

Annual Report on the Southeast Minnesota Housing Market

FOR RESIDENTIAL REAL ESTATE ACTIVITY IN THE SOUTHEAST MINNESOTA SERVICE AREA



2018

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While the 2017 housing market was marked by renewed optimism fueled by stock market strength, higher wages and a competitive environment for home sales, 2018 delivered a more seasoned prudence toward residential real estate. Home buyers, now steeped in several years of rising prices and low inventory, became more selective in their purchase choices as housing affordability achieved a ten-year low.

Yet the appetite for home buying remained strong enough to drive prices upward in virtually all markets across the country. In fact, national home prices have risen 53 percent from February 2012 to September 2018. That mark is a less dramatic but still sizable 40 percent increase when inflation is factored in.

The national median household income was last reported with a year-over-year increase of 1.8 percent, while home prices have gone up 5.5 percent in roughly the same amount of time. That kind of gap can't be sustained indefinitely, but prices are still expected to rise in most areas, albeit at a much slower pace.

Sales: Pending sales decreased 4.4 percent, closing 2018 at 6,212. Closed sales were down 5.4 percent to finish the year at 6,200. A booming economy would seem to indicate more sales, but fewer homes to choose from coupled with lower affordability made it tougher for buyers in 2018.

Listings: Year-over-year, the number of homes available for sale was higher by 7.3 percent. There were 1,216 active listings at the end of 2018. New listings increased by 1.8 percent to finish the year at 7,487.

Sales by Price Range: The number of homes sold in the \$300,001 and Above price range rose 10.2 percent to 1,122 homes. Homes sold in the \$100,000 and Below price range were down 25.5 percent to 781 homes.

Prices: Home prices were up compared to last year. The overall median sales price increased 9.0 percent to \$191,900 for the year. Single Family home prices were up 8.7 percent compared to last year, and Townhouse-Condo home prices were up 8.3 percent.

List Price Received: Sellers received, on average, 97.0 percent of their original list price at sale, a year-over-year improvement of 0.1 percent. If demand shrinks in 2019, original list price received at sale could drop as well.

Consumer optimism has been tested by four interest rate hikes by the Federal Reserve in 2018. Meanwhile, GDP growth was at 4.2 percent in Q2 2018, dropped to 3.4 percent in Q3 2018 and is expected to be about 2.9 percent in Q4 2018 when figures are released.

Looking strictly at market fundamentals, recent Fed and GDP changes will not cause a dramatic shift away from the current state of the housing market. The booming sales at increased prices over the last several years may not be the same thrill ride to observe in 2019, but a long-awaited increase in inventory is something positive to consider, even if it arrives in the form of shrinking demand amidst rising mortgage rates.

The biggest potential problem for residential real estate in 2019 might be human psychology. A fear of buying at the height of the market could create home purchase delays by a large pool of potential first-time buyers, thus creating an environment of declining sales.

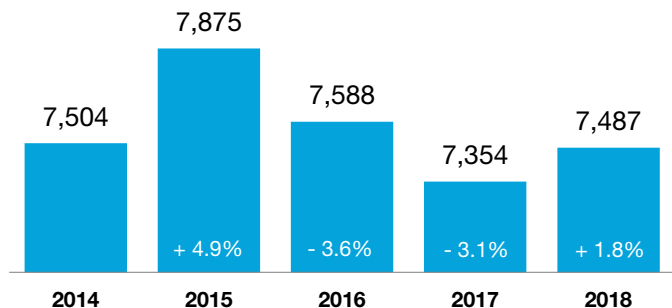
If the truth of a positive economic outlook coupled with responsible lending practices and more available homes for sale captures the collective American psyche, the most likely outcome for 2019 is market balance.

