



RESIDENTIAL HOUSING MARKET UPDATE



FEBRUARY 2026

MN HOUSE HOUSING AND FINANCE POLICY COMMITTEE

1

Understanding housing metrics and indicators

<p>New Listings A count of the properties that have been newly listed on the market in a given month.</p> <p>Homes for Sale The number of properties available for sale in active status at the end of a given month. Also known as inventory. For this metric, the "12 months" calculation is the average of the most recent 12 months of data.</p> <p>Pending Sales A count of the properties on which contracts have been accepted in a given month.</p> <p>Closed Sales A count of the actual sales that have closed in a given month. For those familiar with NorthstarMLS data fields, this includes SOLD and COMP SOLD figures. Calculations are based on sold data.</p> <p>Days on Market Median or average number of days between when a property is listed and when an offer is accepted in a given month. Calculations are based on sold data.*</p> <p>Months Supply The inventory of homes for sale at the end of a given month, divided by the average monthly Pending Sales from the last 12 months. Also known as absorption rate.</p> <p>Sales Price Calculations are based on sold data. Prices do not account for seller concessions. Median represents the point at which half of the homes that sold in a given month were priced higher and half were priced lower. Average is the mean sales price for all closed sales in a given month.*</p>	<p>Price Per Square Foot Calculated by taking an average or a median of closed sales price divided by square footage for each individual listing in the current period. Calculations are based on sold data. Prices do not account for seller concessions.*</p> <p>Original List Price Median or average of the first price of a home listing.</p> <p>Percent of Original Price Percentage found when dividing a listing's sales price by its original list price, then taking the average for all sold listings in a given month, not accounting for seller concessions. Calculations are based on sold data. Example:</p> <p>Example A property is listed at \$200,000, reduced to \$190,000 and taken off the market. Then the same property is listed again at \$180,000 a few months later and is further reduced to \$175,000. It closes for \$160,000. We take the ratio of \$160,000:\$190,000 or 89.9% instead of \$160,000:\$200,000 because a new listing ID was issued.</p> <p>Percent of Last List Price Percentage found when dividing a listing's sales price by its last listed price, then taking the average for all properties sold in a given month, not accounting for seller concessions. Example:</p> <p>So using the example from Percent of Original List Price, that same property that was originally listed at \$200,000 taken off the market, relisted at \$180,000 a few months later, reduced to \$175,000 and sold for \$160,000 would have a ratio of \$160,000:\$175,000 or 91.4%.</p> <p>Dollar Volume The total dollar amount of all sales for the selected criteria.</p>
---	---

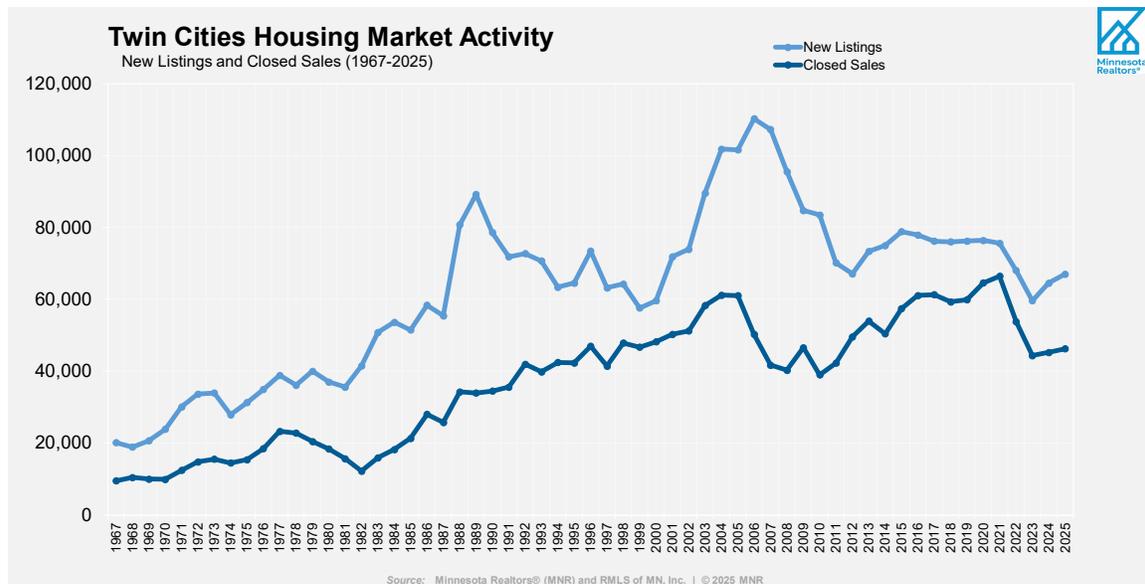
2

2025 Market Activity

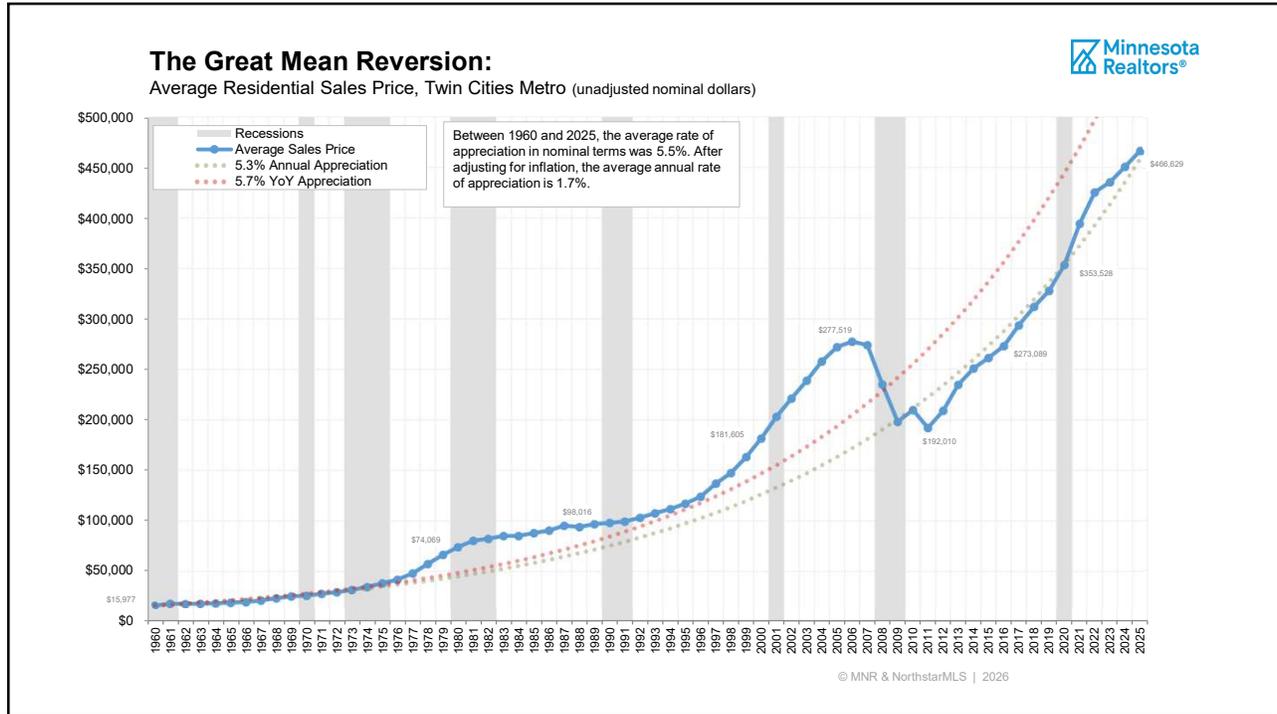
	Minnesota	% Chg	Twin Cities	% Chg
New Listings	96,408	+4.6%	67,025	+3.8%
Closed Sales	68,432	+2.4%	46,254	+2.3%
Inventory	12,998	+3.0%	7,588	+0.9%
Median Price	\$355,000	+2.9%	\$390,000	+2.6%
Days on Market*	54	+10.2%	49	+8.9%
Pct of List Price Rec'd	97.8%	-0.1%	98.7%	0.0%
Months of Supply	2.2	-4.3%	1.9	-5.0%

*Statewide DOM converted to CDOM to facilitate TC Metro comparison

3



4



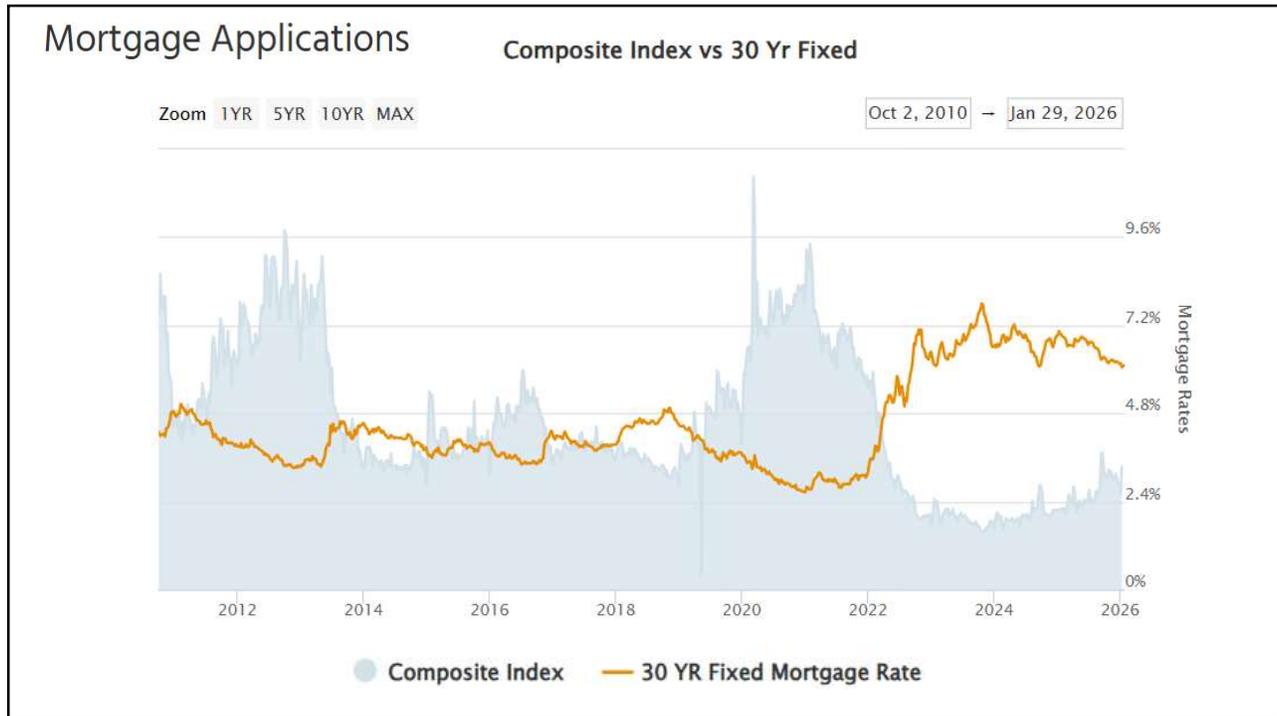
5



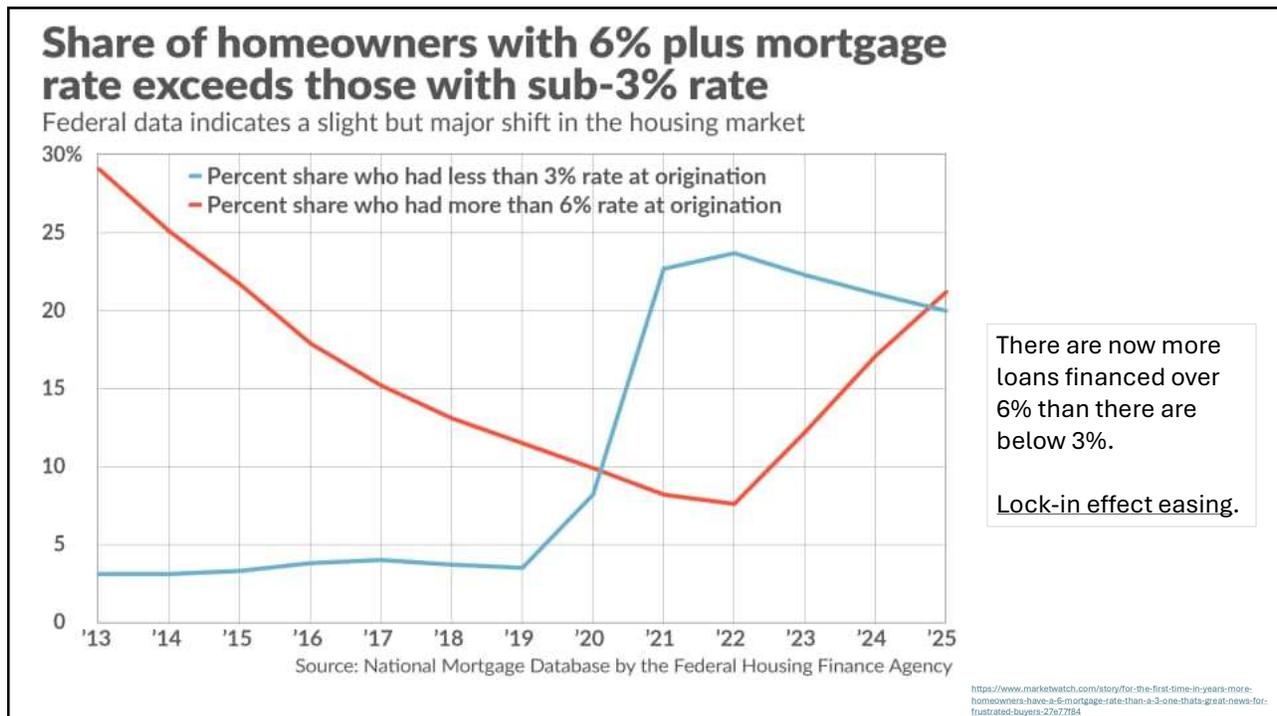

Still locked in? Still married to that rate?
 Or at least in a committed relationship?

