

# Annual Report on the Southeast Minnesota Housing Market

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FOR RESIDENTIAL REAL ESTATE ACTIVITY IN THE SOUTHEAST MINNESOTA MLS SERVICE AREA



# 2017

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FOR RESIDENTIAL REAL ESTATE ACTIVITY IN THE SOUTHEAST MINNESOTA MLS SERVICE AREA



**There** is an ongoing and undeniable national housing shortage. Year-over-year inventory levels have been down in most markets for several years now, and that trend is expected to persist in 2018. Consumers are still purchasing for the first time and relocating to other, presumably more ideal homes. Having the financial ability to make a move clearly seems feasible to many eager buyers amidst a healthy economy, whether life events such as marriage, children, employment change or desirable downsizing is the reason for moving.

There are further positive signs on the horizon, as builder confidence has improved and construction job gains are measurably higher. It will still take more effort than a lone year can provide for building activity to reach a needed level for inventory balance, but a step in the right direction is welcome.

More sellers should feel ready and willing to list in 2018. Economic indicators such as unemployment rates and consumer confidence are in an improved state, and sellers currently hold the keys in the buyer-seller relationship. This does not mean that sellers can set their price and watch the offers roll in. On the contrary, buyers will be poised to test prevailing price points, particularly in markets where home price increases are outpacing wage growth and in light of the fact that mortgage rates are expected to increase further in 2018.

**Sales:** Pending sales decreased 3.1 percent, landing at 6,063 to close out the year. Similarly, closed sales declined by 2.2 percent to finish 2017 at 6,118. Although there were fewer sales than last year, this cannot be pinned on low demand. Low inventory has been an ongoing issue, and fewer homes available for sale often equates to fewer sales.

**Listings:** Year-over-year, the number of homes available for sale was lower by 14.7 percent. There were 1,021 active listings at the end of 2017. New listings decreased by 2.5 percent to finish the year at 6,836. Home supply was once again lower than desired in 2017.

**Showings:** Demand was high throughout 2017, thus showings were up. Homes for sale received, on average, 13.9 percent more showings. There were 11 showings before pending, which was up 5.6 percent compared to 2016.

**Prices:** Home prices were up compared to last year. The overall median sales price increased 7.0 percent to \$176,500 for the year. Prices are expected to rise at a slow rate in 2018. Single Family home prices were up 7.9 percent compared to last year, and Townhouse-Condo home prices were up 6.2 percent.

**List Price Received:** Sellers received 96.8 percent of their original list price received at sale, a mild year-over-year improvement of 0.8 percent. Sales prices are expected to increase further in 2018, which should bring original list price received at sale up as well.

The historic tax reforms due to make their mark in 2018 will have varying effects across the nation. High-priced coastal markets may feel the changes stronger than the middle of the country. And some potential buyers may see the changes as providing less of an investment benefit for homeowners.

Some observers warn that there might be enough lack of incentives to stifle homeownership, which is already near 50-year lows. Policy makers claim that the reforms will help boost economic activity and profitability. Whichever direction we ultimately turn, the next year appears to offer a dalliance with balance intended to intrigue both sides of the transaction toward a common middle ground.

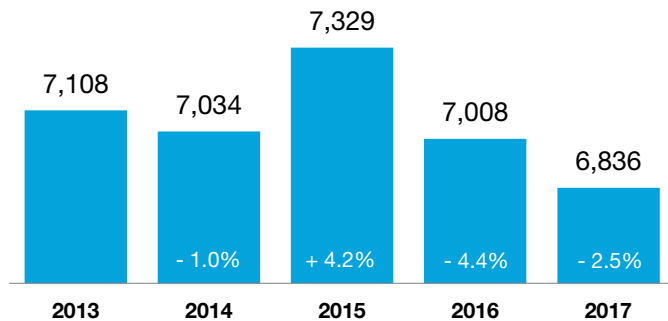
For those who have their minds made up to buy a home in 2018, it will likely be a competitive ride. The trend has widely been toward fewer days on market and fewer months of supply, indicating strong demand despite higher prices and low inventory. This could prove tricky for first-time home buyers, especially for those who are impacted by student loan debt, content to rent or among the more than 15 percent of adult children still living at home. In a landscape rife with new variables, residential real estate is certainly poised to offer an interesting and active year ahead.

