BUSINESS

Twin Cities housing market sees more discounts in August; median sale price hits $286,800

Sellers accepting slightly lower prices for homes as market enters slow season

By Jim Buchta (http://www.startribune.com/jim-buchta/10644536/) Star Tribune

SEPTEMBER 18, 2019 — 11:35PM

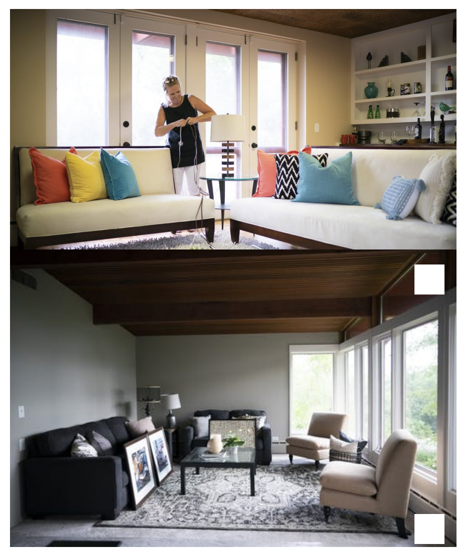
The housing market in the Twin Cities metro last month was a little less intense than the year before, but demand for the least-expensive houses continued to far outpace supply.

During August buyers signed more purchase agreements than they did in 2018, but houses didn't sell as quickly and sellers were more likely to offer a discount.

"Most markets remain stable across the metro," said Linda Rogers, president-elect of Minneapolis Area Realtors (MAR). "While there is a good amount of local variation, we just don't see that many signs for concern."

Closings fell slightly during August, while pending sales — an indication of future closings — increased 3% last month, according to a monthly sales report from MAR. By both measures, buyer activity so far this year is barely keeping pace with 2018.

A shortage of listings affordable to first-time buyers and downsizing baby boomers, especially those priced at less than $250,000, are largely to blame for the decline in annual sales. For starter-home buyers there were only enough listings during August to last about 1.5 months at the current sale pace. At the same time, the move-up market is much better balanced between buyers and sellers with nearly a year's supply of $1 million-plus listings, causing a 15% increase in pending sales in that price range.



JEFF WHEELER

The living room of a St. Louis Park house staged by Anita Rockwell.

Overall, new listings declined slightly during August; by the end of the month there were 6% fewer listings on the market than last year.

"In nice, close-in neighborhoods upper-bracket houses are continuing to move well," said Brett Hildreth, a sales agent with Coldwell Banker Burnet. "Once you get into the exurbs and second- and third-ring suburbs it is slower."

Hildreth is about to list a four-bedroom midcentury modern house for sale in the Lake Forest neighborhood in St. Louis Park for $619,900. While he doesn't expect the house to languish, he has hired Anita Rockwell to stage the house, the childhood home of Matt Baker, the president of Coldwell Banker Burnet.

"It really depends on the neighborhood and location," he said. "But a staged house is going to sell better."

Calls for staging services are often an indication of what is happening in the market, said Rockwell, founder of StageWorks. The fall market, which tends to cool as school starts and families finish summer vacation, often brings more calls.

"Right now we're still crazy busy," she said.

She is aware of several houses priced from $400,000 to $600,000 that have been on the market 60 to 90 days and the listing agents are contemplating what to do next. During the fall slowdown agents will often take stale listings off the market, or offer them for rent instead.

"We always slow down after Labor Day, and Halloween to January 1 is always our dead zone," she said. "I'm not sure that's going to be the case this year."

The seasonal slowdown is a little more pronounced this year. On average, houses sold in 41 days, one day slower than last August. Though houses are selling faster, that was the fourth annual monthly increase so far this year.

There was another sign the market is shifting: seller discounts. For seven of the past eight months seller discounts have been on the rise. Still, the median price of all sales during the month increased 7% to $286,800.

Todd Urbanski, president of Minneapolis Area Realtors, said tight market conditions and favorable mortgage rates suggest a strong spring market in the coming year.

"Some think the fall market isn't for them, said Urbanski. "We're at a moment when sellers are enjoying their position, while buyers are taking advantage of lower-than-expected interest rates and more options."

Jim Buchta has covered real estate for the Star Tribune for several years. He also has covered energy, small business, consumer affairs and travel.

jim.buchta@startribune.com 612-673-7376