

1ST QUARTER 2009 HOME SALES TRENDS

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Summary

First quarter home sales prices compiled by Minneapolis Area Association of Realtors demonstrate that housing prices are recovering in some Twin Cities MLS areas.

Between 2006, when home prices peaked in the Minneapolis-St. Paul area, and the 1st quarter of 2009 median sales prices of traditional homes have increased in 19 MLS areas.

- ◆ During this period, traditional home median sales prices have increased by more than ten percent in four MLS areas.
 - Maple Grove/Osseo: 16.1 percent
 - Minneapolis-Central: 11.1 percent
 - Prior Lake: 10.8 percent
 - Chaska: 10.7 percent
- ◆ Price increases of five to ten percent were recorded in two MLS areas:
 - Hennepin-Northwest: 8.4 percent
 - St. Paul-Downtown/Capital Heights: 6.4 percent
- ◆ Price increases of one to five percent have occurred in 13 MLS areas.

Between the 4th quarter of 2008 and the 1st quarter of 2009, median sales prices of traditional homes have increased in 33 MLS areas.

- ◆ Traditional home median sales prices in North Minneapolis, the area that has suffered the largest price decline, increased by more than 17 percent.
- ◆ In Calhoun Isles area of Minneapolis, traditional home prices increased by five percent in the 1st quarter.
- ◆ Price increases of one to five percent were recorded in 31 MLS areas in the 1st quarter.
- ◆ Sales prices were stable in 13 other MLS areas.

Metropolitan area median traditional home sales price was \$212,000 in the 1st quarter of 2009, a decline of 7.8 percent from \$230,000 in 2006. Traditional homes represent over 90 percent of the Twin Cities homes and reflect true price trends in the Twin Cities area. Median sales prices of lender-mediated homes (nine percent of Twin Cities' homes) continued to decline as unsold inventory increased. Lender-mediated sales prices have declined to \$122,900, a 46.6 percent decrease since 2006. Many of these homes need extensive repairs, which account for the sharp decline in prices.

Analysis

Median sales prices of traditional homes have increased in 19 MLS areas since 2006, when home prices peaked in the Minneapolis-St. Paul area. Traditional homes, those not in foreclosure or at risk of foreclosure, represent 91 percent of the homes in the Metropolitan Area.

Between 2006 and the 1st quarter of 2009, traditional home median sales prices increased by more than 10 percent in four MLS areas – Maple Grove/Osseo (16.1 percent), Minneapolis – Central (11.1 percent), Prior Lake (10.8 percent), and Chaska (10.7 percent) – as shown in Table 1. Price increases of five to ten percent were recorded in two MLS areas and traditional homes prices increased by one to five percent in 13 MLS areas.

Table 1
CHANGE IN MEDIAN SALES PRICES OF
TRADITIONAL HOMES BETWEEN 2006 AND 1ST QUARTER 2009

Price Change	Number of MLS Areas
10 Percent or More	4
5 to 9.9 Percent	2
0.1 to 4.9 Percent	12
No Change	1
(0.1) to (4.9) Percent	15
(5.0) to (9.9) Percent	25
(10.0) to (14.9) Percent	26
(15.0) to (19.9) Percent	8
(20.0) Percent or More	7

Source: Minneapolis Area Association of Realtors.

Price declines of less than ten percent have occurred in 40 MLS areas and 10 to 14.9 percent in 26 MLS areas. Median sales prices have declined by 15 percent or more in only 15 areas. Price changes for individual MLS areas are contained in Table 2.

Between the 4th quarter of 2008 and the 1st quarter of 2009, median sales prices of traditional homes have increased in 33 MLS areas. In the last three months, traditional home median sales prices increased by more than 17 percent in North Minneapolis and five percent in Calhoun Isles in Minneapolis, as shown in Table 3. Price increases of one to five percent have been recorded in 31 MLS areas. In 13 MLS areas, sales prices were the same as in the 4th quarter of 2008. Price declines of less than five percent were recorded in 47 MLS areas. Only seven MLS areas had price declines of five to ten percent. Price changes for individual MLS areas are contained in Table 4.

Table 3
CHANGE IN MEDIAN SALES PRICES OF TRADITIONAL HOMES
BETWEEN 4TH QUARTER 2008 AND 1ST QUARTER 2009

Price Change	Number of MLS Areas
10 Percent or More	1
5 to 9.9 Percent	1
0.1 to 4.9 Percent	31
No Change	13
(0.1) to (4.9) Percent	47
(5.0) to (9.9) Percent	6
(10.0) to (14.9) Percent	1

Source: Minneapolis Area Association of Realtors.