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# Quick Facts

## New Listings



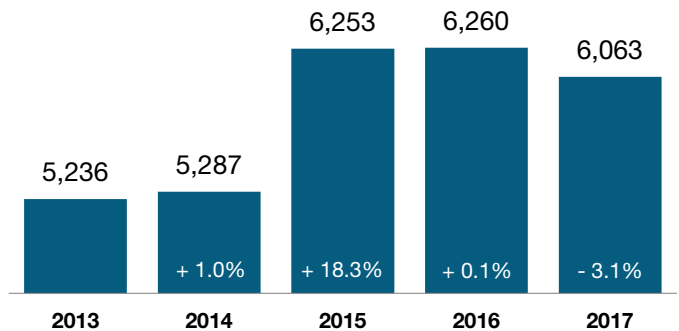
### Top 5 Areas: Change in New Listings from 2016

Zumbrota	+ 43.8%
Waseca	+ 25.4%
Pine Island	+ 24.7%
Kasson	+ 23.4%
Oronoco	+ 21.4%

### Bottom 5 Areas: Change in New Listings from 2016

Austin	- 14.6%
Stewartville	- 16.8%
Blooming Prairie	- 17.4%
Owatonna	- 18.3%
Grand Meadow	- 27.3%

## Pending Sales



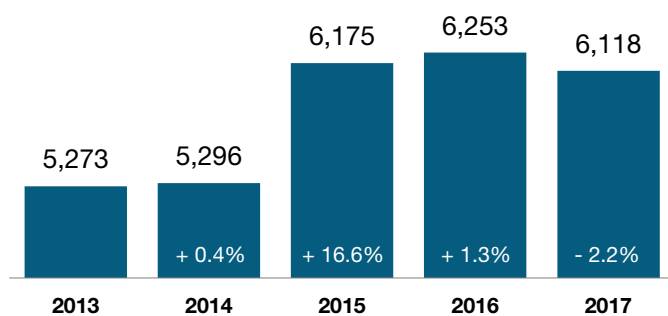
### Top 5 Areas: Change in Pending Sales from 2016

Waseca	+ 38.3%
Dodge Center	+ 18.2%
Zumbrota	+ 17.1%
Pine Island	+ 15.4%
Spring Valley	+ 9.3%

### Bottom 5 Areas: Change in Pending Sales from 2016

Stewartville	- 21.0%
Caledonia	- 22.2%
Preston	- 30.8%
Grand Meadow	- 34.6%
Blooming Prairie	- 40.0%

## Closed Sales



### Top 5 Areas: Change in Closed Sales from 2016

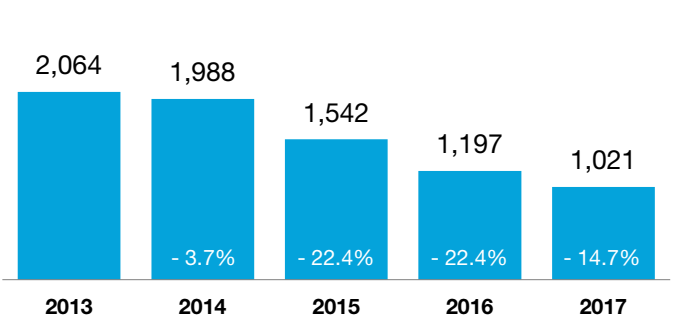
Waseca	+ 38.3%
Dodge Center	+ 17.9%
Zumbrota	+ 15.7%
Pine Island	+ 13.3%
Spring Valley	+ 13.2%

### Bottom 5 Areas: Change in Closed Sales from 2016

Chatfield	- 15.0%
Caledonia	- 26.3%
Preston	- 33.3%
Grand Meadow	- 37.0%
Blooming Prairie	- 46.2%

## Inventory of Homes for Sale

At the end of the year.



### Top 5 Areas: Change in Homes for Sale from 2016

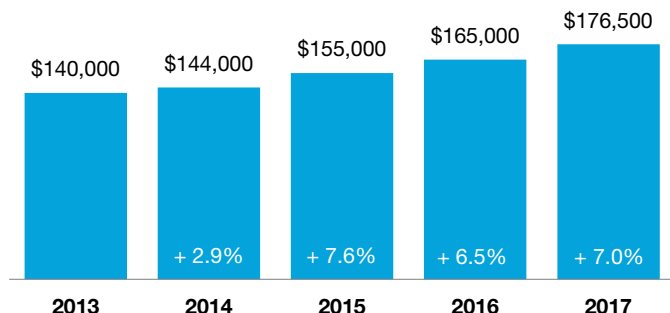
Preston	+ 233.3%
Byron	+ 105.6%
Blooming Prairie	+ 100.0%
Kasson	+ 72.7%
Hayfield	+ 50.0%