Some are. But it's changing.

6



7



8

For the first time in years, more homeowners have a 6% mortgage rate than a 3% one. That's great news for frustrated buyers.

Why it's actually a good thing for the housing market that so many homeowners have mortgage rates over 6% now

By Aarthi Swaminathan [Follow](#)

Last Updated: Jan. 8, 2026 at 12:02 p.m. ET

First Published: Jan. 7, 2026 at 1:33 p.m. ET

<https://www.marketwatch.com/story/for-the-first-time-in-years-more-homeowners-have-a-6-mortgage-rate-than-a-3-one-thats-great-news-for-frustrated-buyers-2767784>

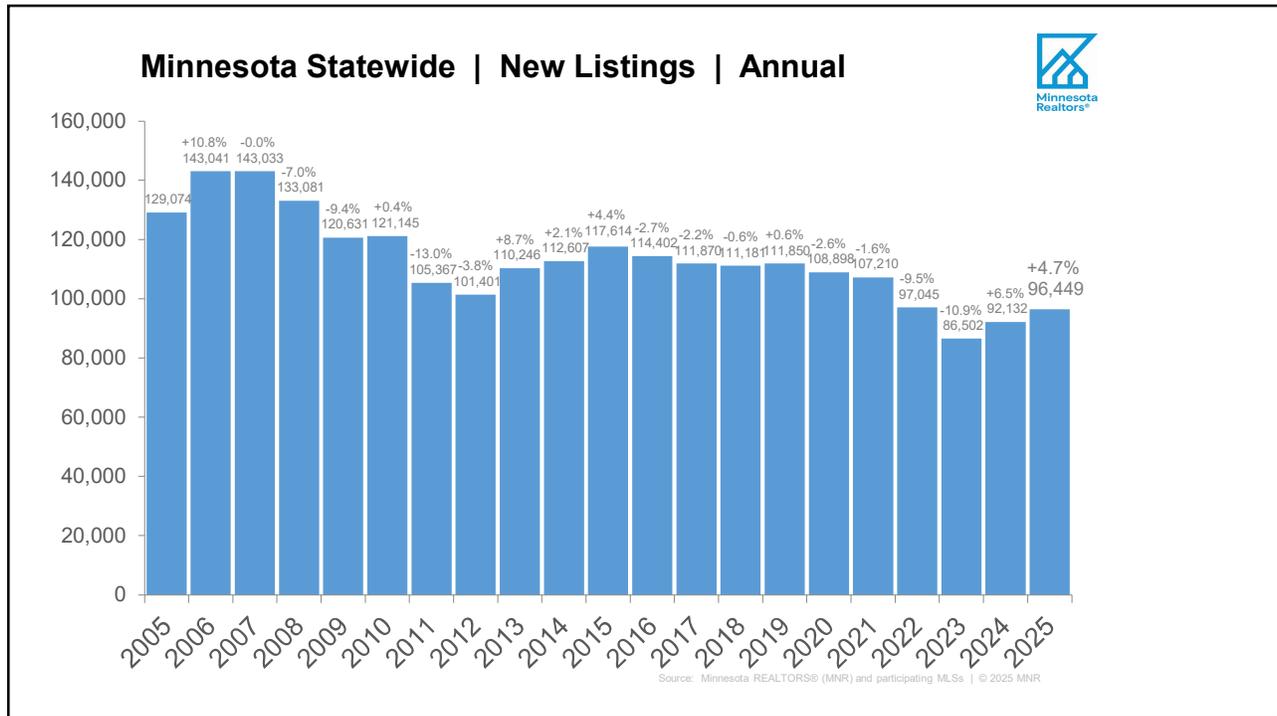
9