Table 2
2006 MEDIAN HOME SALES PRICES COMPARED TO
1ST QUARTER 2009 TRADITIONAL HOME MEDIAN SALES PRICES
BY MLS AREA

Code	MLS Area	2006	1st Quarter 2009	Percent Change 2006-2009	%
365	Maple Grove/Osseo	\$ 247,000	\$ 286,750	16.1	
302	Mpls. - Central	270,000	300,000	11.1	
642	Prior Lake	279,900	310,000	10.8	
397	Chaska	234,900	260,000	10.7	
368	Hennepin - Northwest	375,000	406,600	8.4	
741	St. Paul - Downtown/Capital Hts	195,000	207,500	6.4	
396	Chanhassen	293,500	306,885	4.6	
386	Hopkins	205,900	214,000	3.9	
385	Edina	385,000	399,950	3.9	
392	Eden Prairie	288,950	300,000	3.8	
726	Woodbury	281,000	290,000	3.2	
640	Shakopee	218,000	224,938	3.2	
610	Eagan	237,800	243,750	2.5	
309	Mpls. - Southwest	287,000	294,000	2.4	
300	Mpls. - Calhoun Isles	263,590	270,000	2.4	
391	St. Louis Park	234,500	240,000	2.3	
727	Stillwater/Bayport	299,000	305,500	2.2	
374	Plymouth	293,000	294,200	0.4	
740	St. Paul - Crocus Hill	266,000	266,000	0.0	
387	Minnetonka	271,768	270,000	(0.7)	
616	Rosemount	248,200	244,950	(1.3)	
304	Mpls. - Nokomis	225,000	221,500	(1.6)	
373	Golden Valley	268,000	262,900	(1.9)	
750	St. Paul - Mac/Groveland/River Road	278,000	272,500	(2.0)	
708	White Bear Lake	245,000	239,000	(2.4)	
614	Apple Valley	226,000	220,423	(2.5)	
303	Mpls. - Longfellow	207,500	202,000	(2.7)	
608	Inver Grove	205,450	200,000	(2.7)	
380	Bloomington West	247,000	240,000	(2.8)	
725	Pine Springs/Lake Elmo/Oakdale	227,000	220,000	(3.1)	
765	Arden Hills/Shoreview	242,500	232,000	(4.3)	
766	Moundsville/New Brighton/St. Anthony	225,000	215,000	(4.4)	
612	Burnsville	233,375	222,250	(4.8)	
367	Hennepin- North	288,950	275,000	(4.8)	
626	Lakeville	278,950	265,000	(5.0)	
707	Ham Lake	340,000	322,250	(5.2)	
752	St. Paul - Highland Area	274,400	260,000	(5.2)	
617	Hastings	202,000	191,000	(5.4)	
600	W. St. Paul	200,500	189,500	(5.5)	
644	Savage	266,950	252,000	(5.6)	
744	St. Paul - Como	216,250	203,750	(5.8)	
394	Carver County	243,150	229,000	(5.8)	
772	Lexington/Circle Pines	192,000	180,605	(5.9)	
738	St. Paul - Home Croft/W. 7th	180,290	168,950	(6.3)	
624	Farmington	233,000	218,000	(6.4)	
341	Wright County (Ext Buffalo)	216,000	200,000	(7.4)	
308	Mpls. - Powderhorn	183,700	169,450	(7.8)	
746	St. Paul - St. Anthony/Midway	206,350	190,000	(7.9)	
362	New Hope	229,000	210,000	(8.3)	
764	Blaine	229,900	210,250	(8.5)	
760	Ramsey	229,900	210,000	(8.7)	

Table 2 (continued)
2006 MEDIAN HOME SALES PRICES COMPARED TO
1ST QUARTER 2009 TRADITIONAL HOME MEDIAN SALES PRICES
BY MLS AREA