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Quick Facts

New Listings



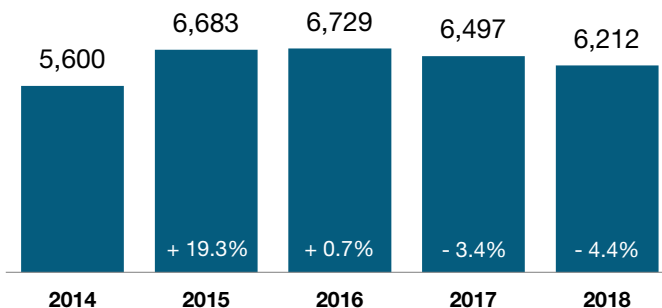
Top 5 Areas: Change in New Listings from 2017

Preston	+ 73.1%
Byron	+ 20.1%
La Crescent	+ 17.6%
Blooming Prairie	+ 12.5%
Owatonna	+ 10.9%

Bottom 5 Areas: Change in New Listings from 2017

Spring Valley	- 13.3%
Hayfield	- 14.9%
Pine Island	- 27.2%
Oronoco	- 32.1%
Wabasha	- 43.2%

Pending Sales



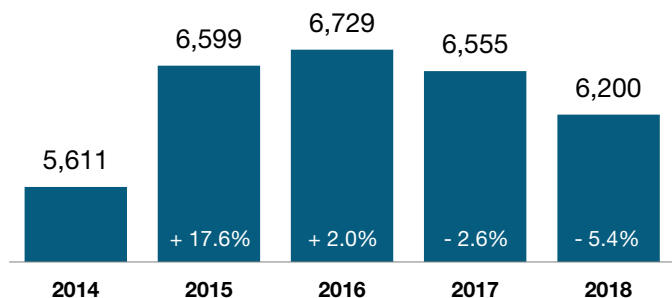
Top 5 Areas: Change in Pending Sales from 2017

Preston	+ 71.4%
Blooming Prairie	+ 26.7%
La Crescent	+ 21.4%
Byron	+ 14.9%
Plainview	+ 4.1%

Bottom 5 Areas: Change in Pending Sales from 2017

Dodge Center	- 22.7%
Grand Meadow	- 23.5%
Spring Valley	- 26.3%
Pine Island	- 28.7%
Wabasha	- 31.7%

Closed Sales



Top 5 Areas: Change in Closed Sales from 2017

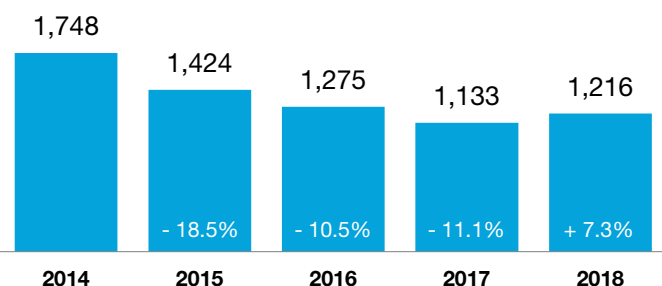
Preston	+ 60.0%
Blooming Prairie	+ 46.4%
La Crescent	+ 21.4%
Plainview	+ 5.9%
Lake City	+ 1.6%

Bottom 5 Areas: Change in Closed Sales from 2017

Grand Meadow	- 23.5%
Hayfield	- 24.4%
St. Charles	- 25.0%
Wabasha	- 27.0%
Spring Valley	- 27.6%

Inventory of Homes for Sale

At the end of the year.



Top 5 Areas: Change in Homes for Sale from 2017

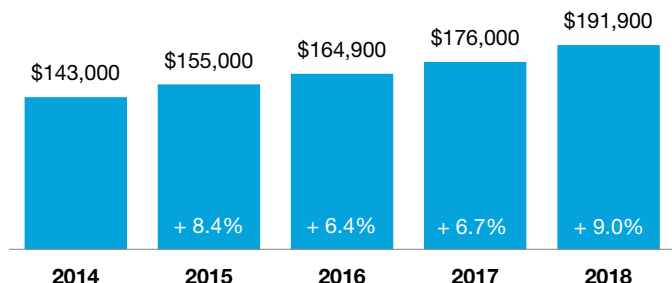
Dodge Center	+ 100.0%
Preston	+ 70.0%
Chatfield	+ 66.7%
Zumbrota	+ 45.5%
Byron	+ 41.2%

