

# Market Update Report

February, 2011



**BURNET**

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If you prefer to receive this monthly Market Update Report by email, send an email to [jmbauch@cbburnet.com](mailto:jmbauch@cbburnet.com)

## RE Investor's Corner — Tip of the Month

Some investors have the time, expertise and desire to manage their own properties. Others prefer to use a professional property management company just like they use a professional to manage other areas of their investment portfolio. Just what does a management company do?

- Advertise your rental
- Take calls from potential tenants and conduct showings
- Process rental applications with thorough background check
- Sign lease with tenants and collect security deposit
- Manage tenant move-in and move-out
- Collect monthly rent and pursue overdue payments
- File legal actions against tenant if needed and manage eviction process
- Take calls from tenant and arrange maintenance and repair work
- Provide monthly rent payments and financial statements to owner

Such firms typically charge a fee equal to the first month's rent and \$75 to \$100 per month. With a high demand in the market for rental properties, consider calling us to find "cash-flow" properties and our recommendations for property management.

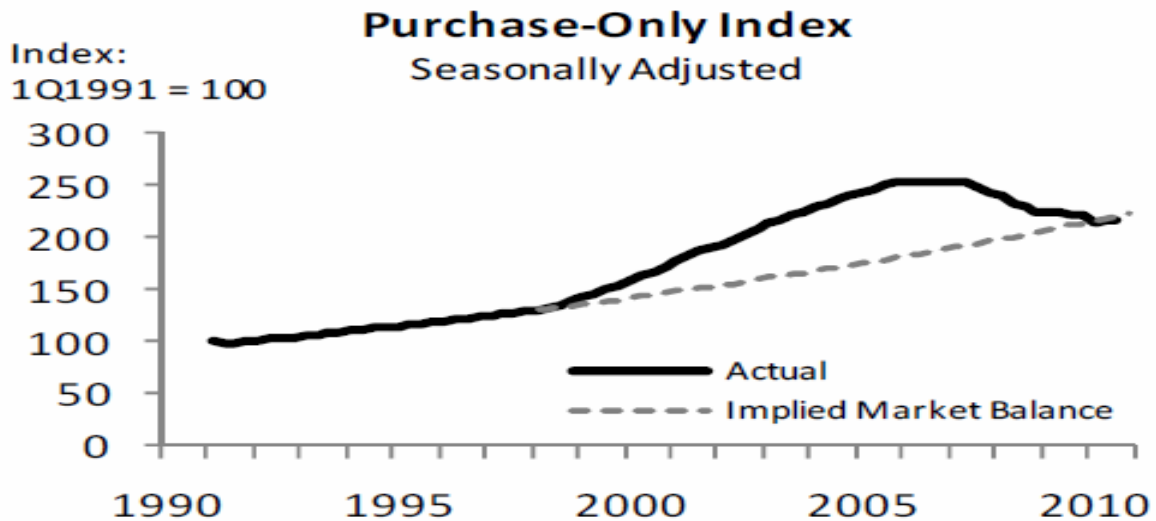
*Note: For a specific city or a county other than Dakota, send your request to [dcoswald@cbburnet.com](mailto:dcoswald@cbburnet.com)*

Dakota County Minnesota		January			Year to Date		
		2010	2011	Change	2010	2011	Change
1	New Listings	749	647	-13.6%	749	647	-13.6%
2	Closed Sales	219	235	+7.3%	219	235	+7.3%
3	Median Sales Price	\$172,000	\$161,800	-5.9%	\$172,000	\$161,800	-5.9%
4	% Original \$ Received at Sale	92.5%	88.0%	-4.9%	92.5%	88.0%	-4.9%
5	Average Days on Market until Sale	134	143	+6.8%	134	143	+6.8%
6	Inventory of Homes for Sale	2,280	2,687	+17.9%	—	—	—
7	Months Supply of Inventory	5.4	7.4	+37.6%	—	—	—

Source: Minneapolis Area Association of Realtors



The latest numbers for Dakota County show a drop in the rate of new listings coming on the market. 2010 averaged 773 new listings per month while January 2011 was only 647. That's not bad news given the market's currently bloated inventory levels. (We'll see what impact the newest wave of foreclosures will have.) Median sale prices, which were steady in 2010, were down in January and days on market were up. However, there is a glimmer of hope in the housing market! Employment numbers are slowly improving, interest rates remain low and the CPI—minus food and fuel—rose a meager 1% in 2010. Once we churn through some excess inventory, we should see pricing stabilize. Look at the chart below. The Purchase Only Index is an indicator of home affordability.



Source: Federal Housing Finance Agency (FHFA)

The FHFA defines Implied Market Balance as when the median income household can afford the median priced house. Look at the disparity in affordability that began to widen around 1999 and widened further and further into the mid-decade. Chris Galler, CEO of the Minnesota Association of REALTORS, spoke at our recent sales meeting and was encouraged by this trend. “As more Minnesotans return to work, more households will return to enjoying a median household income and more will buy homes” Galler said. Assuming interest rates remain low and these trends continue, slowly but surely, we'll see a real estate recovery.

## Quote of the Month

**“40% of the homes on the market today are either short sales, in foreclosure or foreclosed properties.”**

*Chris Galler, CEO of the Minnesota Association of Realtors*

### Dave Oswald Homes Team

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This is not intended for solicitation if your home is currently listed with another real estate broker.