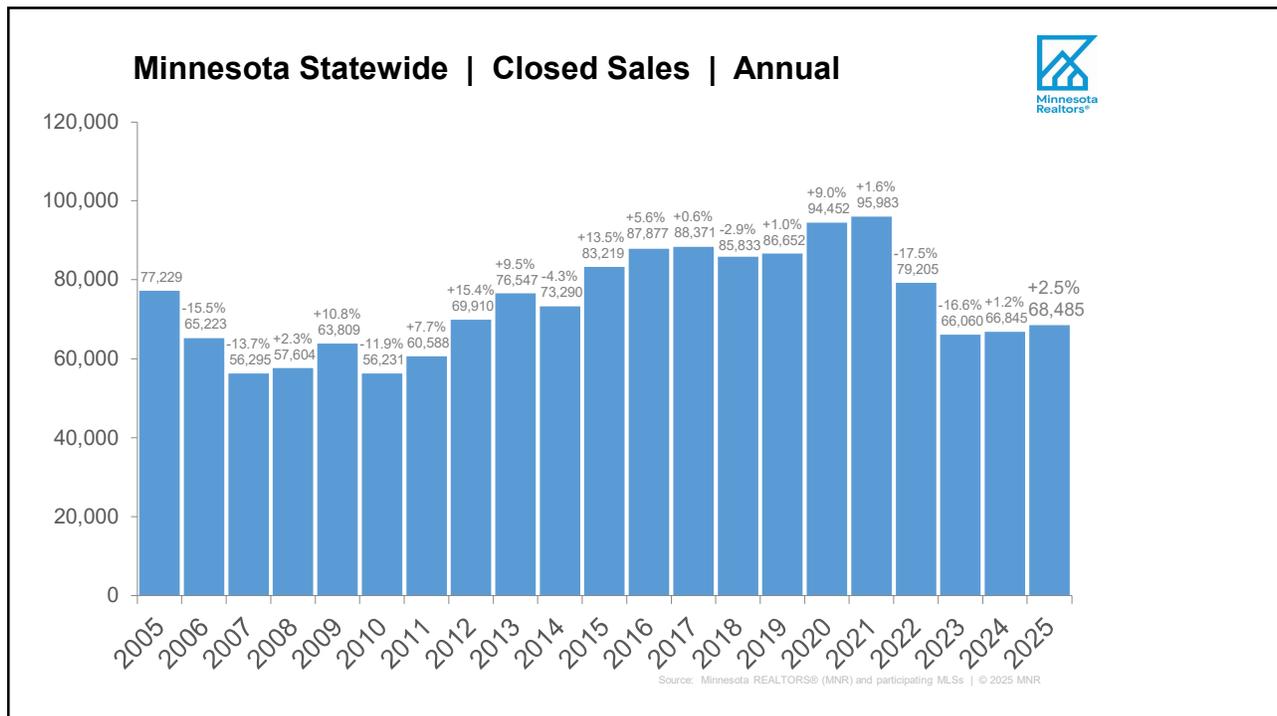
Minnesota Realtors®



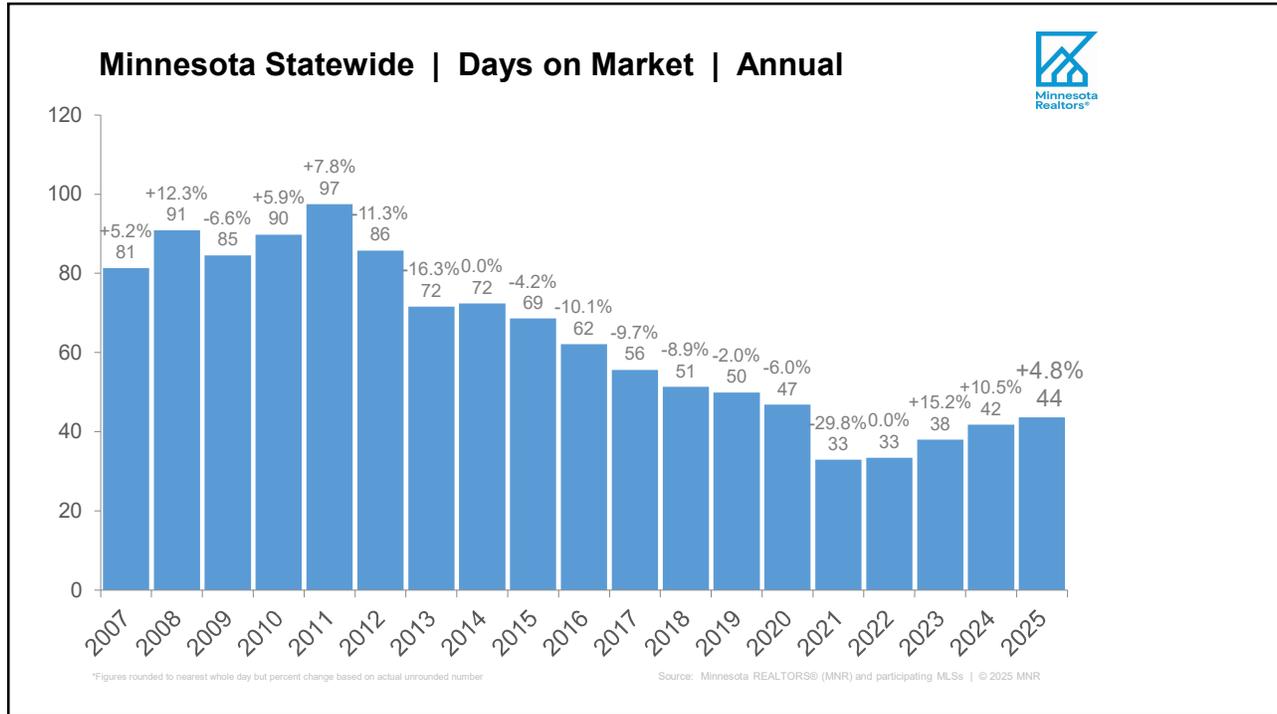
10



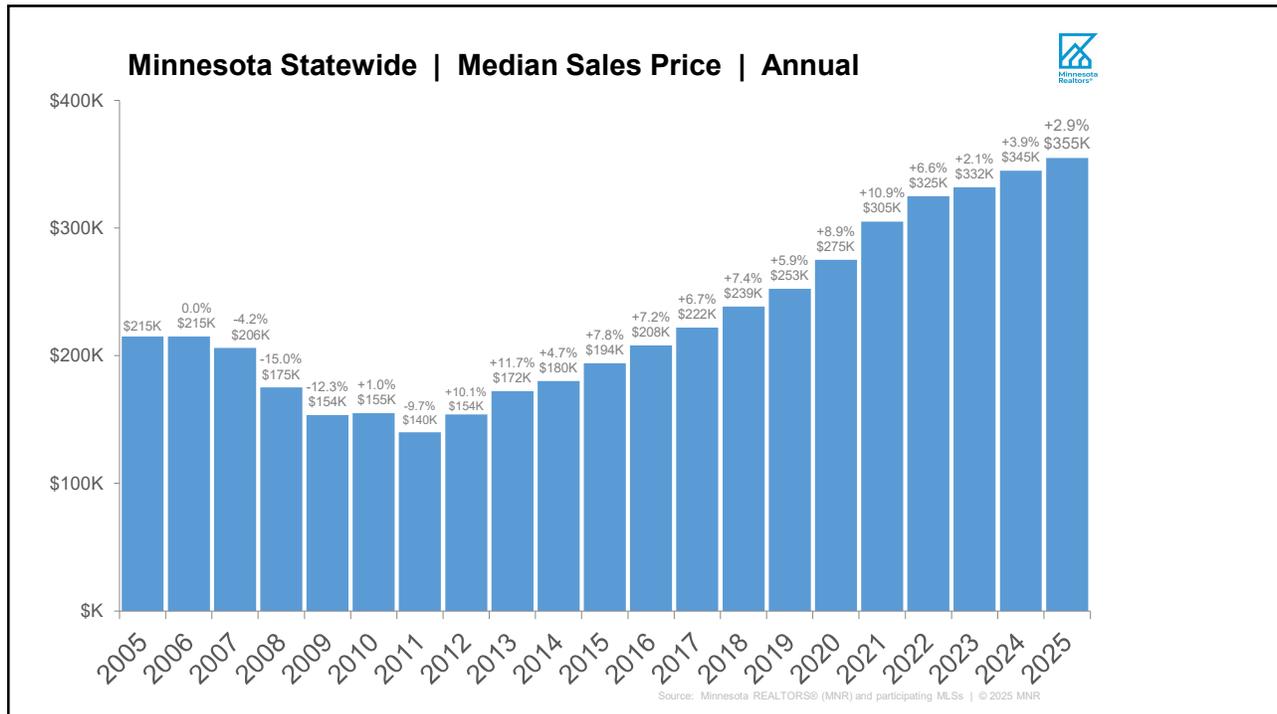
11



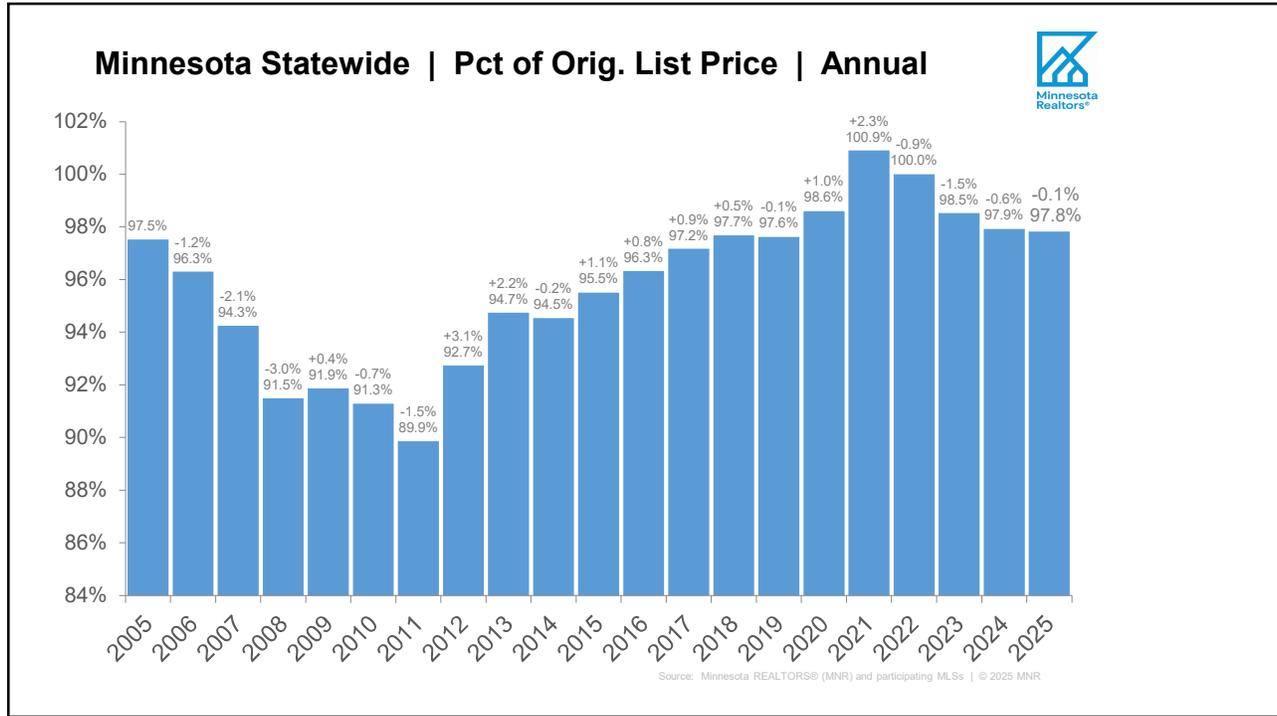
12



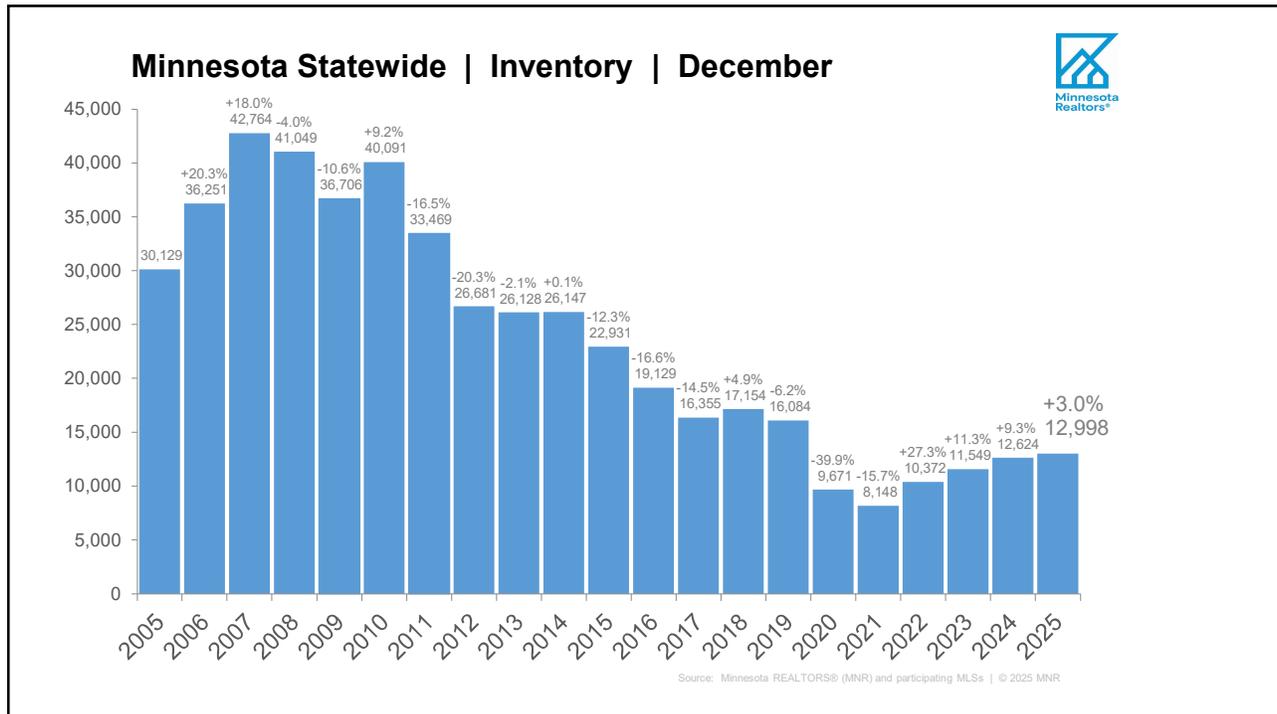
13



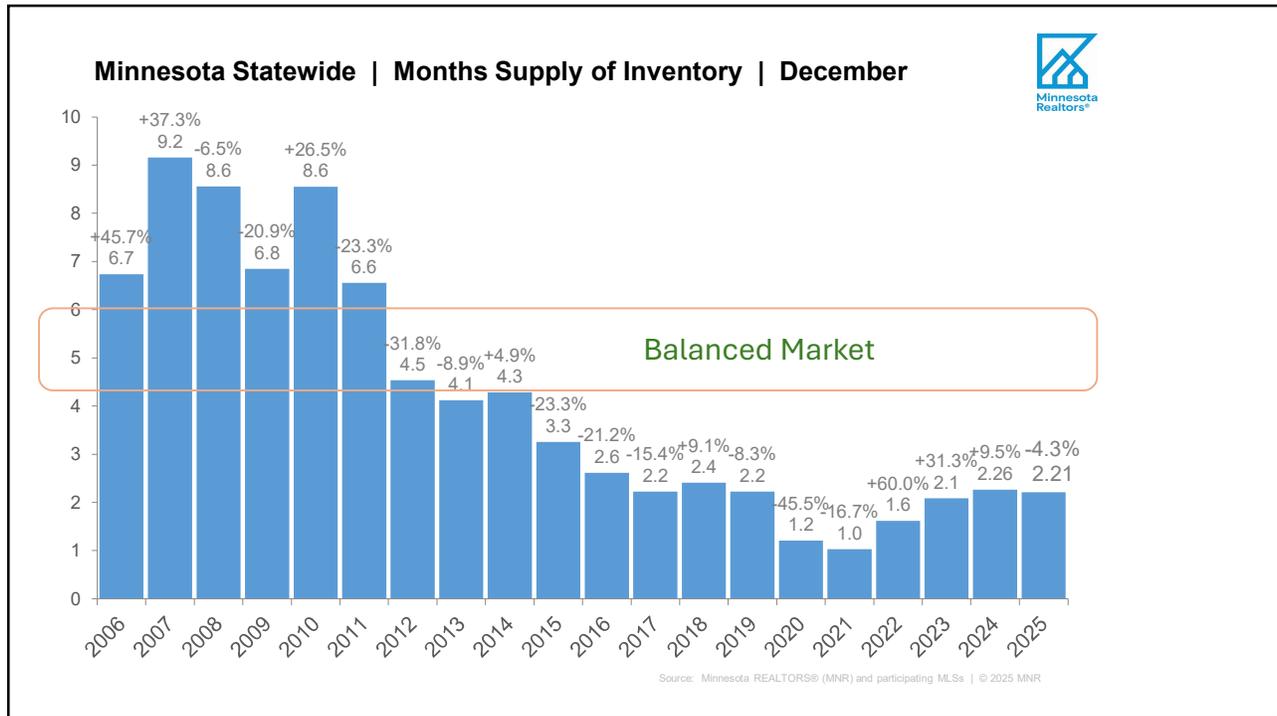
14



15



16



17

Understanding Months Supply of Inventory

(MSI = inventory divided by sales | Absorption Rate = sales divided by inventory)

Seller's market
(less than 5 MSI)

- Low supply, high demand
- Seller at relative advantage
- Shorter market times
- More robust price appreciation
- Multiple offers common
- Sale prices closer to/above asking price