Bottom 5 Areas: Change in Homes for Sale from 2017

Kasson	- 27.3%
Pine Island	- 27.3%
Wabasha	- 40.7%
Oronoco	- 53.8%
Hayfield	- 62.5%

Quick Facts

Median Sales Price



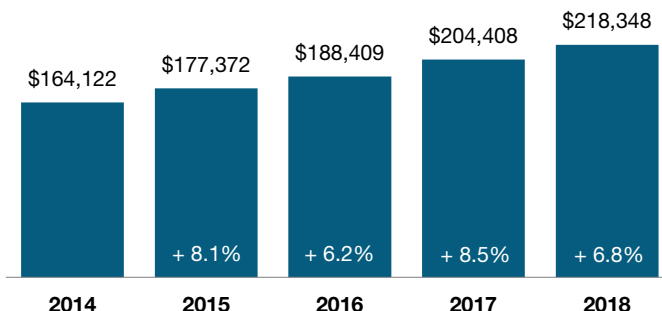
Top 5 Areas: Change in Median Sales Price from 2017

Preston	+ 28.2%
Dodge Center	+ 22.9%
La Crescent	+ 21.4%
Albert Lea	+ 20.6%
Chatfield	+ 18.6%

Bottom 5 Areas: Change in Median Sales Price from 2017

Blooming Prairie	- 0.2%
Byron	- 1.9%
Hayfield	- 4.0%
St. Charles	- 5.6%
Grand Meadow	- 19.2%

Average Sales Price



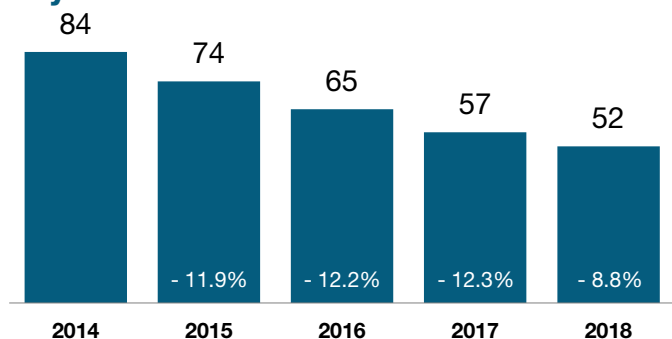
Top 5 Areas: Change in Avg. Sales Price from 2017

Preston	+ 30.6%
Dodge Center	+ 26.7%
Wabasha	+ 26.1%
Chatfield	+ 18.4%
Spring Valley	+ 16.5%

Bottom 5 Areas: Change in Avg. Sales Price from 2017

Waseca	+ 3.7%
Austin	+ 3.4%
Zumbrota	- 0.3%
Hayfield	- 16.0%
Grand Meadow	- 33.3%

Days on Market Until Sale



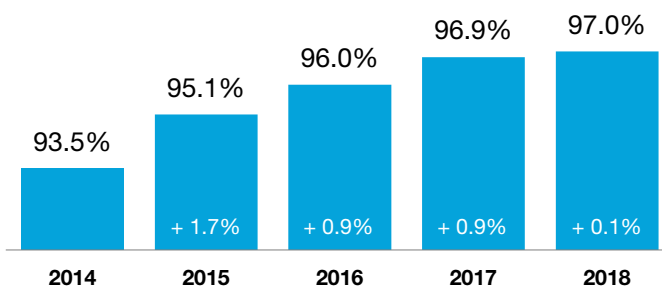
Top 5 Areas: Change in Days on Market from 2017