### Bottom 5 Areas: Change in Homes for Sale from 2016

Albert Lea	- 35.0%
Owatonna	- 41.9%
Dodge Center	- 42.9%
Spring Valley	- 45.5%
Grand Meadow	- 50.0%

# Quick Facts

## Median Sales Price



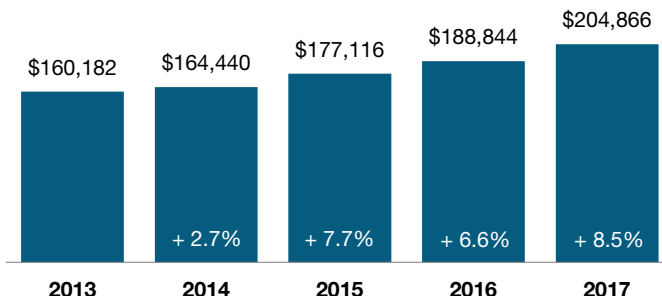
### Top 5 Areas: Change in Median Sales Price from 2016

Hayfield	+ 35.6%
Dodge Center	+ 27.8%
Waseca	+ 25.2%
Byron	+ 17.4%
Preston	+ 16.0%

### Bottom 5 Areas: Change in Median Sales Price from 2016

Zumbrota	+ 3.1%
St. Charles	+ 0.0%
Winona	- 0.1%
Albert Lea	- 1.1%
Caledonia	- 4.2%

## Average Sales Price



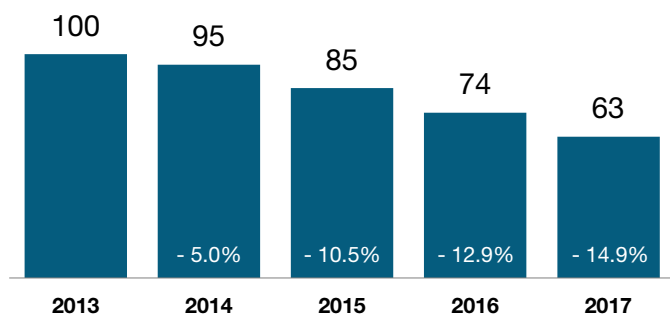
### Top 5 Areas: Change in Avg. Sales Price from 2016

Hayfield	+ 43.9%
Waseca	+ 34.2%
Grand Meadow	+ 30.6%
Dodge Center	+ 25.0%
Preston	+ 12.6%

### Bottom 5 Areas: Change in Avg. Sales Price from 2016

Zumbrota	- 0.6%
Stewartville	- 0.9%
Wabasha	- 1.6%
Winona	- 2.7%
Caledonia	- 15.5%

## Days on Market Until Sale



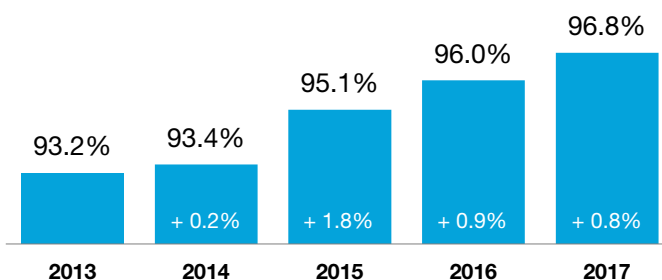
### Top 5 Areas: Change in Days on Market from 2016

La Crescent	+ 24.7%
Caledonia	+ 9.6%
Wabasha	+ 5.0%
Lake City	0.0%
Rochester	- 2.0%

### Bottom 5 Areas: Change in Days on Market from 2016

Oronoco	- 31.0%
Preston	- 41.9%
Plainview	- 43.5%
Zumbrota	- 51.1%
Blooming Prairie	- 54.5%

## Percent of Original List Price Received



### Top 5 Areas: Change in Pct. of Orig. Price Received from 2016

Grand Meadow	+ 7.2%
Plainview	+ 4.2%
Dodge Center	+ 4.0%
Zumbrota	+ 3.8%
Hayfield	+ 3.4%

### Bottom 5 Areas: Change in Pct. of Orig. Price Received from 2016

Spring Valley	0.0%
Byron	- 0.3%
Lake City	- 0.4%
Owatonna	- 1.3%
Caledonia	- 4.7%