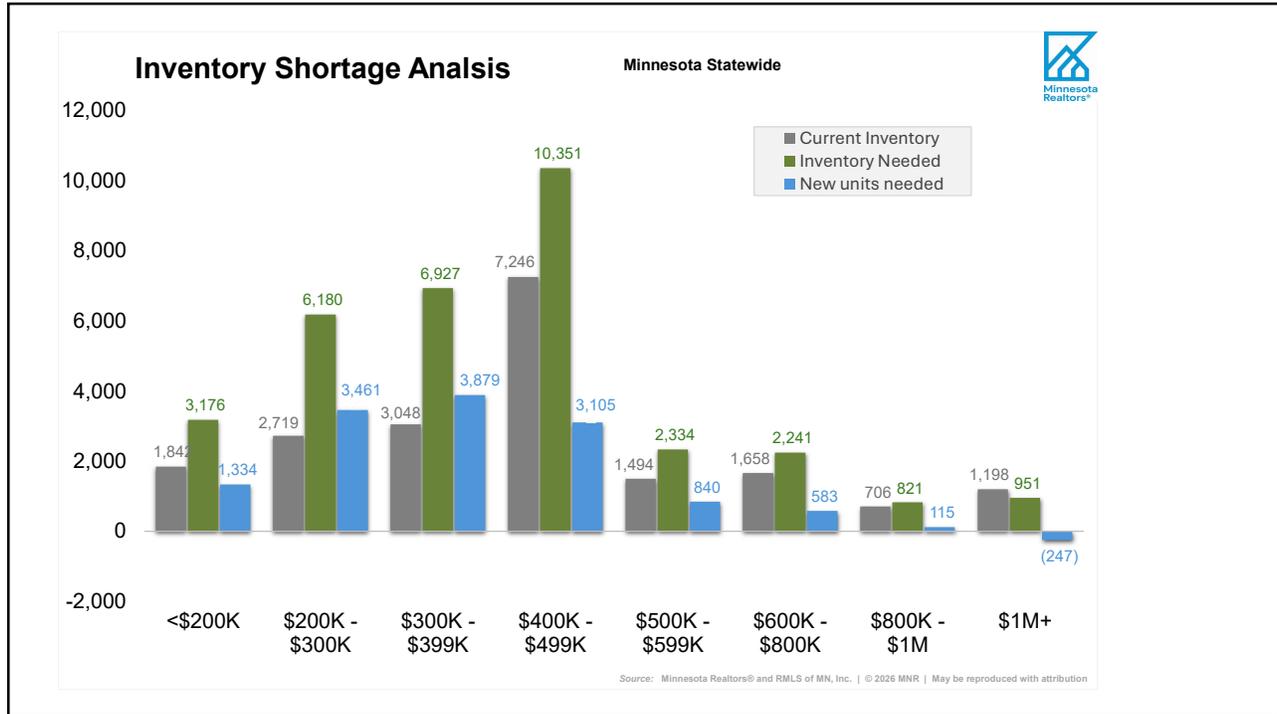
Buyer's market
(More than 6 MSI)

- High supply, low demand
- Buyer at relative advantage
- Longer market times
- Relatively slower price appreciation or declines
- Buyer has more price negotiation power

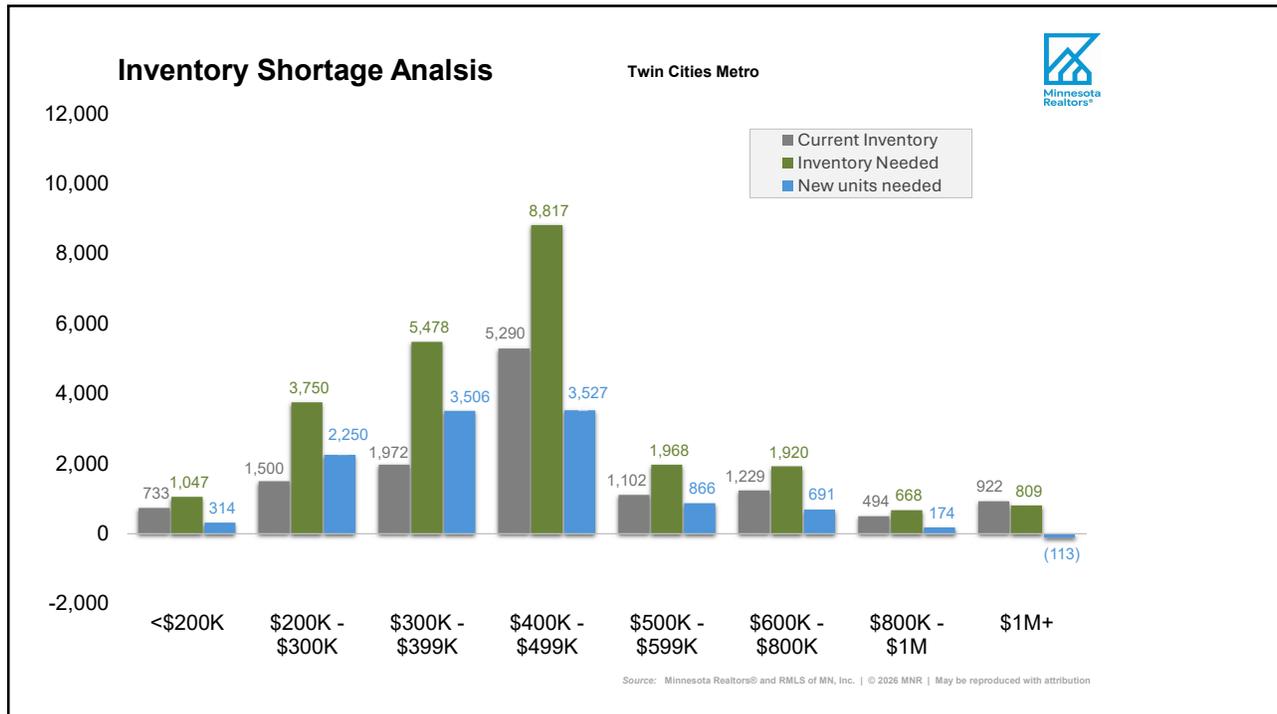
Balanced market
(5-6 MSI)

- Neither side has market advantage
- Price growth and market times in line with steady, historical norms