Code	MLS Area	2006	1st Quarter 2009	Percent Change 2006-2009
756	Elk River	\$ 230,000	\$ 210,000	(8.7) %
702	Falcon Heights/Lauderdale/Roseville	246,750	225,000	(8.8)
604	Mendota/Lilydale	330,200	300,750	(8.9)
709	Forest Lake Area	240,250	218,500	(9.1)
722	Newport/St. Paul Park/Cottage Grove	227,400	205,950	(9.4)
758	Northwestern Anoka Cty	232,000	209,900	(9.5)
660	Goodhue County	174,675	157,850	(9.6)
381	Lake Minnetonka	462,000	416,500	(9.8)
728	St. Paul - Riverview/Cherokee	187,686	169,000	(10.0)
366	Champlin	233,500	210,000	(10.1)
646	Jordan	250,000	223,000	(10.8)
762	Andover	272,475	242,500	(11.0)
748	St. Paul - Town & Country/Merriam Park	275,500	245,000	(11.1)
378	Richfield	223,750	198,950	(11.1)
602	S. St. Paul	196,700	174,450	(11.3)
361	Crystal	197,700	175,000	(11.5)
360	Robbinsdale	199,950	176,950	(11.5)
770	Hilltop/Columbia Heights	189,300	167,500	(11.5)
310	Mpls. - University	240,000	212,000	(11.7)
712	Maplewood/North St. Paul	222,000	195,000	(12.2)
705	Lino Lakes/Hugo/Centerville	262,000	229,900	(12.3)
306	Mpls. - Northeast	210,000	183,900	(12.4)
711	Southern Chisago County	211,900	185,000	(12.7)
364	Brooklyn Park	230,825	199,988	(13.4)
379	Bloomington East	225,000	194,500	(13.6)
630	Northfield	220,000	190,000	(13.6)
340	Buffalo	215,000	185,200	(13.9)
650	Belle Plaine	214,125	183,700	(14.2)
771	Spring Lake Park	199,850	171,000	(14.4)
710	Northeast Anoka County	279,950	239,200	(14.6)
767	Coon Rapids	205,900	175,650	(14.7)
720	St. Paul - Southeast St. Paul	217,000	185,000	(14.7)
721	Lakeland/Afton/Denmark	350,000	298,000	(14.9)
706	North Central Suburban	264,900	225,500	(14.9)
769	Anoka	200,873	170,000	(15.4)
713	Bethel	240,500	203,145	(15.5)
768	Fridley	209,900	175,000	(16.6)
648	New Prague/New Market Elko	250,000	207,500	(17.0)
398	Victoria	477,500	390,000	(18.3)
780	Sherburne County	214,950	174,900	(18.6)
716	St. Paul - Hillcrest/Hazel Park/Daytons Bluff	176,000	141,450	(19.6)
632	Rice County	187,650	150,250	(19.9)
363	Brooklyn Center	192,925	149,500	(22.5)
754	Big Lake Township	211,000	162,750	(22.9)
714	St. Paul - Phalen	176,450	134,500	(23.8)
307	Mpls. - Phillips	191,580	142,000	(25.9)
301	Mpls. - Camden	164,000	115,000	(29.9)
742	St. Paul - Central	153,000	107,000	(30.1)
305	Mpls. - North	153,000	76,150	(50.2)

Source: Minneapolis Area Association of Realtors.