Blooming Prairie	+ 45.7%
Oronoco	+ 45.2%
Pine Island	+ 25.6%
Byron	+ 14.8%
Hayfield	+ 9.1%

Bottom 5 Areas: Change in Days on Market from 2017

Waseca	- 24.6%
St. Charles	- 25.0%
Lake City	- 25.3%
Zumbrota	- 30.3%
Caledonia	- 46.0%

Percent of Original List Price Received



Top 5 Areas: Change in Pct. of Orig. Price Received from 2017

Preston	+ 3.5%
Lake City	+ 3.2%
Spring Valley	+ 1.6%
Dodge Center	+ 1.4%
Pine Island	+ 1.4%

Bottom 5 Areas: Change in Pct. of Orig. Price Received from 2017

St. Charles	- 0.9%
Zumbrota	- 1.2%
Stewartville	- 1.4%
Oronoco	- 2.1%
Grand Meadow	- 3.5%

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

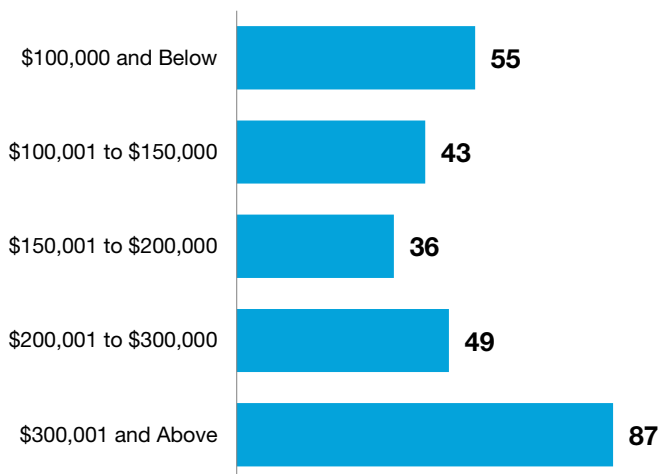
13.7%

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

- 17.7%

