	\$829.3	- 21.3%	\$899.0	↑	\$1,629.5	\$2,142.6	- 23.9%	\$2,186.0	Total dollar volume shows year-over-year declines despite seasonal sales gains
	Apr	\$769.7	\$900.8	- 14.6%	\$1,019.4	↑	\$2,399.2	\$3,043.4	- 21.2%	\$3,205.4	
	<b>May</b>	<b>\$890.6</b>	<b>\$1,181.9</b>	<b>- 24.6%</b>	<b>\$1,259.7</b>	↑	<b>\$3,289.8</b>	<b>\$4,225.3</b>	<b>- 22.1%</b>	<b>\$4,465.1</b>	
<b>Median Sales Price</b>	Mar	\$200,000	\$221,450	- 9.7%	--	↔	--	--	--	--	Market corrections remain in force but seasonal gains provide relief
	Apr	\$204,500	\$222,000	- 7.9%	--	↔	--	--	--	--	
	<b>May</b>	<b>\$205,000</b>	<b>\$227,495</b>	<b>- 9.9%</b>	--	↔	--	--	--	--	
<b>Average Sales Price</b>	Mar	\$242,896	\$271,368	- 10.5%	\$255,505	↔	\$244,492	\$271,797	- 10.0%	\$256,712	Market corrections remain in force but seasonal gains provide relief
	Apr	\$246,146	\$262,017	- 6.1%	\$259,019	↔	\$245,020	\$268,780	- 8.8%	\$257,487	
	<b>May</b>	<b>\$239,405</b>	<b>\$274,979</b>	<b>- 12.9%</b>	<b>\$260,402</b>	↔	<b>\$243,474</b>	<b>\$270,485</b>	<b>- 10.0%</b>	<b>\$258,311</b>	
<b>Total Active Listings Available at Month End</b>	Mar	30,652	29,285	+ 4.7%	--	↔	--	--	--	--	There is now less inventory for sale than at this time last year, an important benchmark for recovery
	Apr	32,368	31,882	+ 1.5%	--	↔	--	--	--	--	
	<b>May</b>	<b>32,912</b>	<b>33,898</b>	<b>- 2.9%</b>	--	↔	--	--	--	--	
<b>Percent of Original List Price Received At Sale</b>	Mar	91.0%	95.6%	- 4.8%	96.3%	↑	91.0%	95.0%	- 4.2%	96.0%	The spring market brings an increase in what sellers receive relative to their original asking price; this will continue short-term
	Apr	91.7%	95.9%	- 4.4%	96.6%	↑	91.2%	95.3%	- 4.3%	96.2%	
	<b>May</b>	<b>92.6%</b>	<b>95.9%</b>	<b>- 3.4%</b>	<b>96.9%</b>	↑	<b>91.6%</b>	<b>95.5%</b>	<b>- 4.0%</b>	<b>96.4%</b>	
<b>Mortgage Rates</b>	Apr	6.4	6.1	+ 4.9%	6.0	↔	--	--	--	--	Uncertainties in the lending industry bring near-term increases in rates
	May	6.5	6.1	+ 6.6%	6.2	↔	--	--	--	--	
	<b>Jun</b>	<b>6.6</b>	<b>6.3</b>	<b>+ 4.8%</b>	<b>6.3</b>	↔	--	--	--	--	
<b>Supply-Demand Ratio</b> (Homes for Sale Per Buyer)	Apr	7.28	6.50	+ 12.0%	--	↑	--	--	--	--	In the spring and early summer, buyer advantage is not as dramatic
	May	7.33	6.67	+ 9.9%	--	↑	--	--	--	--	
	<b>Jun</b>	<b>8.23</b>	<b>7.53</b>	<b>+ 9.3%</b>	--	↑	--	--	--	--	
<b>Housing Affordability Index</b>	Apr	155	140	+ 10.9%	144	↔	--	--	--	--	While down slightly in recent months, affordability is still much improved relative to last few years
	May	151	139	+ 8.6%	140	↔	--	--	--	--	
	<b>Jun</b>	<b>149</b>	<b>134</b>	<b>+ 11.2%</b>	<b>138</b>	↔	--	--	--	--	
<b>Months Supply of Inventory</b>	Apr	9.6	7.7	+ 24.7%	--	↑	--	--	--	--	Make no mistake: We are still in a buyer's market
	May	10.2	8.5	+ 20.0%	--	↑	--	--	--	--	
	<b>Jun</b>	<b>10.4</b>	<b>9.2</b>	<b>+ 13.0%</b>	--	↑	--	--	--	--	