

FORECLOSURES AND SHORT SALES IN THE TWIN CITIES HOUSING MARKET

Q1 2009 UPDATE

A SPECIAL RESEARCH REPORT FROM THE MINNEAPOLIS AREA ASSOCIATION OF REALTORS®

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The inventory of available foreclosures and short sales (i.e., lender-mediated properties) in the Twin Cities housing market is on the decline. From February 1 to April 1 of 2009, the number of lender-mediated properties for sale dropped by more than 1,200 units to 7,674.

Heavy sales activity brought about by plunging mortgage rates, a federal \$8,000 tax credit for first-time home buyers and record affordability has combined with flattening new foreclosure activity to draw the inventory of foreclosures and short sales down dramatically.

Foreclosures are properties in which the financial institution has repossessed the home from the owner due to nonpayment of mortgage obligations. Short sales are unique arrangements where the financial institution and in-default homeowner work together in an attempt to sell the home before it is foreclosed upon.

Want to see how foreclosures and short sales are affecting various neighborhoods and cities within the Twin Cities metro area? [Click here](#) to access an interactive data board and in-depth neighborhood reports and commentary.

MONTHLY LENDER-MEDIATED INVENTORY

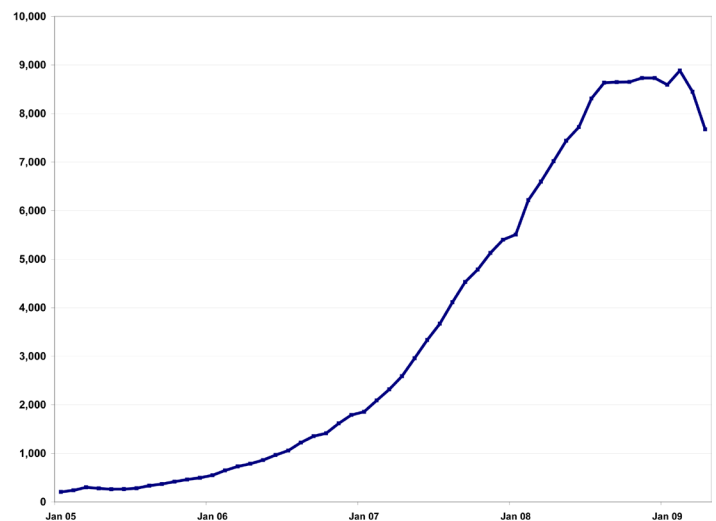


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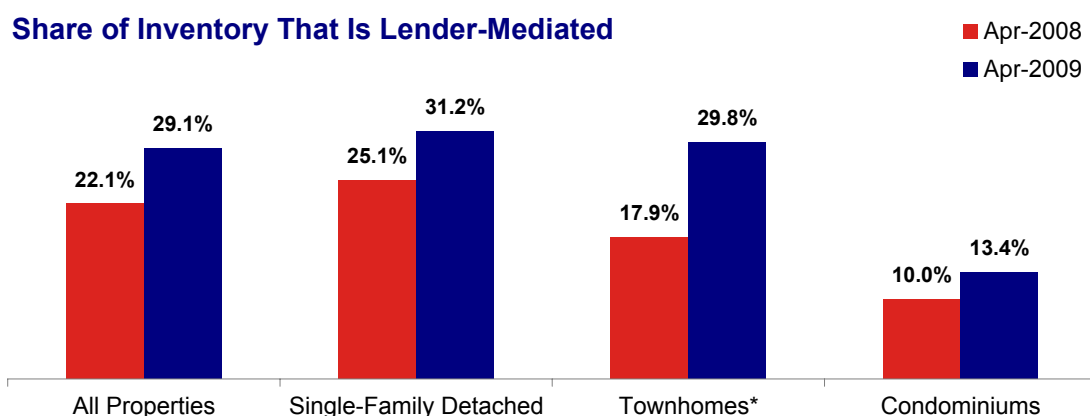