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

+ 10.2%

Price Range with Strongest One-Year Change in Sales: \$300,001 and Above

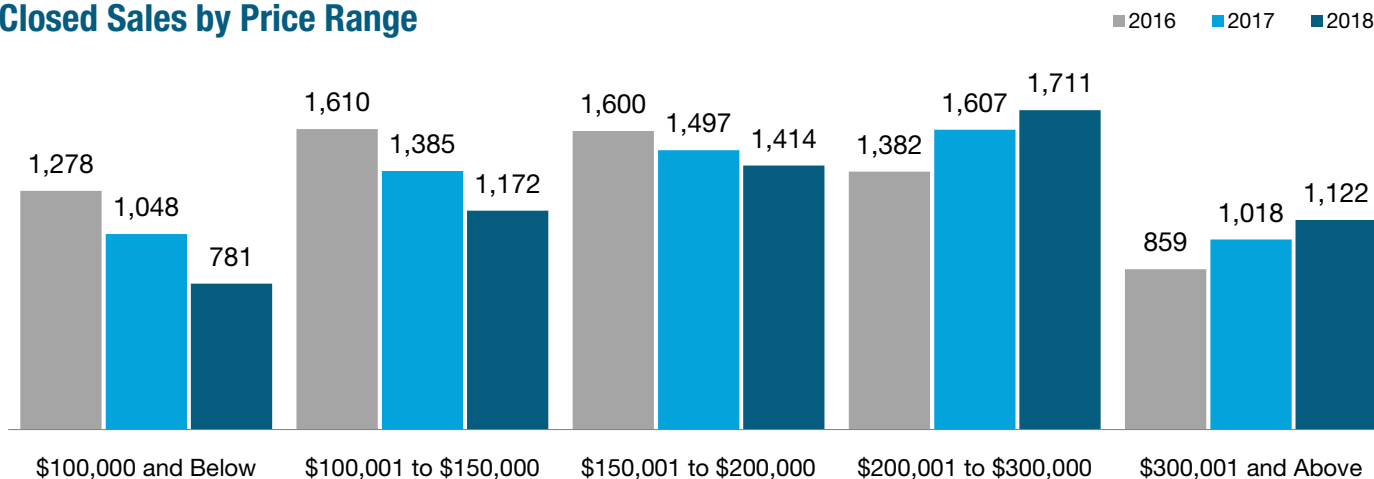
\$100,000 and Below

Price Range with the Fewest Closed Sales

- 25.5%

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

Closed Sales by Price Range



Property Type Review

52

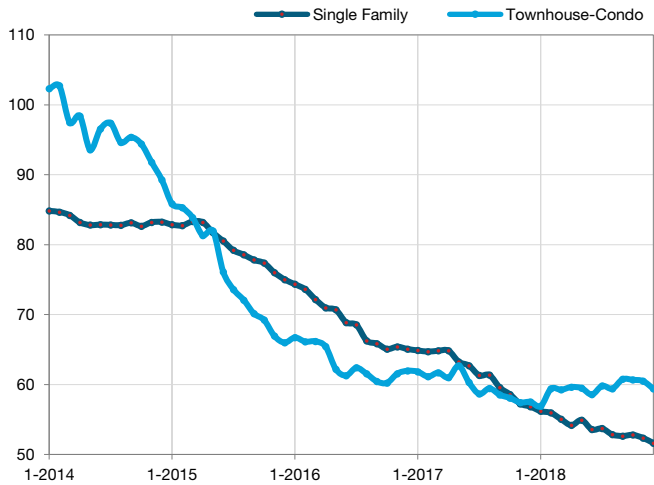
Average Days on Market
Single Family

59

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 2018

Wabasha	23.9%
Lake City	19.1%
Rochester	17.1%
Byron	14.6%
La Crescent	9.8%
Chatfield	8.8%
Stewartville	7.5%
Pine Island	6.2%
Owatonna	5.3%
Kasson	4.4%
Waseca	4.3%
Albert Lea	4.1%
St. Charles	2.4%
Austin	2.0%
Plainview	1.9%
Blooming Prairie	0.0%