Table 4
PERCENT CHANGE IN TRADITIONAL HOME MEDIAN SALES PRICE
4TH QUARTER 2008 TO 1ST QUARTER 2009
BY MLS AREA

Code	MLS Area	4th Quarter 2008	1st Quarter 2009	Percent Change 2008-2009
305	Mpls. - North	\$ 65,000	\$ 76,150	17.2 %
300	Mpls. - Calhoun Isles	257,250	270,000	5.0
710	Northeast Anoka County	229,900	239,200	4.0
396	Chanhassen	298,000	306,885	3.0
616	Rosemount	238,450	244,950	2.7
301	Mpls. - Camden	112,000	115,000	2.7
608	Inver Grove	195,000	200,000	2.6
756	Elk River	204,750	210,000	2.6
600	W. St. Paul	185,000	189,500	2.4
365	Maple Grove/Osseo	281,400	286,750	1.9
367	Hennepin- North	270,000	275,000	1.9
770	Hilltop/Columbia Heights	164,500	167,500	1.8
760	Ramsey	206,900	210,000	1.5
307	Mpls. - Phillips	140,000	142,000	1.4
309	Mpls. - Southwest	290,000	294,000	1.4
391	St. Louis Park	237,000	240,000	1.3
302	Mpls. - Central	296,519	300,000	1.2
640	Shakopee	222,500	224,938	1.1
754	Big Lake Township	161,000	162,750	1.1
303	Mpls. - Longfellow	200,000	202,000	1.0
741	St. Paul - Downtown/Capital Hts	205,500	207,500	1.0
374	Plymouth	291,500	294,200	0.9
368	Hennepin - Northwest	403,300	406,600	0.8
726	Woodbury	287,700	290,000	0.8
708	White Bear Lake	237,500	239,000	0.6
764	Blaine	209,000	210,250	0.6
624	Farmington	217,000	218,000	0.5
707	Ham Lake	320,950	322,250	0.4
362	New Hope	209,297	210,000	0.3
308	Mpls. - Powderhorn	169,000	169,450	0.3
744	St. Paul - Como	203,500	203,750	0.1
660	Goodhue County	157,675	157,850	0.1
713	Bethel	203,023	203,145	0.1
725	Pine Springs/Lake Elmo/Oakdale	219,900	220,000	0.0
392	Eden Prairie	300,000	300,000	0.0
738	St. Paul - Home Croft/W. 7th	168,950	168,950	0.0
742	St. Paul - Central	107,000	107,000	0.0
341	Wright County (Ext Buffalo)	200,000	200,000	0.0
766	Moundsville/New Brighton/St. Anthony	215,000	215,000	0.0
380	Bloomington West	240,000	240,000	0.0
758	Northwestern Anoka Cty	209,900	209,900	0.0
394	Carver County	229,000	229,000	0.0
644	Savage	252,000	252,000	0.0
630	Northfield	190,000	190,000	0.0
769	Anoka	170,000	170,000	0.0
364	Brooklyn Park	200,000	199,988	0.0
780	Sherburne County	175,000	174,900	(0.1)
366	Champlin	210,150	210,000	(0.1)
705	Lino Lakes/Hugo/Centerville	230,200	229,900	(0.1)
381	Lake Minnetonka	417,500	416,500	(0.2)
772	Lexington/Circle Pines	181,155	180,605	(0.3)

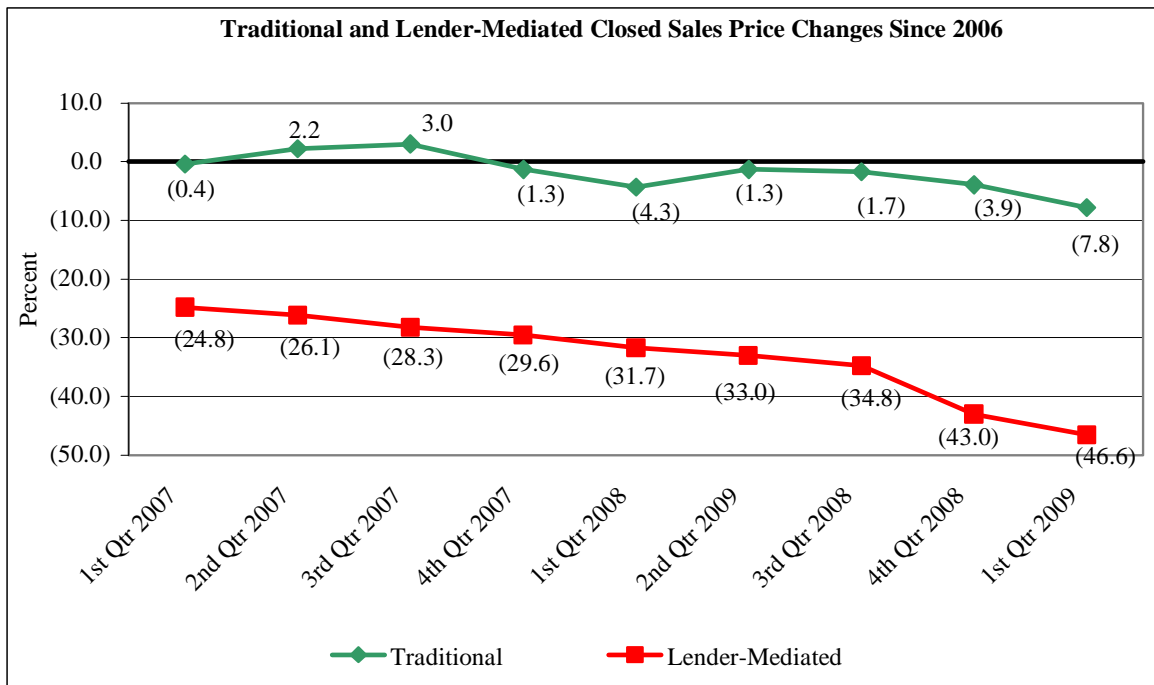
Table 4 (continued)
PERCENT CHANGE IN TRADITIONAL HOME MEDIAN SALES PRICE
4TH QUARTER 2008 TO 1ST QUARTER 2009
BY MLS AREA