Inventory of Homes for Sale

Property Type	Lender-Mediated			Traditional			Total			Share of Total Inventory That Is Lender-Mediated	
	Apr-08	Apr-09	+/-	Apr-08	Apr-09	+/-	Apr-08	Apr-09	+/-	Apr-08	Apr-09
All Properties	7,017	7,674	+ 9.4%	24,768	18,688	- 24.5%	31,785	26,362	- 17.1%	22.1%	29.1%
Single-Family Detached	5,536	5,682	+ 2.6%	16,538	12,516	- 24.3%	22,074	18,198	- 17.6%	25.1%	31.2%
Townhomes*	1,155	1,630	+ 41.1%	5,302	3,831	- 27.7%	6,457	5,461	- 15.4%	17.9%	29.8%
Condominiums	326	362	+ 11.0%	2,928	2,341	- 20.0%	3,254	2,703	- 16.9%	10.0%	13.4%

*Includes twinhomes

Share of Inventory That Is Lender-Mediated



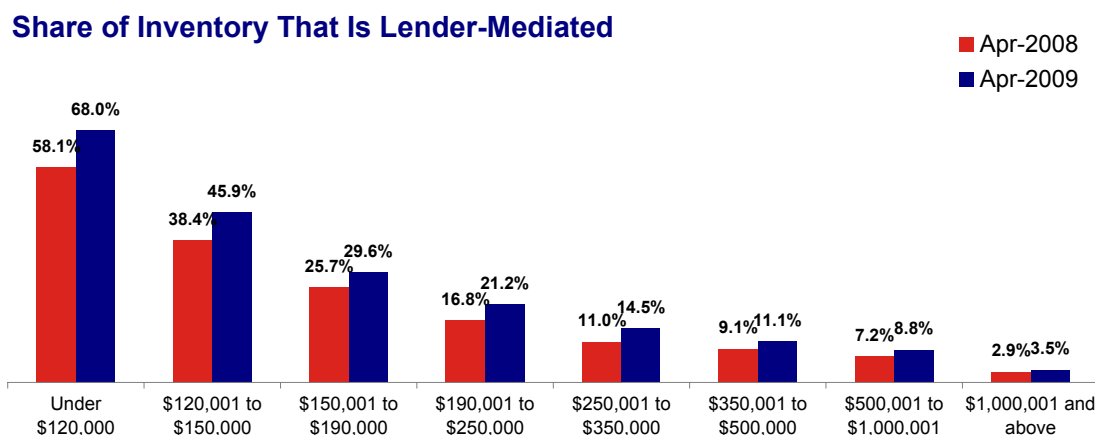
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Thanks to heavy sales of lender-mediated properties, there are now only 9.4 percent more lender-mediated homes for sale than there were last year.

Past quarters have seen year-over-year increases of 30 to 100 percent.

Price Range	Lender-Mediated			Traditional			Total			Share of Total Inventory That Is Lender-Mediated	
	Apr-08	Apr-09	+/-	Apr-08	Apr-09	+/-	Apr-08	Apr-09	+/-	Apr-08	Apr-09
Under \$120,000	2,032	2,827	+ 39.1%	1,466	1,331	- 9.2%	3,498	4,158	+ 18.9%	58.1%	68.0%
\$120,001 to \$150,000	1,239	1,427	+ 15.2%	1,985	1,683	- 15.2%	3,224	3,110	- 3.5%	38.4%	45.9%
\$150,001 to \$190,000	1,452	1,278	- 12.0%	4,193	3,038	- 27.5%	5,645	4,316	- 23.5%	25.7%	29.6%
\$190,001 to \$250,000	1,133	995	- 12.2%	5,627	3,705	- 34.2%	6,760	4,700	- 30.5%	16.8%	21.2%
\$250,001 to \$350,000	617	599	- 2.9%	4,997	3,518	- 29.6%	5,614	4,117	- 26.7%	11.0%	14.5%
\$350,001 to \$500,000	330	313	- 5.2%	3,289	2,507	- 23.8%	3,619	2,820	- 22.1%	9.1%	11.1%
\$500,001 to \$1,000,001	193	208	+ 7.8%	2,504	2,152	- 14.1%	2,697	2,360	- 12.5%	7.2%	8.8%
\$1,000,001 and above	21	27	+ 28.6%	707	754	+ 6.6%	728	781	+ 7.3%	2.9%	3.5%
All Prices	7,017	7,674	+ 9.4%	24,768	18,688	- 24.5%	31,785	26,362	- 17.1%	22.1%	29.1%

Share of Inventory That Is Lender-Mediated



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The number of lender-mediated homes for sale is less than a year ago for 4 of our 8 price ranges.