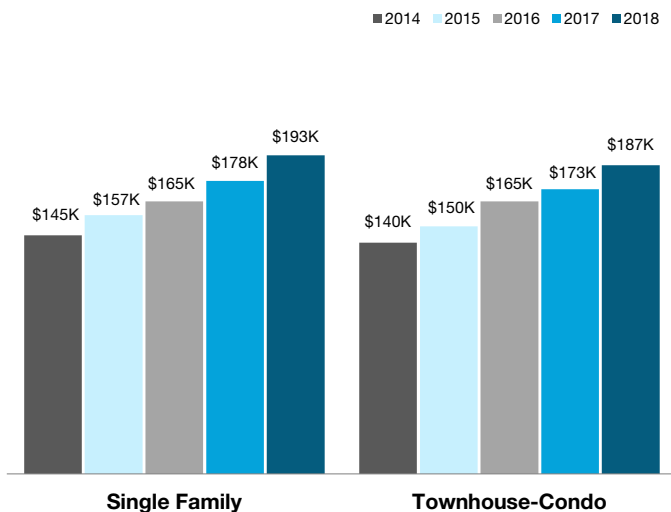
+ 8.7%

One-Year Change in Price
Single Family

+ 8.3%

One-Year Change in Price
Townhouse-Condo

Median Sales Price



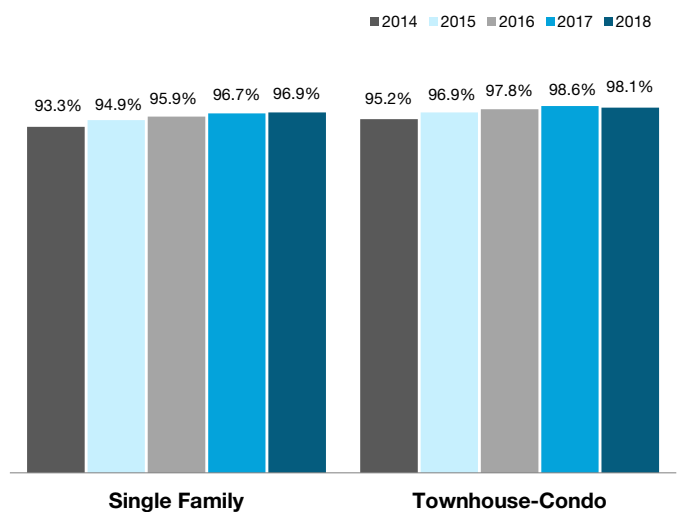
96.9%

Pct. of Orig. Price Received
Single Family

98.1%

Pct. of Orig. Price Received
Townhouse-Condo

Percent of Original List Price Received



Square Foot Range Review

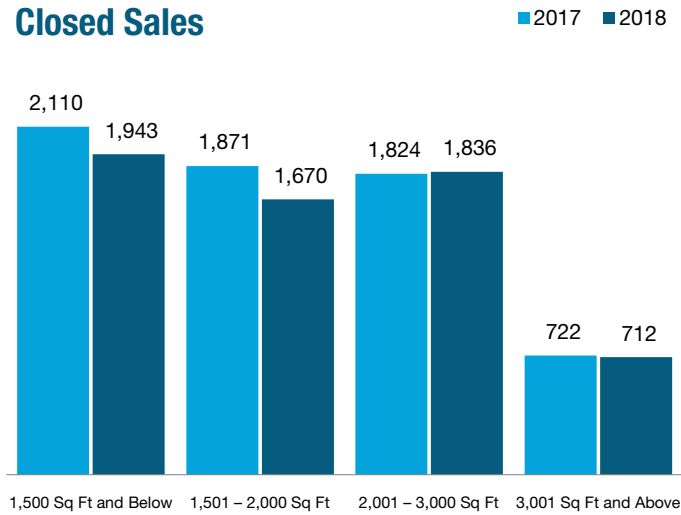
- 10.7%

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

+ 0.7%

Growth in Closed Sales
2,001 to 3,000 Sq Ft

Closed Sales



Top Areas: 1,500 Sq Ft and Below Market Share in 2018

Rochester	27.7%
Austin	8.0%
Winona	7.7%
Owatonna	7.1%
Waseca	2.6%
Lake City	2.1%
Kasson	1.9%
Wabasha	1.4%
Zumbrota	1.2%
Stewartville	1.2%
Dodge Center	1.1%
Byron	1.1%
Spring Valley	0.9%
Blooming Prairie	0.9%
St. Charles	0.8%
Pine Island	0.8%