Code	MLS Area	4th Quarter 2008	1st Quarter 2009	Percent Change 2008-2009
602	S. St. Paul	\$ 175,000	\$ 174,450	(0.3) %
712	Maplewood/North St. Paul	196,000	195,000	(0.5)
378	Richfield	200,000	198,950	(0.5)
306	Mpls. - Northeast	184,900	183,900	(0.5)
304	Mpls. - Nokomis	222,750	221,500	(0.6)
711	Southern Chisago County	186,200	185,000	(0.6)
721	Lakeland/Afton/Denmark	300,000	298,000	(0.7)
646	Jordan	225,000	223,000	(0.9)
720	St. Paul - Southeast St. Paul	186,750	185,000	(0.9)
762	Andover	245,000	242,500	(1.0)
617	Hastings	193,000	191,000	(1.0)
750	St. Paul - Mac/Groveland/River Road	275,500	272,500	(1.1)
771	Spring Lake Park	172,900	171,000	(1.1)
765	Arden Hills/Shoreview	234,750	232,000	(1.2)
706	North Central Suburban	228,250	225,500	(1.2)
379	Bloomington East	197,000	194,500	(1.3)
610	Eagan	247,000	243,750	(1.3)
363	Brooklyn Center	151,500	149,500	(1.3)
604	Mendota/Lilydale	305,000	300,750	(1.4)
752	St. Paul - Highland Area	263,700	260,000	(1.4)
650	Belle Plaine	186,975	183,700	(1.8)
387	Minnetonka	274,900	270,000	(1.8)
397	Chaska	265,000	260,000	(1.9)
722	Newport/St. Paul Park/Cottage Grove	210,000	205,950	(1.9)
702	Falcon Heights/Lauderdale/Roseville	229,500	225,000	(2.0)
614	Apple Valley	225,000	220,423	(2.0)
740	St. Paul - Crocus Hill	272,000	266,000	(2.2)
642	Prior Lake	317,000	310,000	(2.2)
767	Coon Rapids	179,900	175,650	(2.4)
612	Burnsville	227,800	222,250	(2.4)
716	St. Paul - Hillcrest/Hazel Park/Daytons Bluff	145,000	141,450	(2.4)
385	Edina	410,000	399,950	(2.5)
310	Mpls. - University	217,500	212,000	(2.5)
768	Fridley	179,900	175,000	(2.7)
626	Lakeville	272,768	265,000	(2.8)
727	Stillwater/Bayport	315,000	305,500	(3.0)
632	Rice County	155,000	150,250	(3.1)
386	Hopkins	222,083	214,000	(3.6)
709	Forest Lake Area	226,950	218,500	(3.7)
728	St. Paul - Riverview/Cherokee	176,250	169,000	(4.1)
361	Crystal	183,000	175,000	(4.4)
360	Robbinsdale	185,450	176,950	(4.6)
746	St. Paul - St. Anthony/Midway	200,000	190,000	(5.0)
340	Buffalo	195,850	185,200	(5.4)
714	St. Paul - Phalen	143,020	134,500	(6.0)
398	Victoria	414,968	390,000	(6.0)
373	Golden Valley	280,000	262,900	(6.1)
648	New Prague/New Market Elko	227,000	207,500	(8.6)
748	St. Paul - Town & Country/Merriam Park	273,500	245,000	(10.4)

Source: Minneapolis Area Association of Realtors.

Metropolitan Area median home sales price was \$230,000 in 2006 and fell to \$221,000 in the 4th quarter of 2008, a decline of only 3.9 percent. Prices declined an additional 3.9 percent in the 1st quarter of 2009. Much of this decline is seasonal as prices typically decline in the 1st quarter. During the 1st quarter of 2008, prices were 3.0 percent below the 4th quarter of 2007, as shown in Figure 1. Lender-mediated median home sales prices have decline precipitously since 2006, as shown in Figure 1.