Below \$150,000 and above \$500,000, the number of lender-mediated homes for sale has increased, while the middle ranges have declined.



Median Prices

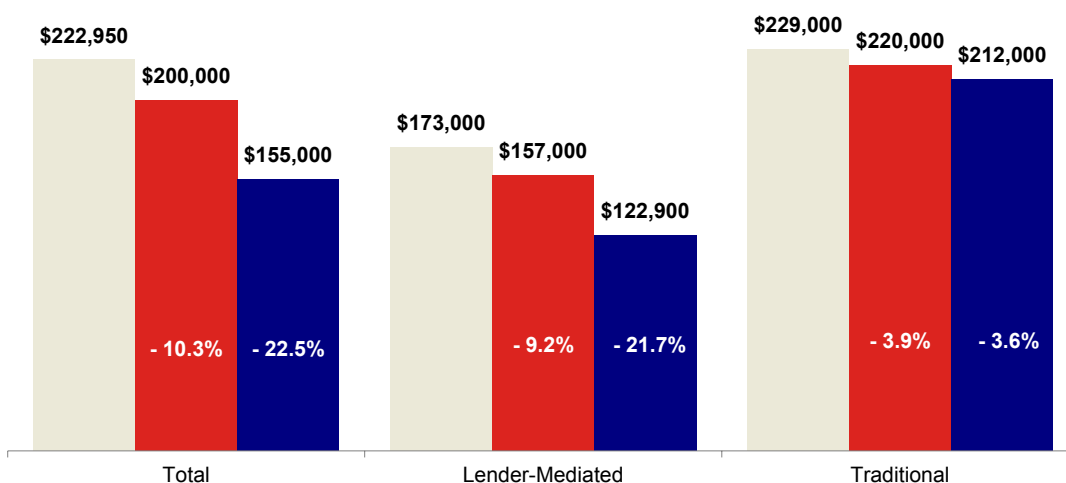
	Lender-Mediated				Traditional				Total			
	Q1 2007	Q1 2008	Q1 2009	1-Yr Change	Q1 2007	Q1 2008	Q1 2009	1-Yr Change	Q1 2007	Q1 2008	Q1 2009	1-Yr Change
All Properties	\$173,000	\$157,000	\$122,900	- 21.7%	\$229,000	\$220,000	\$212,000	- 3.6%	\$222,950	\$200,000	\$155,000	- 22.5%
Single-Family Detached	\$179,700	\$166,250	\$127,500	- 23.3%	\$249,900	\$239,900	\$228,000	- 5.0%	\$240,950	\$218,000	\$162,500	- 25.5%
Townhomes*	\$157,000	\$139,900	\$115,500	- 17.4%	\$188,429	\$179,990	\$168,000	- 6.7%	\$185,000	\$169,990	\$138,000	- 18.8%
Condominiums	\$119,500	\$87,000	\$90,300	+ 3.8%	\$166,900	\$195,383	\$173,400	- 11.3%	\$165,000	\$184,300	\$132,000	- 28.4%