96.8%

Percent of Original List Price
Received in 2018 for
1,500 Sq Ft and Below

97.7%

Percent of Original List Price
Received in 2018 for
1,501 - 2,000 Sq Ft

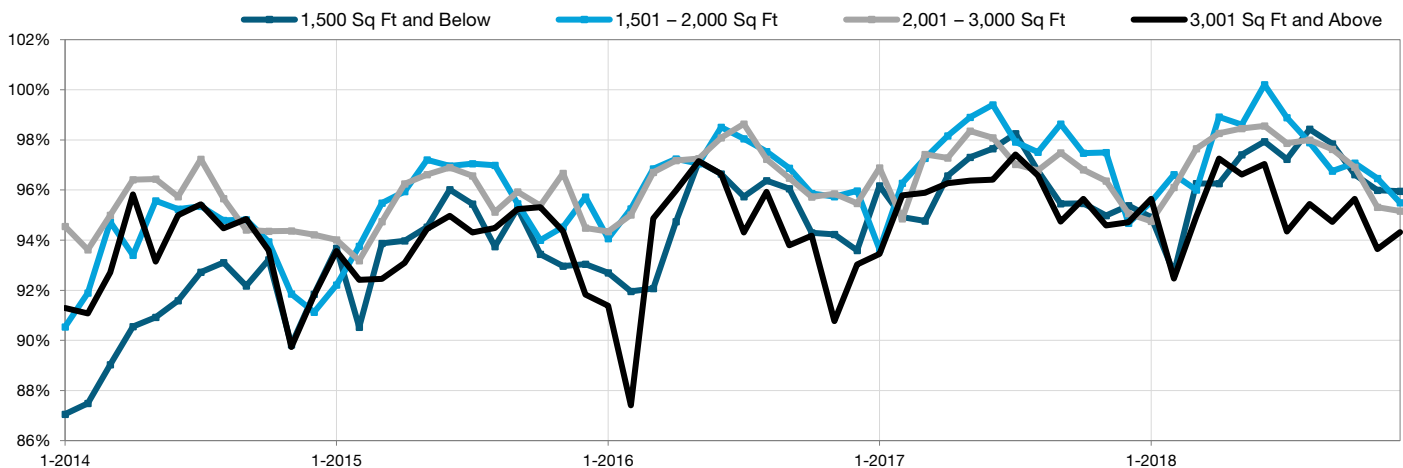
97.3%

Percent of Original List Price
Received in 2018 for
2,001 - 3,000 Sq Ft

95.4%

Percent of Original List Price
Received in 2018 for
3,001 Sq Ft and Above

Percent of Original List Price Received



Area Overviews

	Total Closed Sales	Change from 2017	Percent Single Family	Percent Townhouse-Condo	Inventory	New Listings	Months Supply of Inventory*	Days on Market	Pct. of List Price Received
Entire MLS	6,200	- 5.4%	89.4%	9.7%	1,216	7,487	2.3	52	98.8%
Albert Lea	269	- 21.1%	93.3%	4.1%	61	329	2.7	61	96.2%
Austin	394	- 5.1%	95.9%	2.0%	85	504	2.6	43	97.0%
Bloomington Prairie	41	+ 46.4%	97.6%	0.0%	9	45	2.6	67	97.1%
Byron	130	+ 0.8%	84.6%	14.6%	48	179	4.1	70	99.3%
Caledonia	24	- 14.3%	100.0%	0.0%	12	35	4.8	74	95.6%
Chatfield	34	- 10.5%	91.2%	8.8%	10	43	3.5	46	99.0%
Dodge Center	52	- 22.4%	100.0%	0.0%	10	64	2.4	38	100.5%
Grand Meadow	13	- 23.5%	92.3%	0.0%	3	15	1.8	43	97.9%
Hayfield	34	- 24.4%	100.0%	0.0%	3	40	0.9	48	99.7%
Kasson	135	- 6.3%	94.1%	4.4%	16	155	1.4	42	100.1%
La Crescent	51	+ 21.4%	90.2%	9.8%	15	60	3.2	75	98.4%
Lake City	131	+ 1.6%	80.9%	19.1%	43	188	3.9	74	97.6%
Oronoco	36	- 2.7%	100.0%	0.0%	6	36	1.7	90	97.0%
Owatonna	470	- 6.2%	94.7%	5.3%	72	591	1.8	55	99.9%
Preston	24	+ 60.0%	100.0%	0.0%	17	45	7.8	53	97.6%
Pine Island	65	- 20.7%	90.8%	6.2%	8	75	1.5	54	101.6%
Plainview	54	+ 5.9%	94.4%	1.9%	4	56	0.8	37	101.0%
Rochester	2,270	- 2.2%	81.9%	17.1%	305	2,530	1.6	46	100.0%
Spring Valley	42	- 27.6%	100.0%	0.0%	8	52	2.3	57	99.7%
St. Charles	42	- 25.0%	97.6%	2.4%	15	62	3.8	51	98.6%
Stewartville	67	- 20.2%	91.0%	7.5%	11	83	1.9	41	99.1%
Wabasha	46	- 27.0%	73.9%	23.9%	16	50	4.1	78	96.5%
Waseca	138	- 12.1%	95.7%	4.3%	41	179	3.6	49	97.9%
Winona	363	- 6.7%	95.3%	3.6%	96	446	3.1	59	98.0%
Zumbrota	80	- 12.1%	92.5%	6.3%	16	118	2.5	53	97.9%