# Price Range Review

**\$150,001 to \$200,000**

Price Range with Shortest Average Market Time

**\$300,001 and Above**

Price Range with Longest Average Market Time

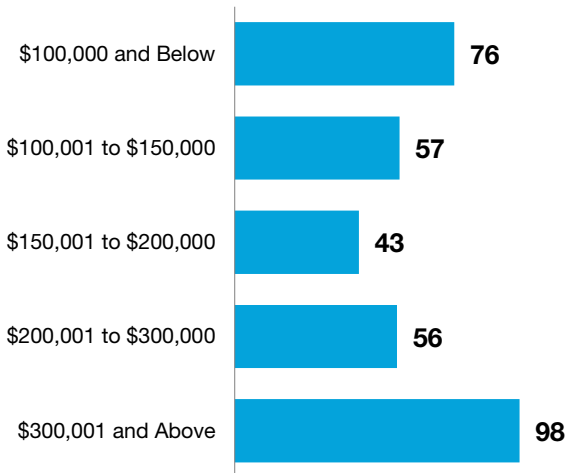
**11.2%**

of Homes for Sale at Year End Priced \$100,000 and Below

**+ 8.7%**

One-Year Change in Homes for Sale Priced \$100,000 and Below

## Days on Market Until Sale by Price Range



## Share of Homes for Sale \$100,000 and Below



**\$200,001 to \$300,000**

Price Range with the Most Closed Sales

**+ 16.9%**

Price Range with Strongest One-Year Change in Sales: \$200,001 to \$300,000

**\$300,001 and Above**

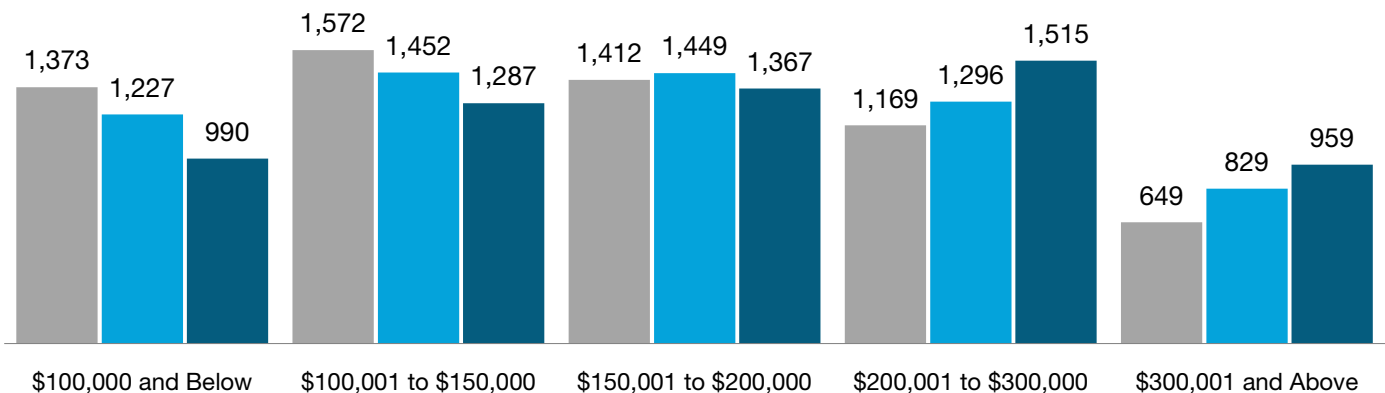
Price Range with the Fewest Closed Sales

**- 19.3%**

Price Range with Weakest One-Year Change in Sales: \$100,000 and Below

## Closed Sales by Price Range

■ 2015 ■ 2016 ■ 2017



# Property Type Review

**63**

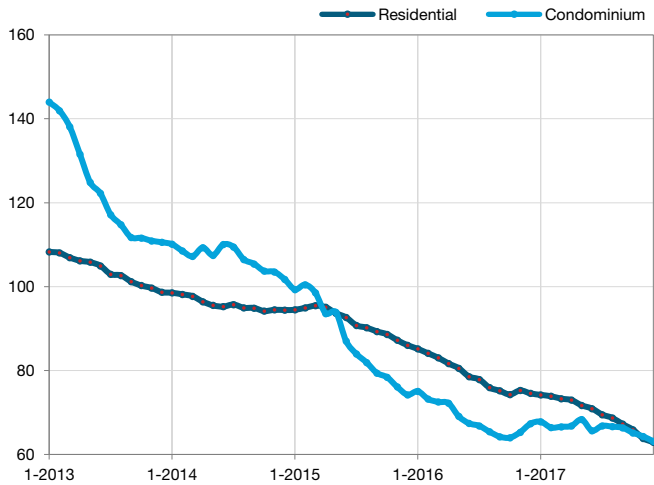
Average Days on Market  
Single Family

**63**

Average Days on Market  
Townhouse-Condo

## Days on Market Until Sale

This chart uses a rolling 12-month average for each data point.