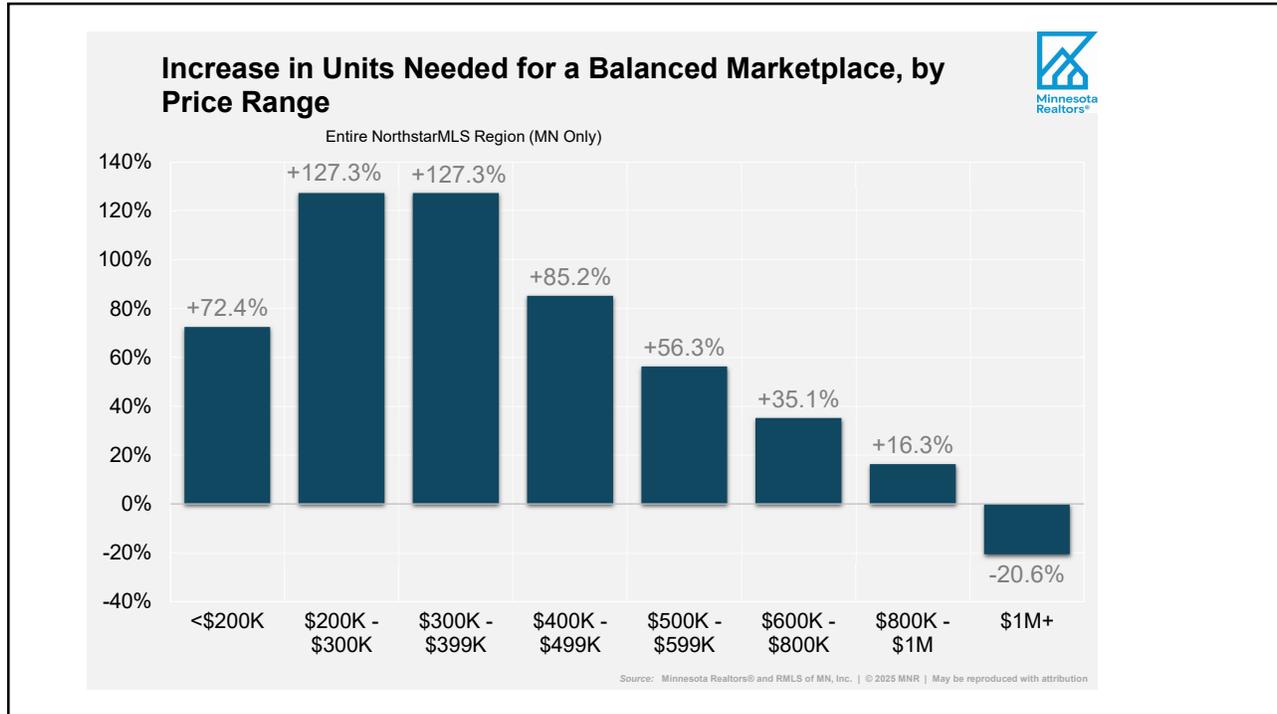
18



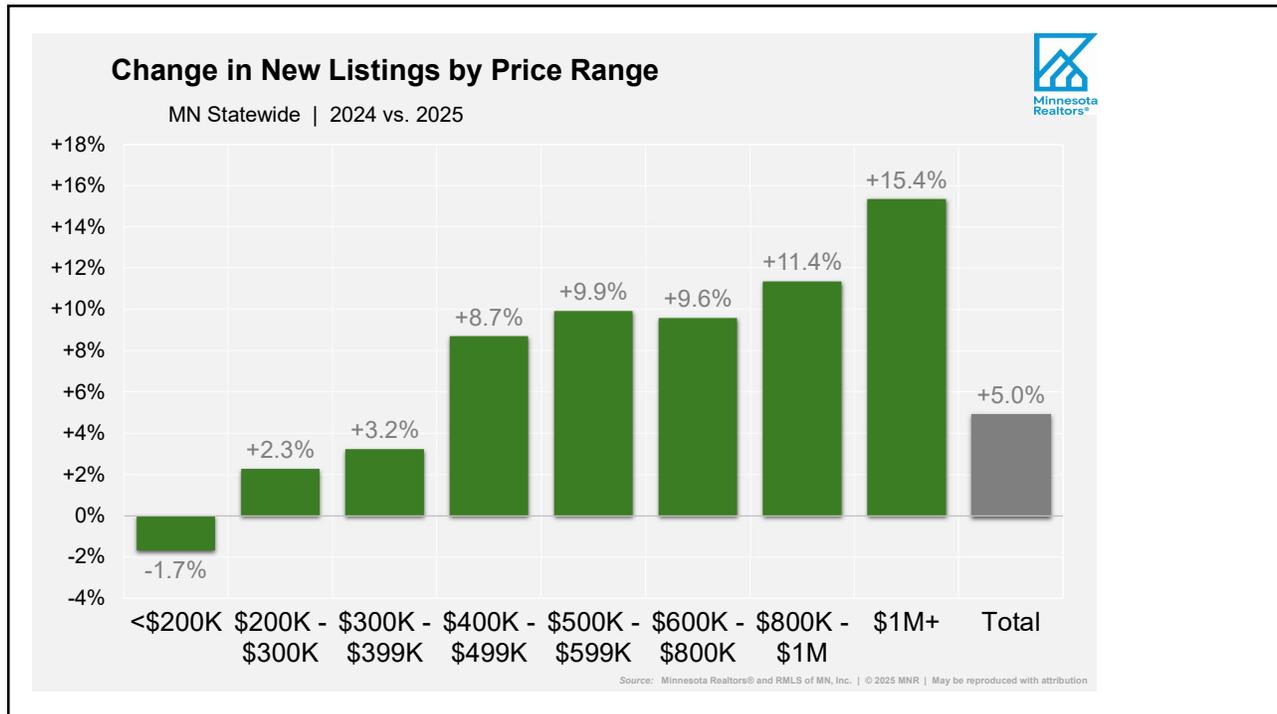
19



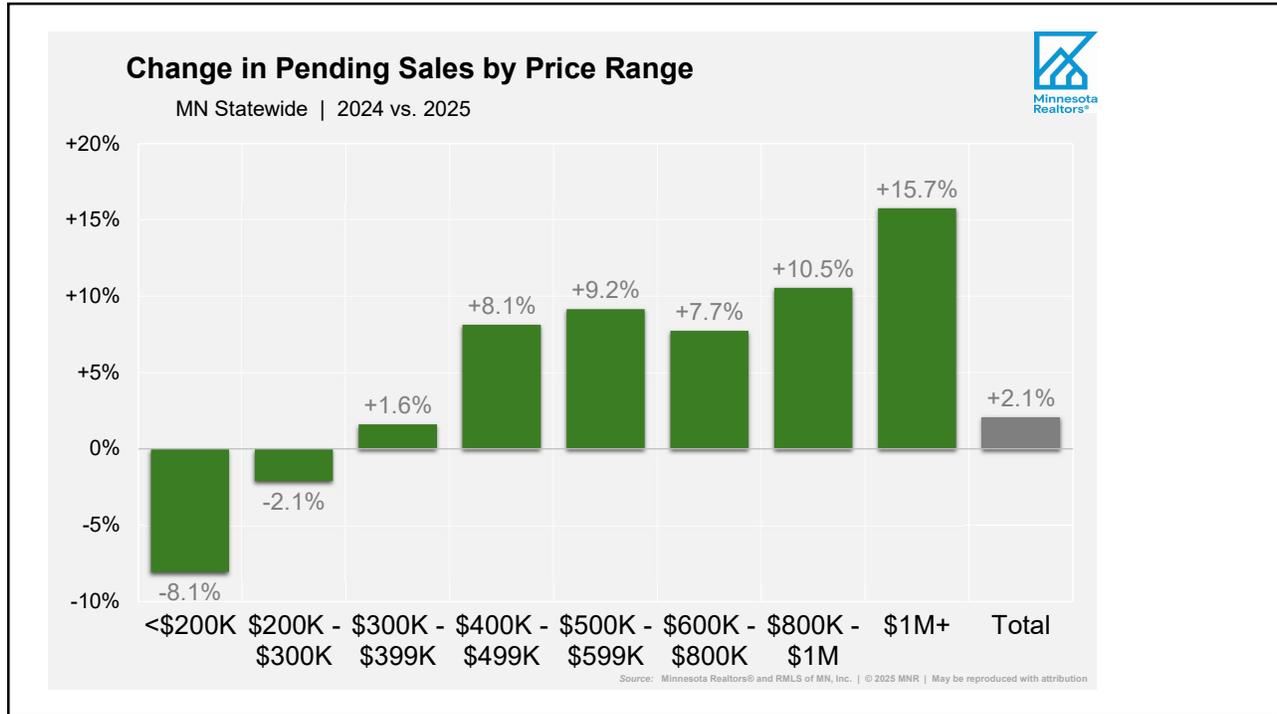
20



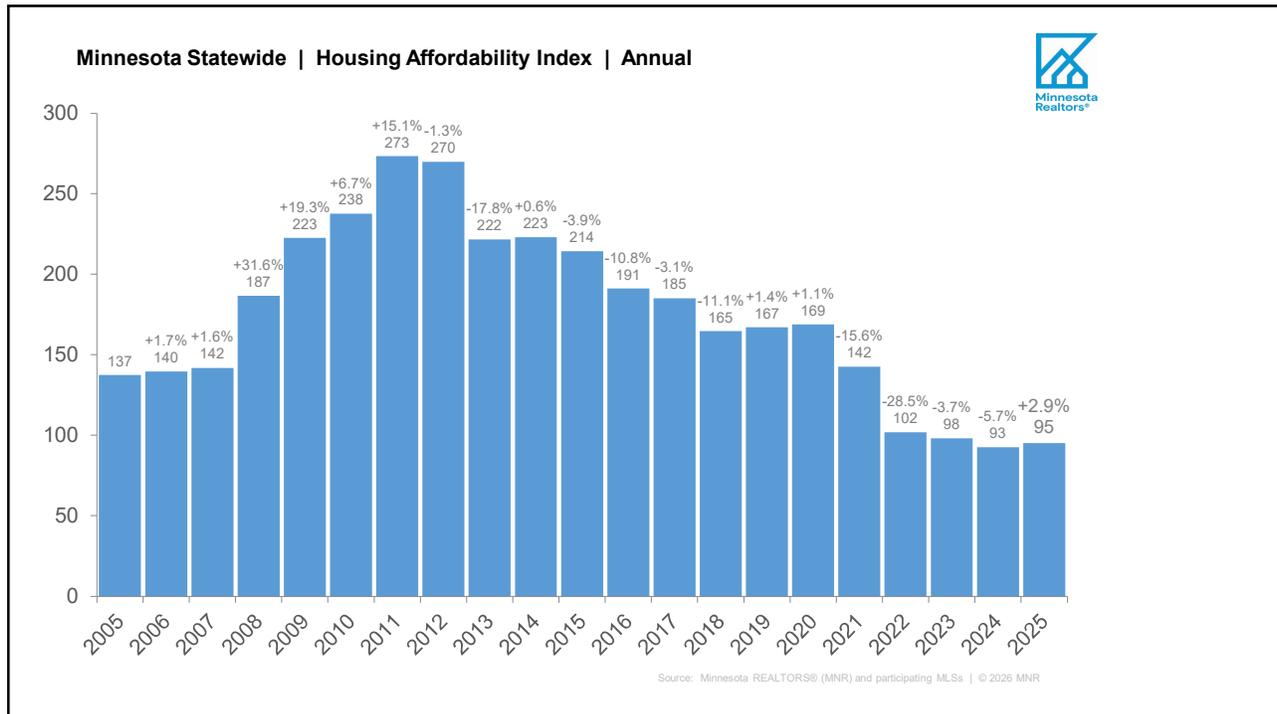
21



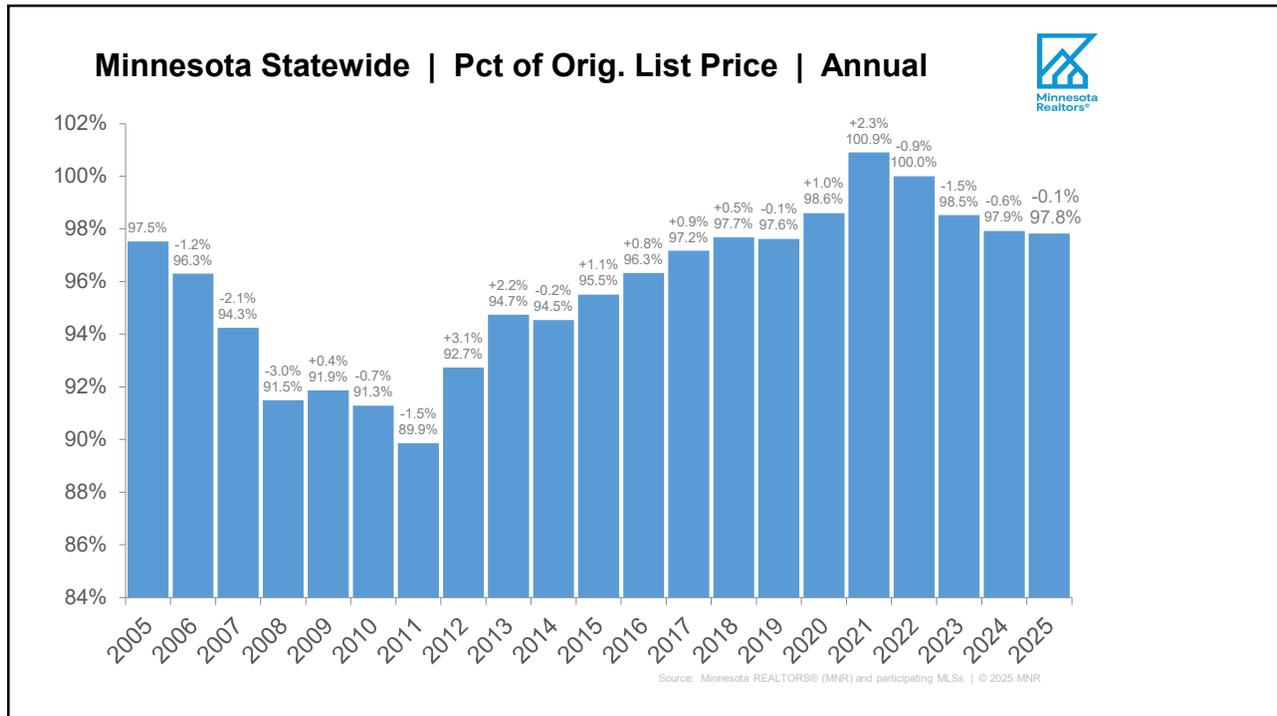
22



23



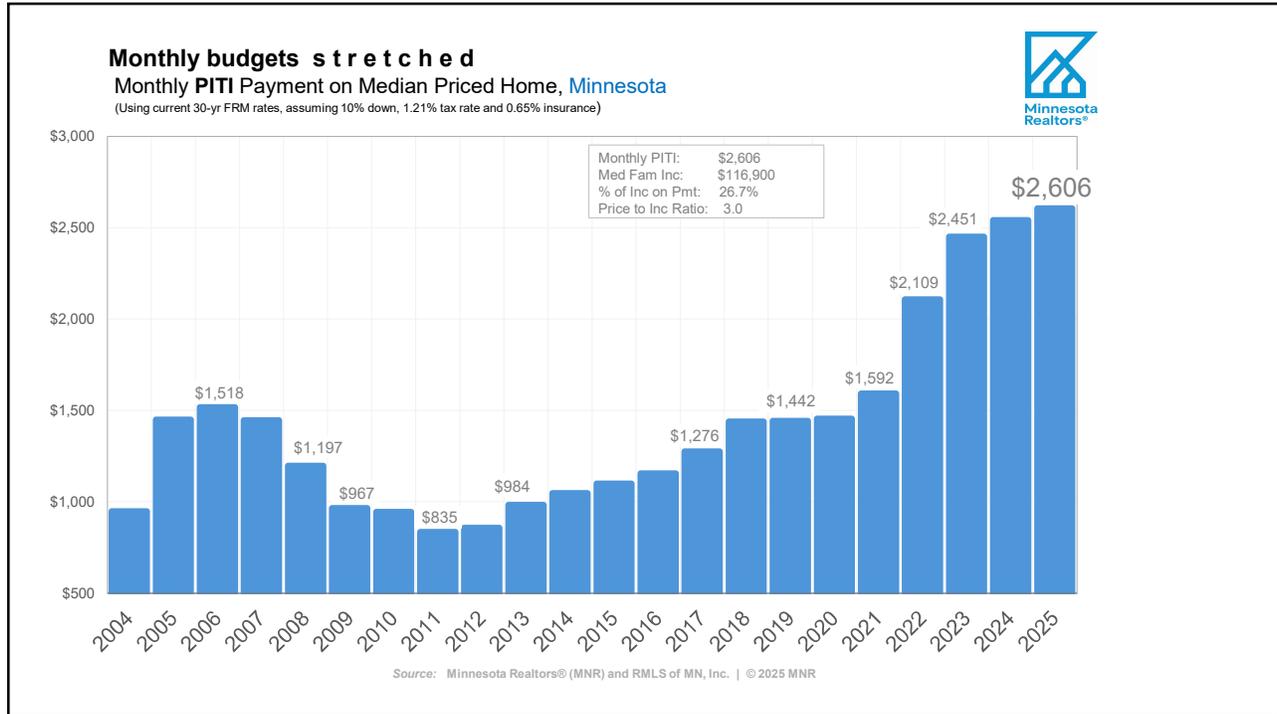
24