*Includes twinhomes

Q1 Median Sales Prices

Q1 2007 Q1 2008 Q1 2009

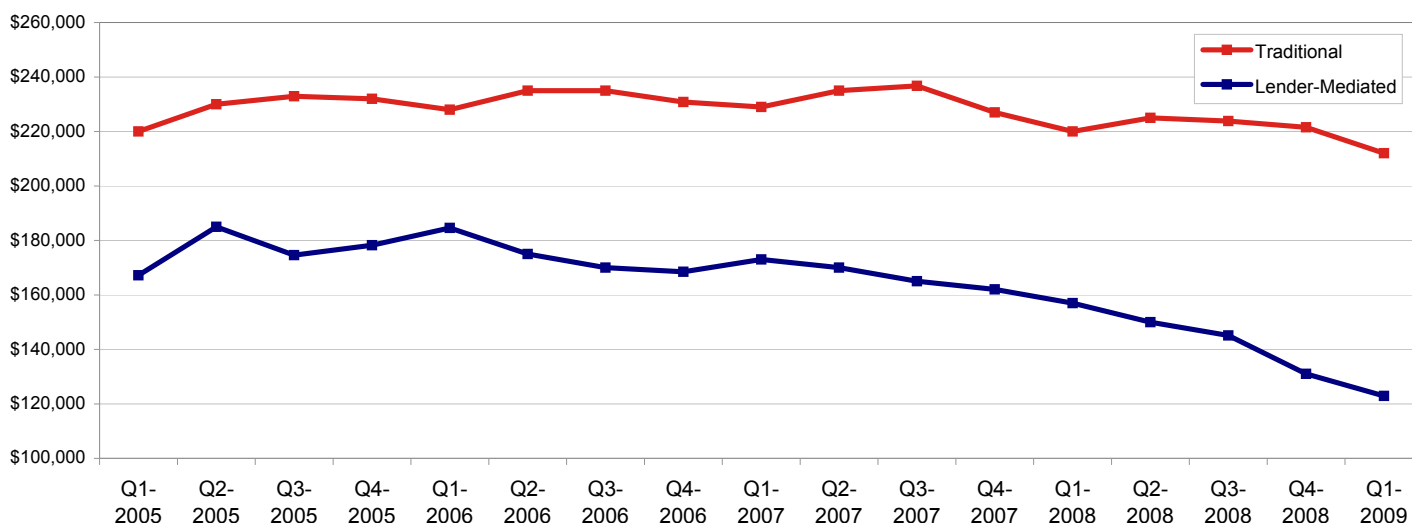
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For all property types, home prices in the traditional market haven't declined as precipitously as the lender-mediated market.

The overall median sales price for all properties is skewed downward by the increased market share of foreclosures and short sales.

Historical Median Sales Prices

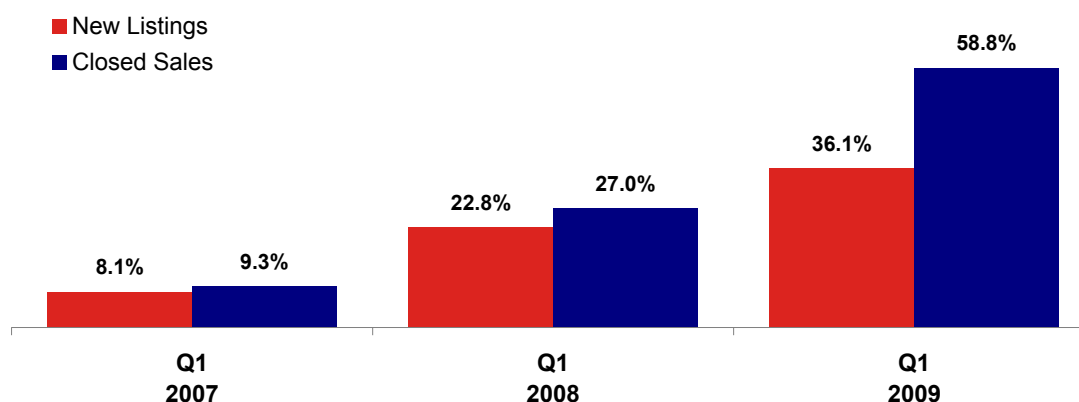




New Listings and Closed Sales

	Lender-Mediated				Traditional				Total				Share of Market Activity That is Lender-Mediated		
	Q1 2007	Q1 2008	Q1 2009	1-Yr Change	Q1 2007	Q1 2008	Q1 2009	1-Yr Change	Q1 2007	Q1 2008	Q1 2009	1-Yr Change	Q1 2007	Q1 2008	Q1 2009
New Listings	2,232	5,713	7,785	+ 156.0%	25,294	19,398	13,786	- 28.9%	27,526	25,111	21,571	- 21.6%	8.1%	22.8%	36.1%
Closed Sales	751	1,858	4,213	+ 147.4%	7,289	5,018	2,952	- 41.2%	8,040	6,876	7,165	- 10.9%	9.3%	27.0%	58.8%