## Top Areas: Townhouse-Condo Market Share in 2017

Lake City	25.0%
Rochester	19.5%
Grand Meadow	17.6%
Byron	17.0%
Wabasha	15.0%
Stewartville	11.8%
Albert Lea	8.0%
Chatfield	7.8%
Austin	5.6%
Pine Island	4.7%
Owatonna	4.0%
Plainview	3.9%
Caledonia	3.6%
St. Charles	3.6%
Waseca	3.1%
Kasson	2.8%

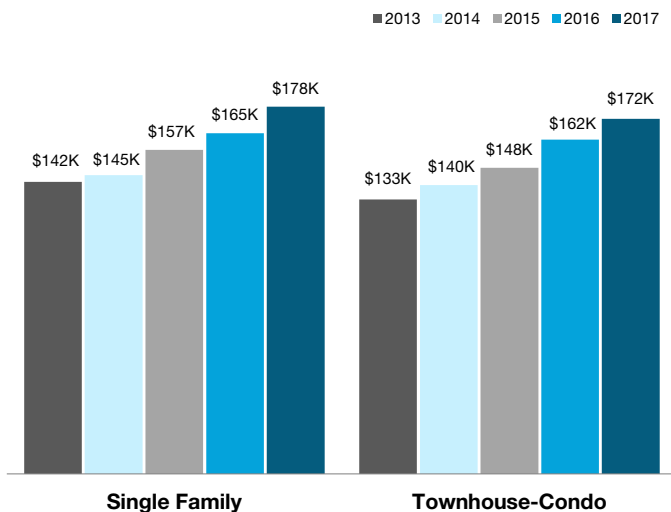
**+ 7.9%**

One-Year Change in Price  
Single Family

**+ 6.2%**

One-Year Change in Price  
Townhouse-Condo

## Median Sales Price



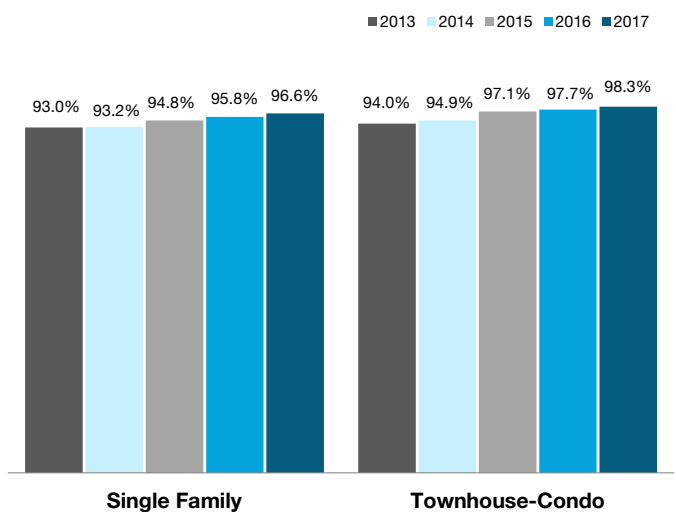
**96.6%**

Pct. of Orig. Price Received  
Single Family

**98.3%**

Pct. of Orig. Price Received  
Townhouse-Condo

## Percent of Original List Price Received



# Square Foot Range Review

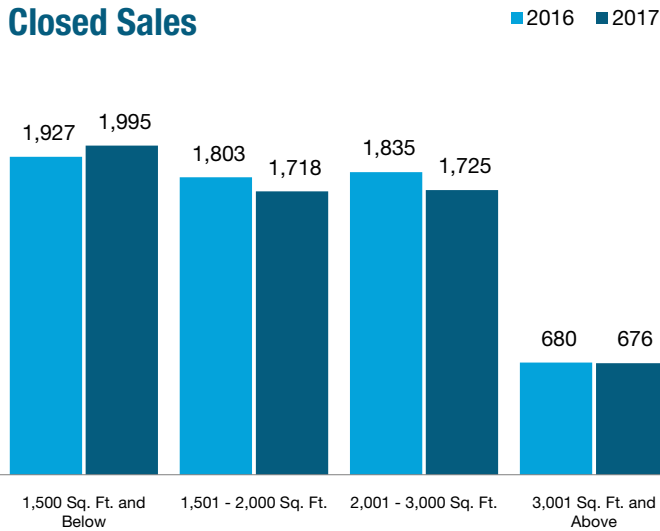
**- 4.7%**

Reduction in Closed Sales  
1,501 - 2,000 Sq. Ft.