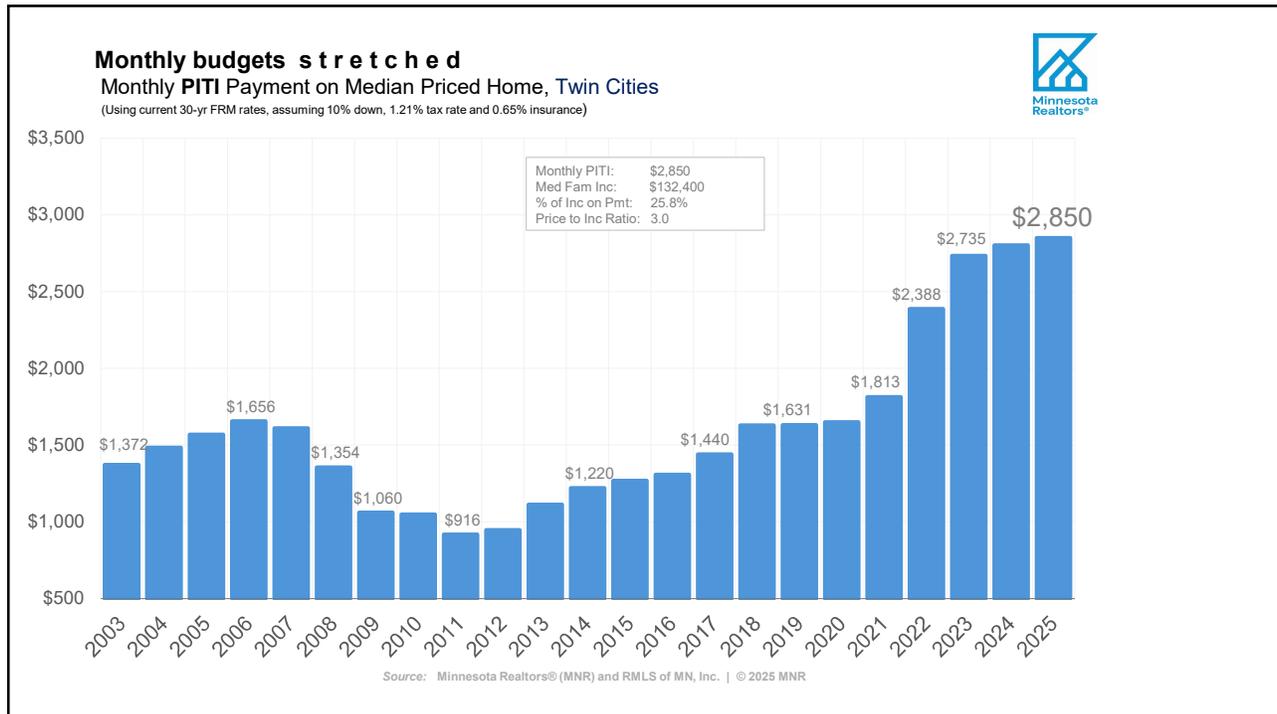
25



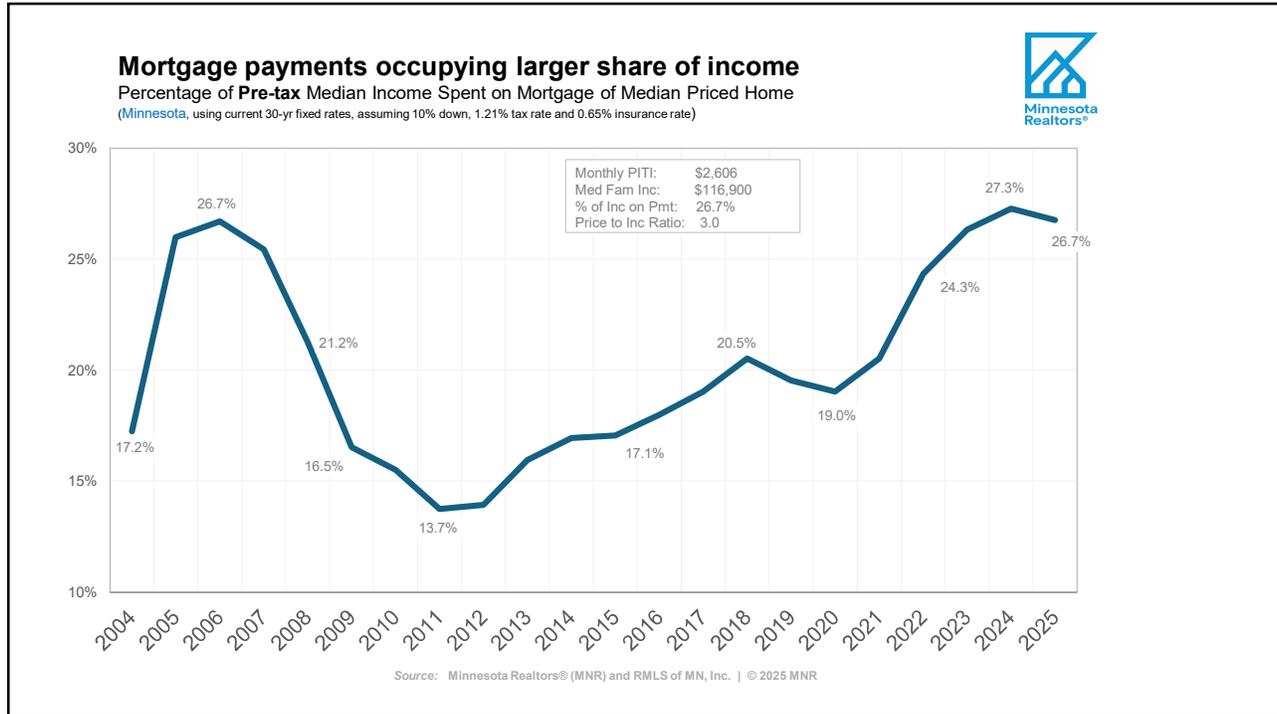
26



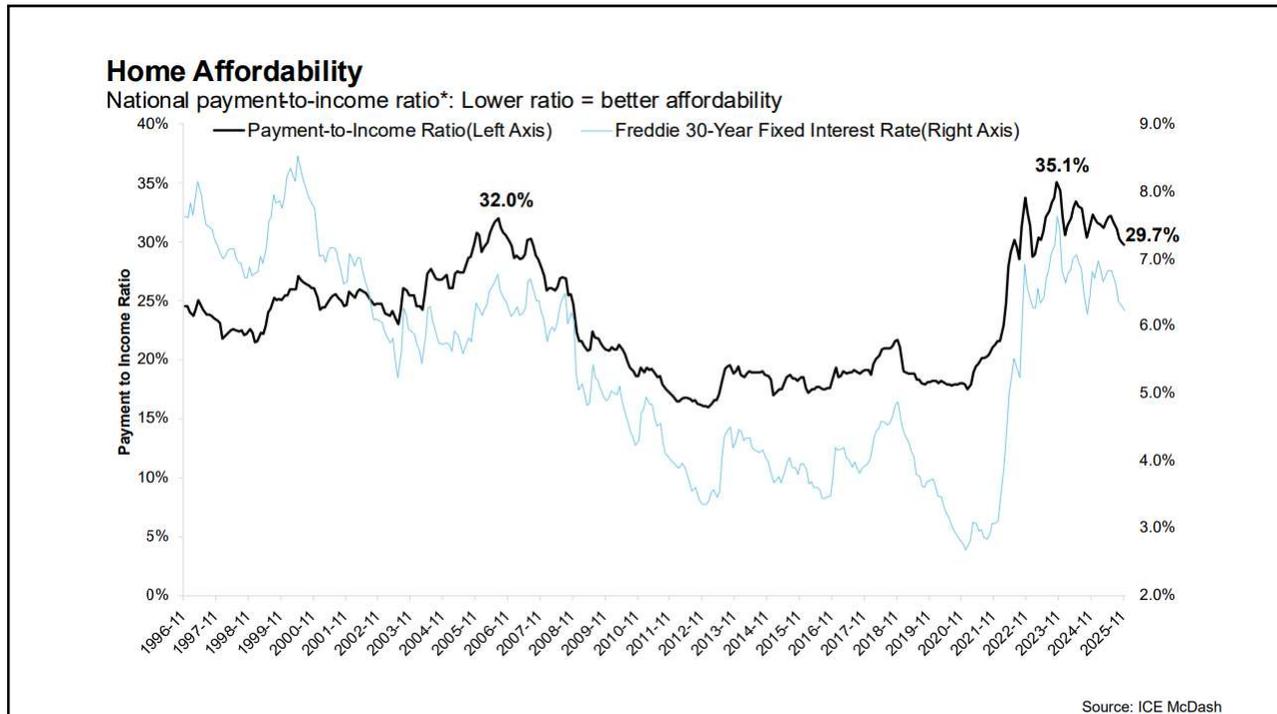
27



28



29

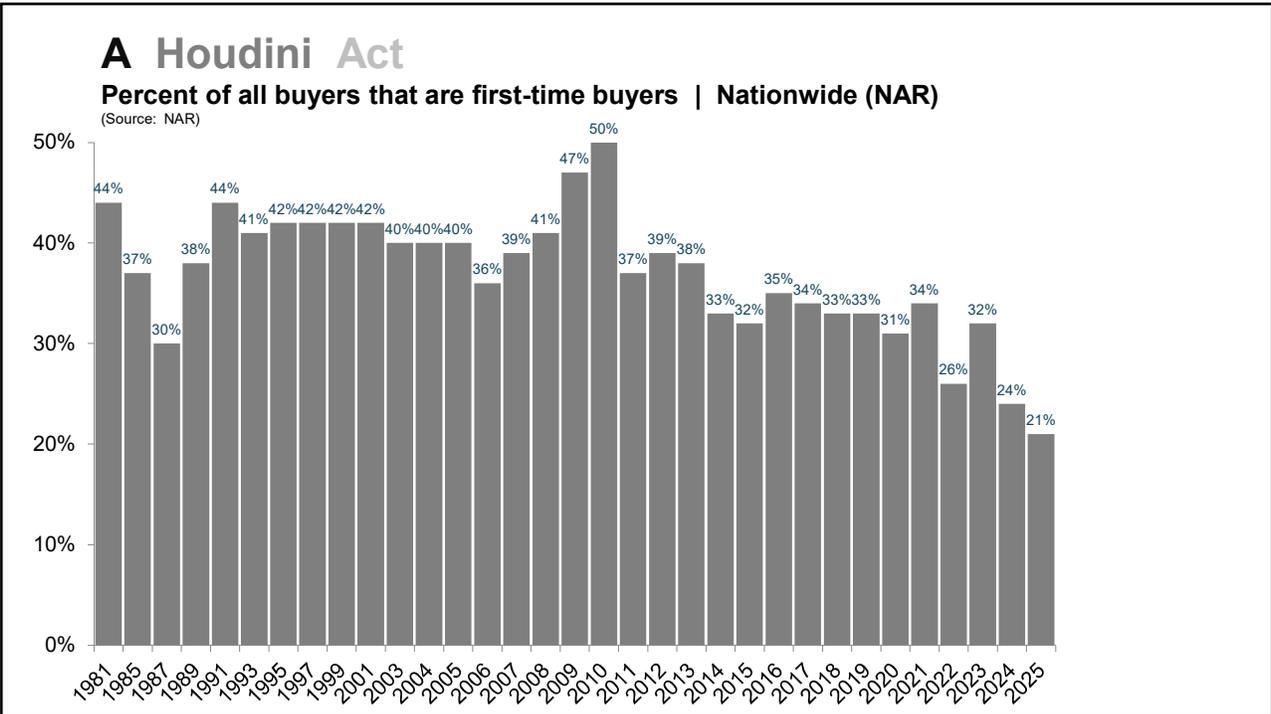


30

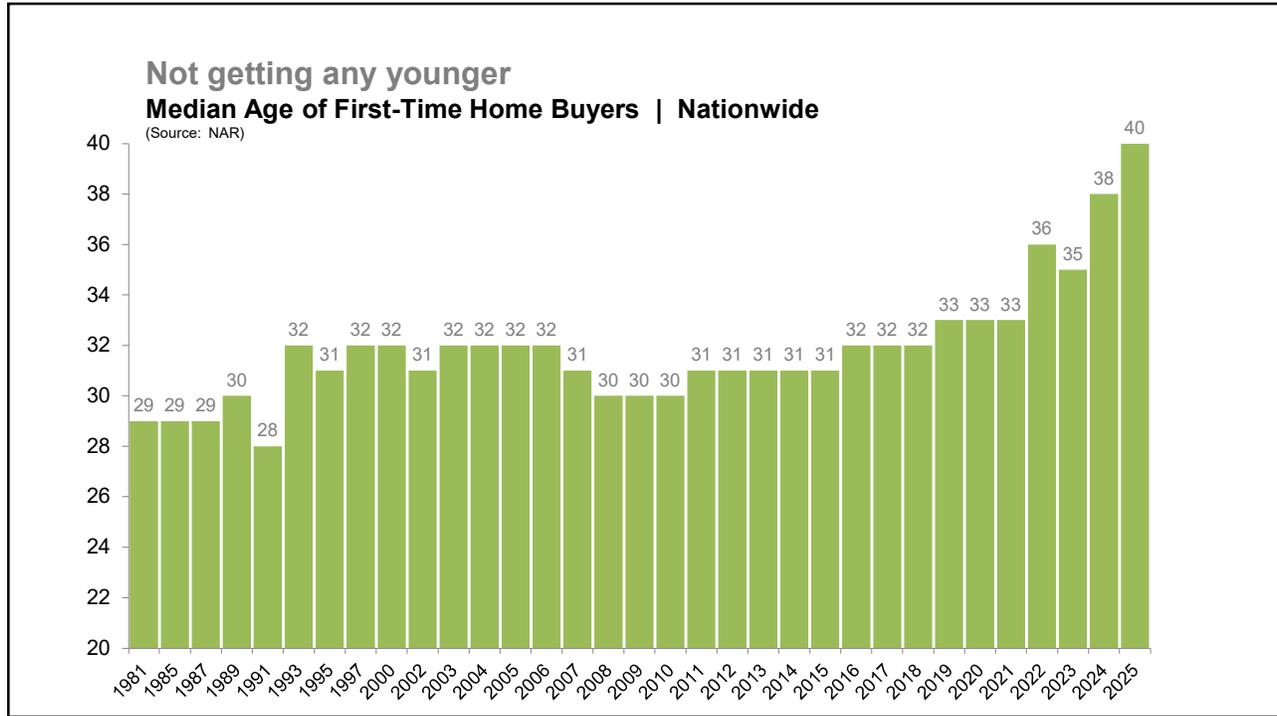
Factors that increase housing affordability