Share of Market Activity That Is Lender-Mediated

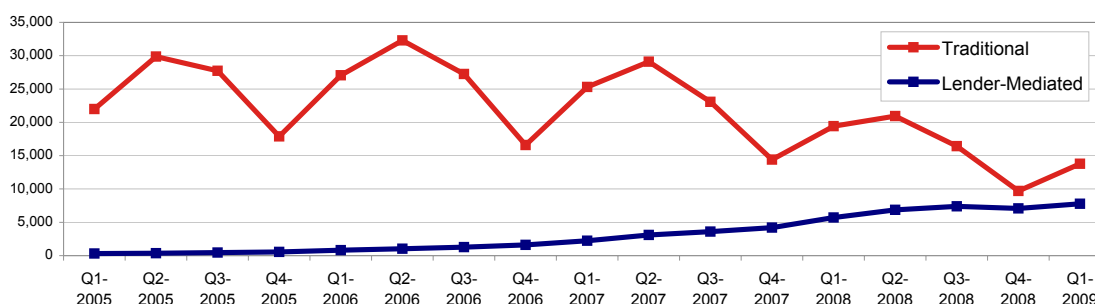


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The share of closed sales that are lender-mediated now far exceeds their share of new listings.

This is because the decline in traditional sales has been stronger than the decline in traditional new listings.

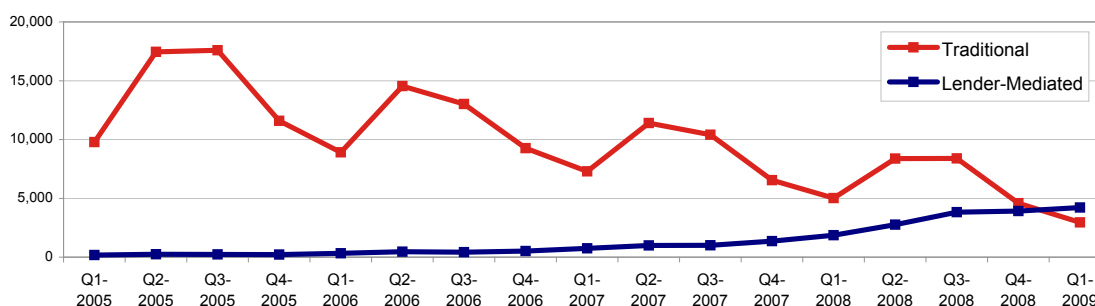
New Listings



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Compared to Q4 2008, Q1 2009 saw a slight increase in new lender-mediated listings, likely due to seasonal re-listings.

Closed Sales



Traditional new listings also saw a seasonal bump upwards as home sellers listed more frequently but remain 28.9 percent down from last year at this time.

POSTSCRIPT: EXPLANATION OF METHODOLOGY

As with previous reports, the Q1 2009 Update relies in part upon the analysis of subjective remarks that REALTORS® employ when listing properties in the Twin Cities Regional Multiple Listing Service, and in part upon a data field in this same system called “In Foreclosure/Bank-Owned” that allows users to mark properties that fit within this legal definition.

As such, a property is lender-mediated when either of the following rules are met:

- In Foreclosure/Bank-Owned = “Yes”
- One of the following terms are found in Agent Remarks, Public Remarks or Financial Remarks:

- | | | | |
|--------------------|---------------------|------------------------|--------------------|
| • bank owned | • preforeclosure | • subject to corp | • subject to third |
| • short sale | • subject to bank | • corporate owned | • hud-acquire |
| • bank approv | • subject to 3rd | • corp owned | • hud-acquired |
| • lender approv | • subject to lender | • corp. owned | • corporate-owned |
| • 3rd party approv | • redemption | • bank-owned | • corp-owned |
| • foreclosure | • shortsale | • short-sale | • corp owner |
| • preforeclosure | • reo | • 3rd-party approval | • subj to corp |
| • forclosure | • hud acquire | • third-party approval | |

Note: properties containing these specific phrases in the same remark fields are NOT counted as lender-mediated

- | | | |
|---------------------|--------------------|--------------------|
| • not a foreclosure | • not a short sale | • not a short-sale |
| • not a forclosure | • not a shortsale | |