**- 6.0%**

Reduction in Closed Sales  
2,000 to 2,999 Sq Ft

## Closed Sales



### Top Areas: 1,500 Sq. Ft. and Below Market Share in 2017

Rochester	30.7%
Austin	10.1%
Winona	8.9%
Owatonna	5.7%
Kasson	2.0%
Lake City	1.9%
Wabasha	1.5%
Stewartville	1.4%
Byron	1.2%
Spring Valley	1.1%
Dodge Center	1.1%
Waseca	1.0%
St. Charles	1.0%
Zumbrota	1.0%
Blooming Prairie	0.9%
Pine Island	0.8%

**92.4%**

Percent of Original List Price  
Received in 2017 for  
1,500 Sq. Ft. and Below

**93.9%**

Percent of Original List Price  
Received in 2017 for  
1,501 - 2,000 Sq. Ft.

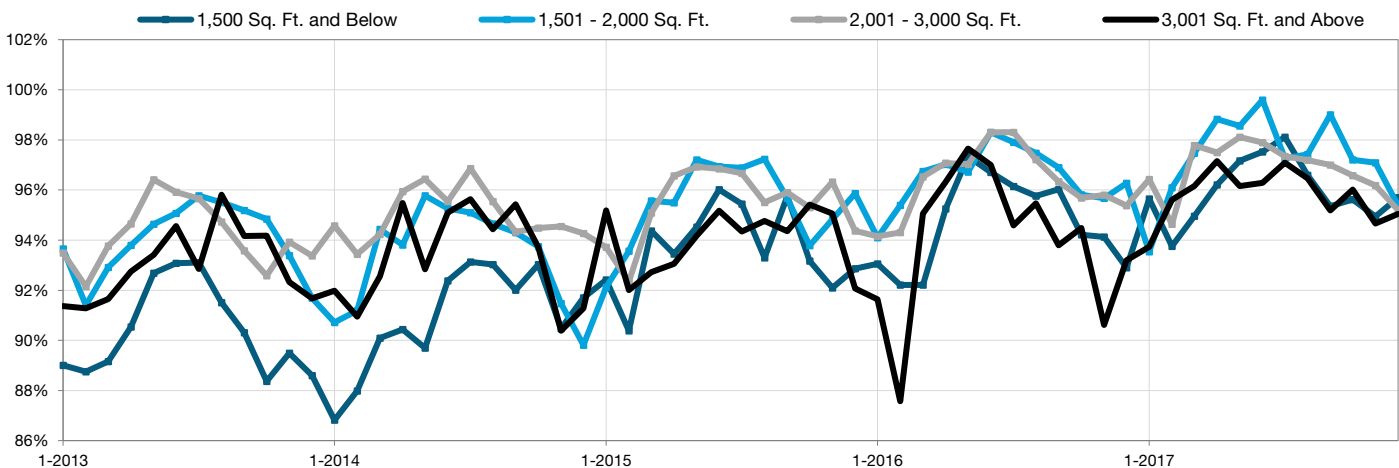
**93.7%**

Percent of Original List Price  
Received in 2017 for  
2,001 - 3,000 Sq. Ft.

**92.9%**

Percent of Original List Price  
Received in 2017 for  
3,001 Sq. Ft. and Above

## Percent of Original List Price Received



# Showings Review

**11**

Median Number of Showings Before Pending

**+ 5.6%**

One-Year Change in Median Showings Before Pending

## Monthly Number of Showings



### Top 10 Areas: Number of Showings

Rochester	33,568
Austin	5,962
Owatonna	5,908
Albert Lea	5,012
Winona	2,837
Kasson	1,615
Lake City	1,429
Byron	1,314
Pine Island	960
Stewartville	950

### Top 10 Areas: Number of Showings per Listing

Rochester	13.8
Owatonna	13.7
Albert Lea	11.7
Oronoco	11.5
Kasson	11.5
Austin	11.5
Stewartville	11.1
Grand Meadow	11.0
Blooming Prairie	10.2
Dodge Center	10.1