- 1) **Prices** decline or flatten
- 2) **Incomes** rise faster than prices
- 3) Additional housing **supply**
- 4) **Rates** come down

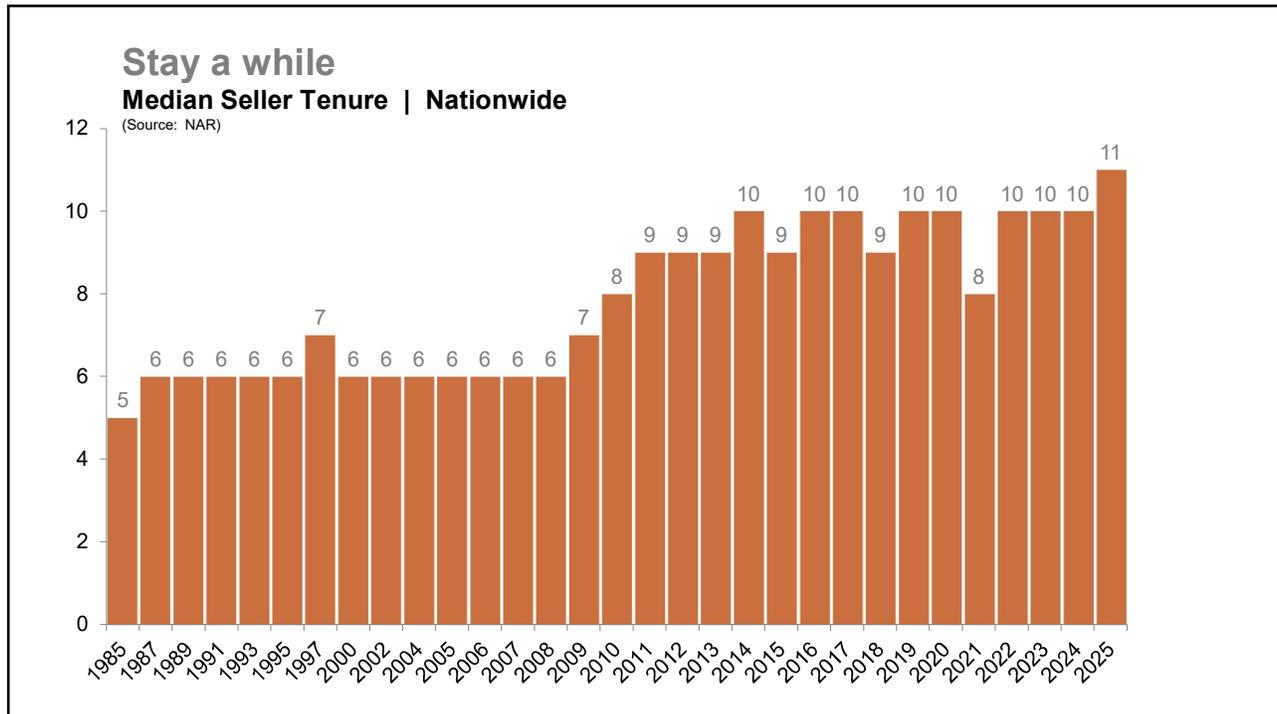
31



32



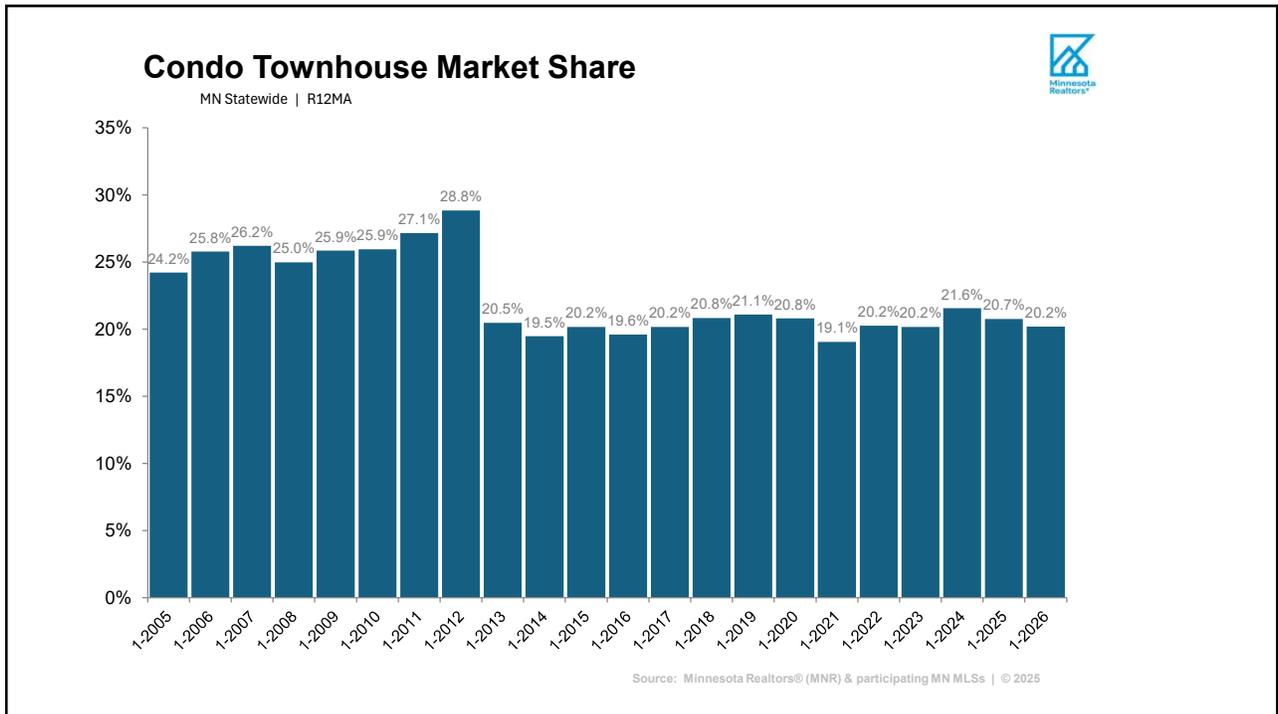
33



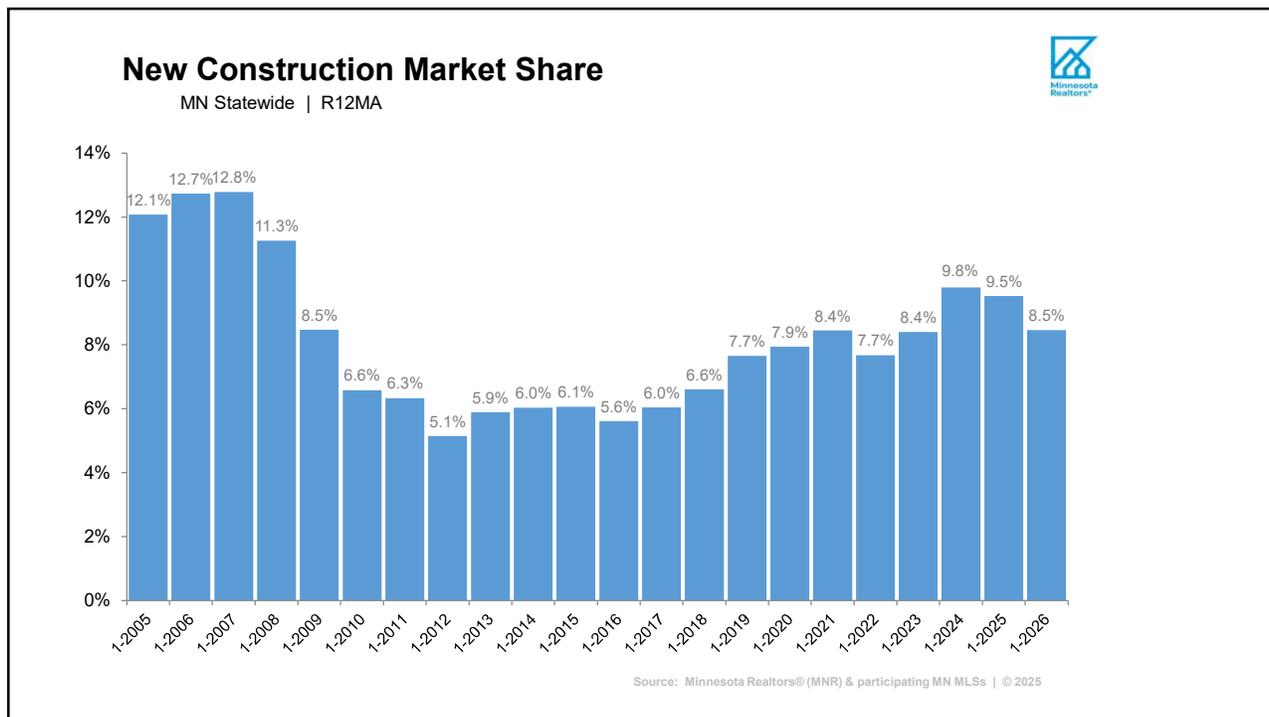
34



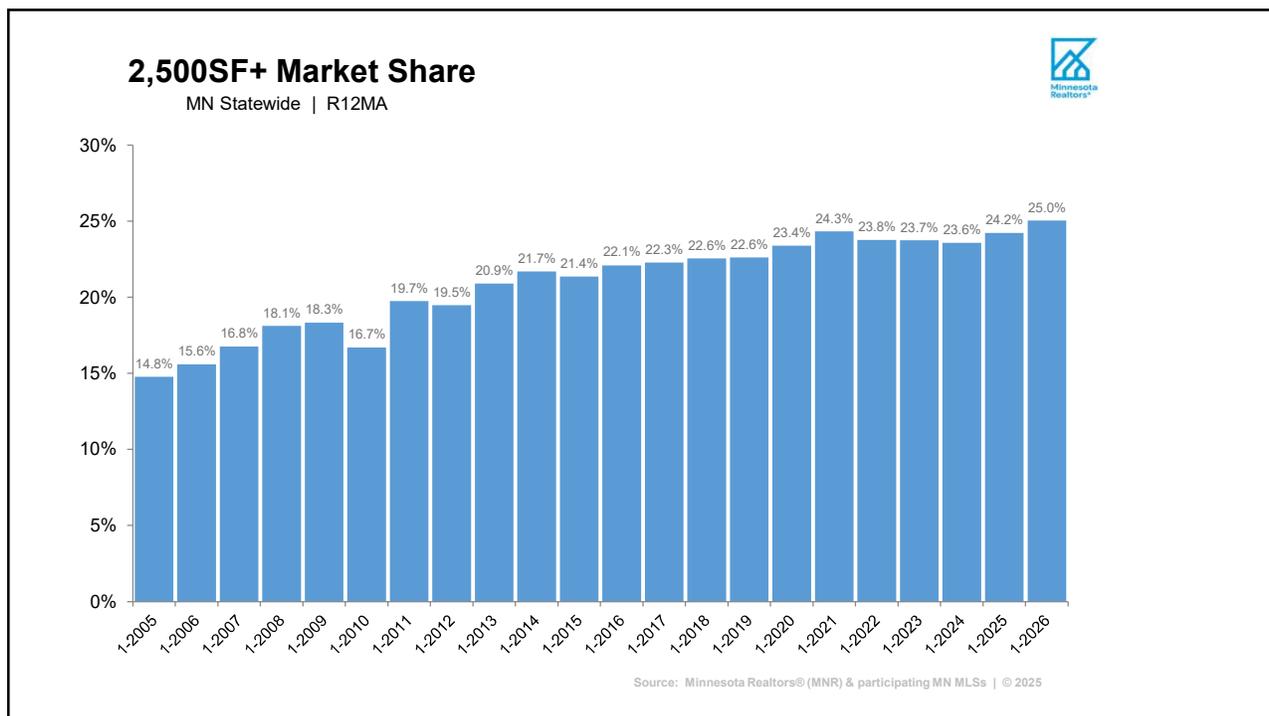
35



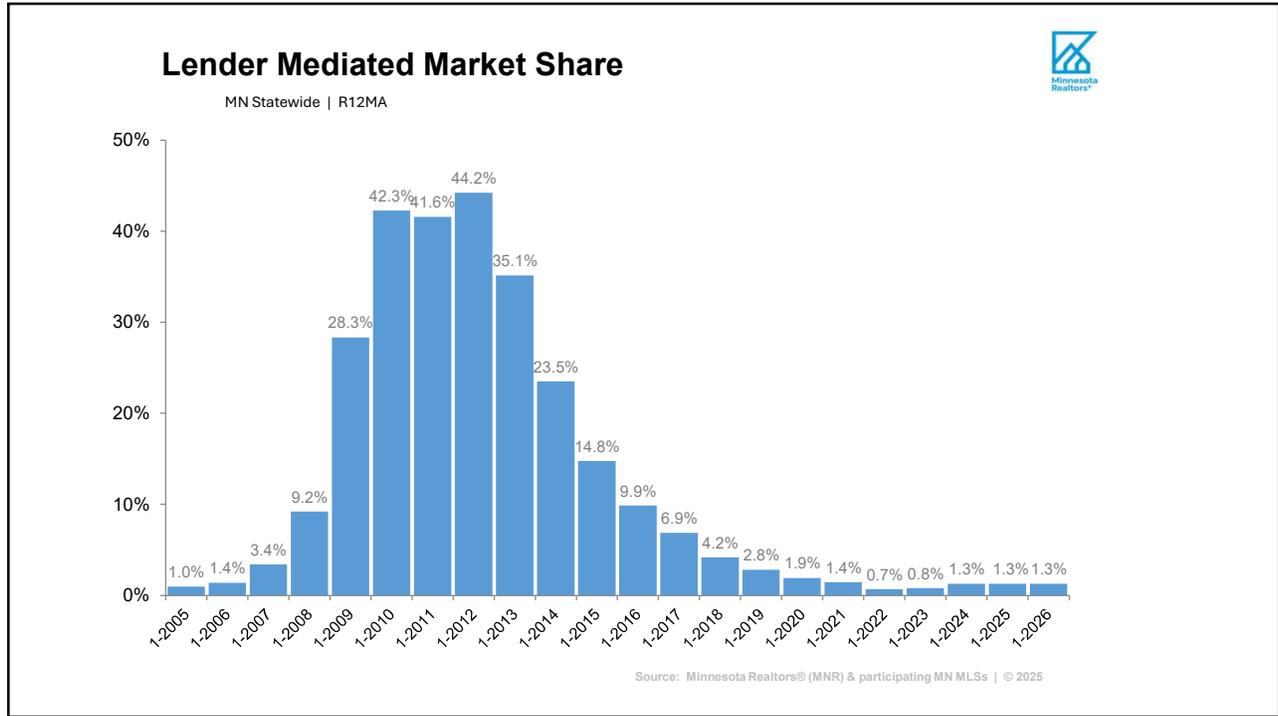
36



37



38



39



40

How deep is the mud?



(Depends on who you ask!)

41

Residential Housing Market Activity Across Minnesota

January 2026



	GAAAR (Alexandria)	% Chg	GLAR (Brainerd)	% Chg	ICBR (Grand Rapids)	% Chg	LCAR (Detroit Lakes)	% Chg	LRAR (Fergus Falls)	% Chg
New Listings	46	+2.2%	243	-12.9%	61	+17.3%	54	+50.0%	67	+8.1%
Pending Sales	37	-27.5%	187	-19.0%	37	+15.6%	33	-15.4%	46	+4.5%
Closed Sales	34	-24.4%	181	-21.6%	37	-19.6%	27	-20.6%	36	+20.0%
Median Sales Price	\$257,500	-6.4%	\$301,000	+11.5%	\$235,600	+16.5%	\$315,000	+12.5%	\$340,000	+41.7%
Days on Market	51	-25.1%	73	+11.8%	85	+25.4%	94	+3.5%	79	+10.2%
Pct of List Price Rec'd	96.3%	+2.1%	94.2%	-0.0%	93.3%	+2.6%	91.1%	-1.7%	93.4%	-0.9%
Inventory	170	+2.4%	1,039	-8.1%	224	+2.8%	256	+17.4%	251	-12.2%
Months Supply	2.1	+1.9%	2.7	-10.2%	2.8	+4.4%	3.9	+11.5%	3.0	-11.4%

	LSAR (Duluth/N. Shore)	% Chg	NWMAR (Bemidji)	% Chg	RAOR (Hibbing/Virginia)	% Chg	RASM (Mankato)	% Chg	SCAAR (St. Cloud)	% Chg
New Listings	165	-25.0%	62	+3.3%	53	-1.9%	106	+7.1%	87	-16.3%
Pending Sales	115	-31.5%	66	+46.7%	24	-31.4%	71	-16.5%	68	-13.9%
Closed Sales	166	-2.4%	47	+6.8%	51	+13.3%	97	-2.0%	61	-6.2%
Median Sales Price	\$242,500	+10.7%	\$235,000	+13.3%	\$143,500	-18.5%	\$268,000	+11.7%	\$297,000	+9.0%
Days on Market	56	+19.5%	103	+12.7%	96	-6.3%	98	+8.3%	61	+11.1%
Pct of List Price Rec'd	93.2%	-0.4%	95.0%	+1.6%	94.4%	+1.6%	94.8%	+1.3%	95.9%	-0.7%
Inventory	696	+11.5%	371	-14.5%	261	+15.5%	352	+16.9%	249	+27.0%
Months Supply	2.5	+7.4%	4.5	-16.2%	3.5	+26.4%	2.6	+19.0%	2.2	+27.8%

	SEMR (Rochester)	% Chg	WCAR (Willmar)	% Chg	7-County Twin Cities	% Chg	16-County Twin Cities	% Chg	MN Statewide	% Chg
New Listings	378	+3.8%	165	-9.3%	3,196	-11.9%	3,909	-10.8%	5,265	-9.0%
Pending Sales	316	-2.5%	115	-22.8%	1,883	-14.2%	2,275	-12.9%	3,352	-11.4%
Closed Sales	272	+1.1%	116	-28.4%	1,647	-19.6%	2,003	-17.7%	3,001	-15.7%
Median Sales Price	\$280,000	+7.7%	\$195,000	+4.7%	\$375,000	0.0%	\$375,000	+1.4%	\$335,000	+1.5%
Days on Market	70	+16.8%	84	+35.7%	51	+2.0%	63	-4.5%	59	+5.4%
Pct of List Price Rec'd	95.0%	-0.6%	93.0%	+0.2%	96.8%	-0.2%	96.8%	-0.1%	96.0%	0.0%