Figure 1



Recently, Case-Shiller reported its Home Price Indices for February 2009. Case-Shiller does not differentiate between traditional home sales and lender-mediated sales. To Case-Shiller, a home sale is a home sale no matter the circumstance of the sale or condition of the home. The average Case-Shiller Index for the Twin Cities area was 170.06 in 2006 and has declined to 116.39 in February 2009, a decline of 31.6 percent. Case-Shiller's Index is compared with traditional home sales prices in Table 5, which are only down by 7.8 percent in the 1st quarter of 2009. In contrast, lender-mediated sales prices have declined 46.6 percent during the same period. The Case-Shiller Index is plummeting because it includes lender-mediated home sales, which represented over half (59 percent) of the home sales in the 1st quarter of 2009, as shown in Figure 2.

Home foreclosures are affecting a larger proportion of the Metropolitan Area homes. McComb Group estimates that there are about 969,300 single family homes and 52,500 one- and two-unit rental buildings for a total of 1,021,800 properties. Between 2005 and 2008, approximately 49,000 homes were foreclosed. McComb Group estimates that about 4,000 homes have been foreclosed in the 1st quarter of 2009 for a total of 53,000 foreclosed homes to date. An additional 37,000 homes are considered to be at risk of foreclosure. This indicates that the pool of

foreclosed and lender-mediated properties is about 90,000 homes. Traditional homes are estimated at about 931,800 dwelling units.

Table 5

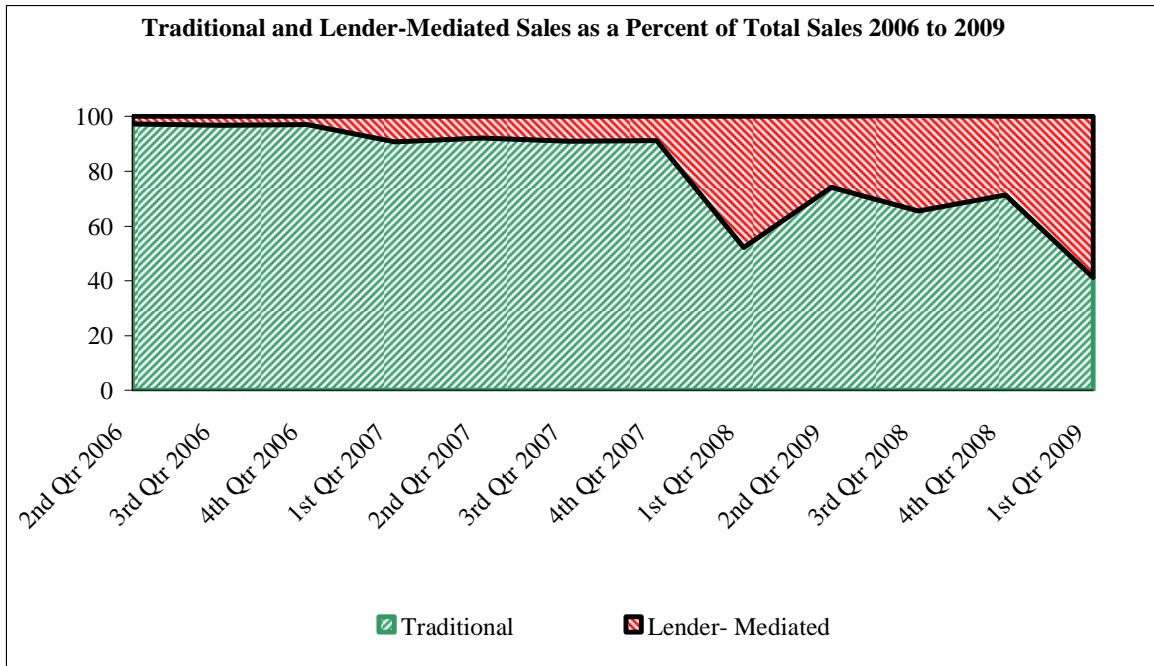
2006 MEDIAN SALES PRICES COMPARED TO 1ST QUARTER 2009 TRADITIONAL AND LENDER-MEDIATED MEDIAN SALES PRICES, AND CASE-SHILLER INDEX