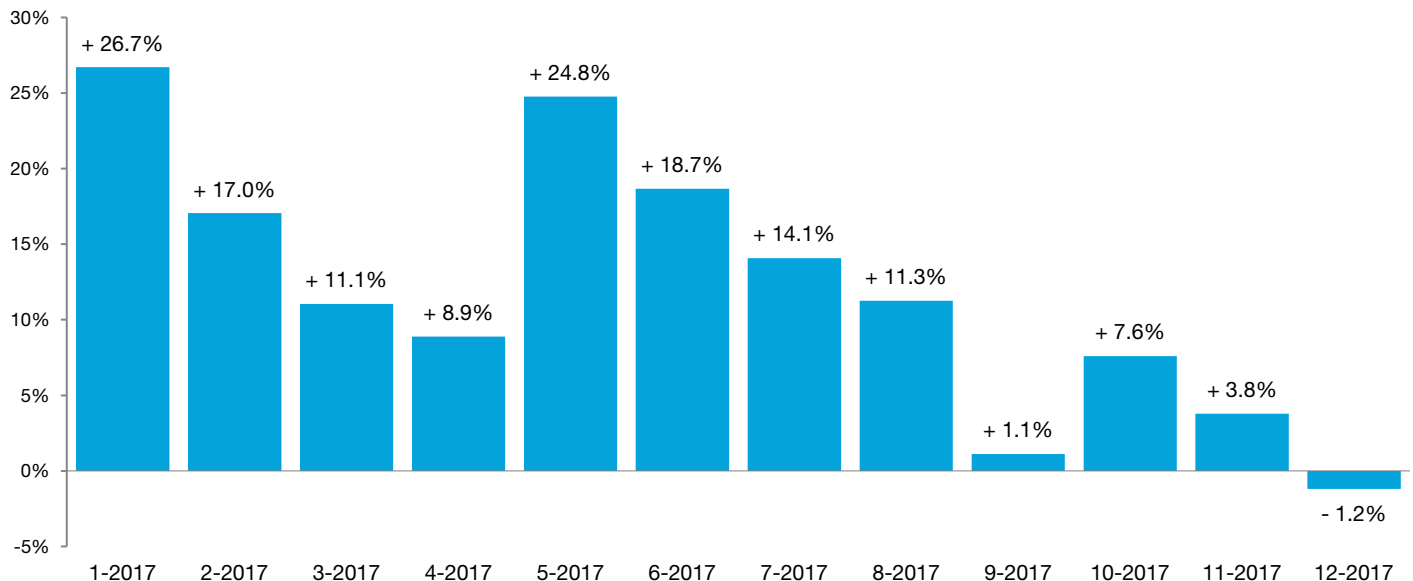
**+ 13.9%**

One-Year Change in Total Showings

**March '17**

Peak Showing Activity Month

## 2016 Year-Over-Year Change in Monthly Showings per Listing







# Area Overviews

	Total Closed Sales	Change from 2016	Percent Single Family	Percent Townhouse-Condo	Showings per Listing	New Listings	Months Supply of Inventory*	Days on Market	Pct. of List Price Received
<b>Entire MLS</b>	<b>6,118</b>	<b>- 2.2%</b>	<b>88.4%</b>	<b>10.9%</b>	<b>11</b>	<b>6,836</b>	<b>2.0</b>	<b>63</b>	<b>98.7%</b>
Albert Lea	338	+ 5.6%	90.5%	8.0%	12	364	2.4	82	96.2%
Austin	413	- 7.8%	94.2%	5.6%	11	462	1.9	65	97.2%
Bloomington Prairie	28	- 46.2%	96.4%	0.0%	10	38	2.7	46	97.1%
Byron	135	- 9.4%	82.2%	17.0%	9	157	3.5	60	99.8%
Caledonia	28	- 26.3%	96.4%	3.6%	2	38	3.9	125	92.8%
Chatfield	51	- 15.0%	90.2%	7.8%	8	57	1.8	62	99.2%
Dodge Center	66	+ 17.9%	98.5%	1.5%	10	68	0.7	49	100.1%
Grand Meadow	17	- 37.0%	82.4%	17.6%	11	16	1.1	103	98.6%
Hayfield	46	+ 9.5%	97.8%	2.2%	7	49	2.6	55	98.6%
Kasson	145	+ 6.6%	97.2%	2.8%	12	158	1.6	49	100.1%
La Crescent	41	- 12.8%	100.0%	0.0%	3	50	5.0	96	98.3%
Lake City	120	+ 3.4%	74.2%	25.0%	8	153	3.8	124	96.1%
Oronoco	37	- 14.0%	100.0%	0.0%	12	51	2.7	60	98.8%
Owatonna	372	- 14.5%	95.4%	4.0%	14	392	1.6	59	99.1%
Preston	18	- 33.3%	100.0%	0.0%	5	29	5.6	61	97.1%
Pine Island	85	+ 13.3%	94.1%	4.7%	10	101	1.2	48	100.3%
Plainview	51	- 10.5%	94.1%	3.9%	5	52	0.7	35	101.1%
Rochester	2,350	- 0.2%	80.0%	19.5%	14	2,521	1.4	48	100.2%
Spring Valley	60	+ 13.2%	98.3%	1.7%	7	61	1.2	65	97.8%
St. Charles	56	- 6.7%	94.6%	3.6%	9	62	2.2	67	99.2%
Stewartville	85	- 12.4%	88.2%	11.8%	11	89	1.2	44	99.7%
Wabasha	60	+ 11.1%	85.0%	15.0%	6	73	3.8	126	97.0%
Waseca	65	+ 38.3%	89.2%	3.1%	7	74	2.2	69	97.1%
Winona	393	+ 3.7%	95.7%	4.1%	9	423	2.2	66	97.5%
Zumbrota	81	+ 15.7%	95.1%	4.9%	9	92	1.3	68	99.5%