Area Historical Median Prices

	2014	2015	2016	2017	2018	Change From 2017	Change From 2014
Entire MLS	\$143,000	\$155,000	\$164,900	\$176,000	\$191,900	+ 9.0%	+ 34.2%
Albert Lea	\$80,000	\$80,500	\$90,000	\$90,000	\$108,500	+ 20.6%	+ 35.6%
Austin	\$89,000	\$92,000	\$97,500	\$104,500	\$105,000	+ 0.5%	+ 18.0%
Bloomington Prairie	\$79,750	\$111,250	\$118,000	\$124,249	\$124,000	- 0.2%	+ 55.5%
Byron	\$187,593	\$189,900	\$229,900	\$265,000	\$259,950	- 1.9%	+ 38.6%
Caledonia	\$85,000	\$128,950	\$111,000	\$112,000	\$124,500	+ 11.2%	+ 46.5%
Chatfield	\$135,000	\$130,000	\$139,000	\$153,700	\$182,250	+ 18.6%	+ 35.0%
Dodge Center	\$128,000	\$133,900	\$119,900	\$151,000	\$185,531	+ 22.9%	+ 44.9%
Grand Meadow	\$90,000	\$103,000	\$119,500	\$131,250	\$106,000	- 19.2%	+ 17.8%
Hayfield	\$110,000	\$94,000	\$114,000	\$150,000	\$144,000	- 4.0%	+ 30.9%
Kasson	\$141,900	\$168,200	\$184,950	\$200,000	\$208,000	+ 4.0%	+ 46.6%
La Crescent	\$163,500	\$181,000	\$192,500	\$215,000	\$261,000	+ 21.4%	+ 59.6%
Lake City	\$155,000	\$177,500	\$166,845	\$181,500	\$203,575	+ 12.2%	+ 31.3%
Oronoco	\$290,000	\$316,632	\$350,000	\$395,000	\$423,000	+ 7.1%	+ 45.9%
Owatonna	\$135,000	\$147,000	\$154,900	\$160,900	\$171,151	+ 6.4%	+ 26.8%
Preston	\$92,500	\$82,700	\$96,625	\$103,900	\$133,250	+ 28.2%	+ 44.1%
Pine Island	\$152,750	\$191,450	\$206,180	\$207,500	\$221,000	+ 6.5%	+ 44.7%
Plainview	\$136,950	\$136,250	\$141,000	\$161,800	\$182,400	+ 12.7%	+ 33.2%
Rochester	\$168,900	\$180,000	\$195,800	\$220,000	\$233,000	+ 5.9%	+ 38.0%
Spring Valley	\$99,000	\$99,000	\$124,500	\$129,450	\$144,500	+ 11.6%	+ 46.0%
St. Charles	\$127,000	\$147,950	\$169,900	\$169,950	\$160,450	- 5.6%	+ 26.3%
Stewartville	\$159,900	\$159,950	\$173,500	\$184,450	\$195,000	+ 5.7%	+ 22.0%
Wabasha	\$139,900	\$156,450	\$145,000	\$145,000	\$168,000	+ 15.9%	+ 20.1%
Waseca	\$108,750	\$114,250	\$117,000	\$128,000	\$138,000	+ 7.8%	+ 26.9%
Winona	\$129,950	\$136,000	\$140,000	\$138,500	\$144,000	+ 4.0%	+ 10.8%
Zumbrota	\$152,500	\$168,500	\$195,000	\$199,950	\$210,000	+ 5.0%	+ 37.7%