Year/ Quarter	Traditional		Case-Shiller		Lender-Mediated	
	Median Sales Price	Percent Change from 2006	Index	Percent Change	Median Sales Price	Percent Change from 2006
2006	\$ 230,000		170.06		\$ 230,000	
2007						
1st	\$ 229,000	(0.4) %	166.74	(2.0) %	\$ 173,000	(24.8) %
2nd	235,000	2.2	164.49	(3.3)	169,900	(26.1)
3rd	236,900	3.0	164.61	(3.2)	165,000	(28.3)
4th	227,000	(1.3)	158.98	(6.5)	162,000	(29.6)
2008						
1st	\$ 220,000	(4.3) %	146.45	(13.9) %	\$ 157,000	(31.7) %
2nd	227,000	(1.3)	140.45	(17.4)	154,000	(33.0)
3rd	226,000	(1.7)	142.15	(16.4)	150,000	(34.8)
4th	221,000	(3.9)	131.72	(22.5)	131,000	(43.0)
2009						
1st	\$ 212,000	(7.8) %	116.39	(31.6) %	\$ 122,900	(46.6) %

() Decrease

Source: Minneapolis Area Association of Realtors and McComb Group, Ltd.

Figure 2



Traditional homes and lender-mediated closed home sales are compared in Table 6. Quarterly closed sales of traditional homes have been in a declining trend from 2006 through 2008. In the 1st quarter of 2009, traditional home closed sales increased by 934 homes or 46.3 percent from the 1st quarter of 2008. In contrast, closed sales of lender-mediated properties have increased steadily from 2006 through the 1st quarter of 2009. In the 1st quarter of 2009, lender-mediated closed sales of 4,213 represented an increase of 126 percent from the 1st quarter of 2008. Closed sales as a percent of traditional homes ranged from 1.4 to 1.8 percent of traditional homes in 2006 and declined to a range of 0.2 to 1.0 percent in 2008. In contrast, lender-mediated homes represented 0.5 to 0.6 percent of the estimated foreclosed home inventory in 2006 and increased to 2.1 to 4.6 percent of the foreclosed properties in 2008, and further increased to 4.7 percent in the 1st quarter of 2009.

The decline in traditional home closed sales coincides with the decline in sales prices reported by Case-Shiller. This indicates that inaccurate Case-Shiller characterizations of home values are causing transactions for traditional homes to decline.

Table 6
CLOSED SALES AS A PERCENT OF TRADITIONAL
AND LENDER-MEDIATED HOMES

Year/ Quarter	Traditional		Lender-Mediated		Total
	Number	Percent	Number	Percent	
Total Homes	931,800	91.2 %	90,000	8.8 %	1,021,800
Closed Sales					
2006					
2nd	14,550	1.6 %	405	0.5 %	14,955
3rd	13,022	1.4	417	0.5	13,439
4th	16,584	1.8	513	0.6	17,097
2007					
1st	7,289	0.8 %	751	0.8 %	8,040
2nd	11,431	1.2	968	1.1	12,399
3rd	10,349	1.1	1,023	1.1	11,372
4th	14,397	1.5	1,367	1.5	15,764
2008					
1st	2,018	0.2 %	1,858	2.1 %	3,876
2nd	8,242	0.9	2,863	3.2	11,105
3rd	7,792	0.8	4,110	4.6	11,902
4th	9,703	1.0	3,904	4.3	13,607
2009					
1st	2,952	0.3 %	4,213	4.7 %	7,165

Source: Minneapolis Area Association of Realtors and McComb Group, Ltd.

Addenda

The Case-Shiller Index for the Twin Cities area is compared with median home price changes of traditional and lender-mediated sales prices since 2006 in Figure 3. This figure demonstrates the impact of including lender-mediated home sales, which represent only nine percent of the housing inventory in an index without adjusting for the number of homes in each market segment. Median sales prices of traditional homes have declined only 7.8 percent since 2006.

In contrast, Case-Shiller reports a decline of 31.6 percent for the same period. The Case-Shiller Index includes lender-mediated and foreclosed home sales transactions, which have fallen 46.6 percent since 2006 to a median price of \$122,900. The Case-Shiller Index over emphasizes the impact of lender-mediated sales on home prices. In the 1st quarter, lender-mediated sales represented almost 60 percent of the transactions, but these properties represent only nine percent of the homes. This creates a distorted view of home prices in the Twin Cities area. The sales prices of traditional homes are a more appropriate indication of the overall housing market because it represents over 90 percent of the homes in the Metropolitan Area.