# Area Historical Median Prices

	2013	2014	2015	2016	2017	Change From 2016	Change From 2013
<b>Entire MLS</b>	<b>\$140,000</b>	<b>\$144,000</b>	<b>\$155,000</b>	<b>\$165,000</b>	<b>\$176,500</b>	<b>+ 7.0%</b>	<b>+ 26.1%</b>
Albert Lea	\$77,500	\$80,350	\$81,500	\$91,000	\$90,000	- 1.1%	+ 16.1%
Austin	\$89,900	\$89,950	\$92,000	\$97,250	\$104,750	+ 7.7%	+ 16.5%
Bloomington Prairie	\$99,250	\$97,150	\$110,000	\$119,000	\$124,249	+ 4.4%	+ 25.2%
Byron	\$184,750	\$186,375	\$191,000	\$229,900	\$269,900	+ 17.4%	+ 46.1%
Caledonia	\$89,000	\$85,000	\$128,950	\$116,900	\$112,000	- 4.2%	+ 25.8%
Chatfield	\$124,456	\$139,900	\$139,900	\$146,500	\$154,900	+ 5.7%	+ 24.5%
Dodge Center	\$112,750	\$129,780	\$133,900	\$118,950	\$152,000	+ 27.8%	+ 34.8%
Grand Meadow	\$88,100	\$92,500	\$104,000	\$115,000	\$131,250	+ 14.1%	+ 49.0%
Hayfield	\$106,000	\$111,250	\$107,450	\$116,000	\$157,250	+ 35.6%	+ 48.3%
Kasson	\$146,000	\$144,000	\$168,200	\$184,950	\$200,000	+ 8.1%	+ 37.0%
La Crescent	\$138,000	\$156,750	\$181,000	\$192,500	\$215,000	+ 11.7%	+ 55.8%
Lake City	\$156,500	\$155,000	\$176,200	\$174,850	\$187,500	+ 7.2%	+ 19.8%
Oronoco	\$302,000	\$301,000	\$316,632	\$350,000	\$395,000	+ 12.9%	+ 30.8%
Owatonna	\$135,200	\$135,000	\$147,000	\$153,900	\$160,000	+ 4.0%	+ 18.3%
Preston	\$70,050	\$95,000	\$89,000	\$97,000	\$112,500	+ 16.0%	+ 60.6%
Pine Island	\$164,450	\$163,250	\$193,000	\$206,180	\$212,900	+ 3.3%	+ 29.5%
Plainview	\$130,250	\$137,000	\$136,500	\$144,000	\$161,800	+ 12.4%	+ 24.2%
Rochester	\$165,000	\$169,900	\$181,480	\$197,500	\$220,000	+ 11.4%	+ 33.3%
Spring Valley	\$72,750	\$103,500	\$104,000	\$124,500	\$130,325	+ 4.7%	+ 79.1%
St. Charles	\$138,250	\$127,000	\$154,000	\$169,900	\$169,950	+ 0.0%	+ 22.9%
Stewartville	\$155,250	\$159,900	\$159,900	\$172,000	\$180,670	+ 5.0%	+ 16.4%
Wabasha	\$145,650	\$147,800	\$158,000	\$145,000	\$158,000	+ 9.0%	+ 8.5%
Waseca	\$113,950	\$81,275	\$88,000	\$115,000	\$144,000	+ 25.2%	+ 26.4%
Winona	\$127,500	\$130,000	\$136,935	\$140,000	\$139,900	- 0.1%	+ 9.7%
Zumbrota	\$156,000	\$153,775	\$170,000	\$193,950	\$199,900	+ 3.1%	+ 28.1%