Inventory	941	+8.7%	672	+8.6%	5,940	-1.6%	7,356	-3.0%	12,433	-0.3%
Months Supply	2.2	+4.5%	3.2	+4.6%	1.8	-3.3%	1.9	-5.0%	2.2	0.0%

All change is year-over-year
 *The 7- and 16-county Twin Cities regions use CDOM while other regions use DOM

Note: All data from participating MN MLSs.
 Data are deemed reliable but are not guaranteed.
 May differ from other sources as this includes additional market activity.
 Valid as of 2/11/26

42



43

<p>More than 600 Iron Range steelworkers out of work as auto industry cuts orders because of tariffs</p> <p>Cleveland-Cliffs, the largest iron ore operator in Minnesota, is idling operations in Hibbing and Virginia.</p> <p>By Emma Nelson and Jana Hollingsworth The Minnesota Star Tribune</p> <p>MARCH 20, 2025 AT 5:09PM</p>	<p>“Housing is local”</p>
<p>More Iron Range steelworker layoffs looming as Cleveland Cliffs cuts production</p> <p>Nearly 50 Hibbing Taconite workers received notice that they’ll be out of work Feb. 1, following the layoff of about 250 last March.</p> <p>By Jana Hollingsworth The Minnesota Star Tribune</p> <p>JANUARY 9, 2026 AT 11:44AM</p>	

44



ROCHESTER

Rochester outpaces rest of state in job growth – by a lot

Latest numbers from DEED show the Rochester region added 7,000 new jobs in the past year, largely driven by hiring in education and health services.

By Sean Baker
The Minnesota Star Tribune

OCTOBER 25, 2024 AT 2:58PM

“Housing is local”

Rochester on the verge of a residential construction boom, experts say

The city hopes for another \$1 billion in construction again this year, as national builders have descended.

By Trey Mewes
The Minnesota Star Tribune

JANUARY 28, 2026 AT 6:03AM



Published: Jun. 25, 2025 at 7:20 AM CDT

📧 📱 📧 📧 📧

ROCHESTER, Minn. (KTTC) – New [data](#) from the Minnesota Department of Employment and Economic Development shows Minnesota is seeing strong job and labor force growth this year.

In the month of May alone, the state added 6,600 jobs.

Also, in a [report](#), Rochester saw the most employment growth compared to 2024 and more than any other region in Minnesota.

45

Newsweek

MS Florida Housing Housing Market Pandemics

News Article

Florida Housing Market Sees Record Home Listings

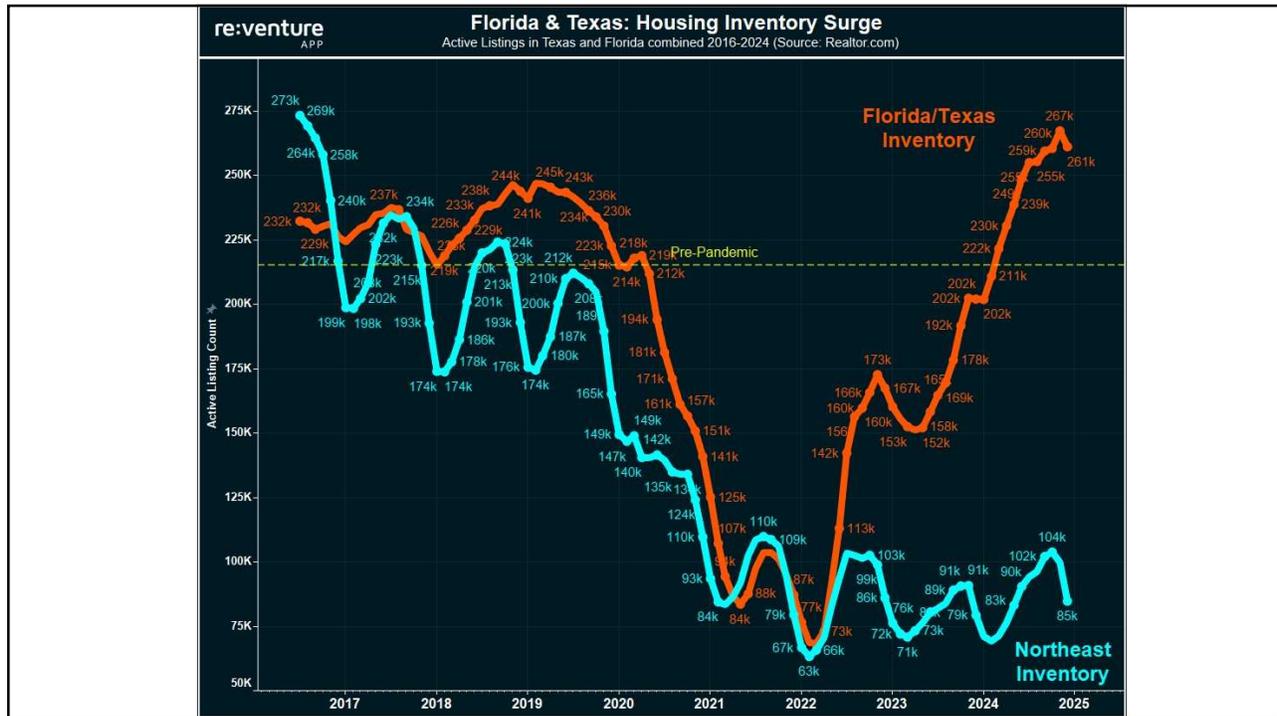
PUBLISHED
MAR 03, 2025 AT 09:14 AM EST

25e

Texas housing market sees highest inventory since 2011 as sellers adapt to buyer's market

Texas housing market hits highest inventory since 2011 as sellers face new buyer's market reality

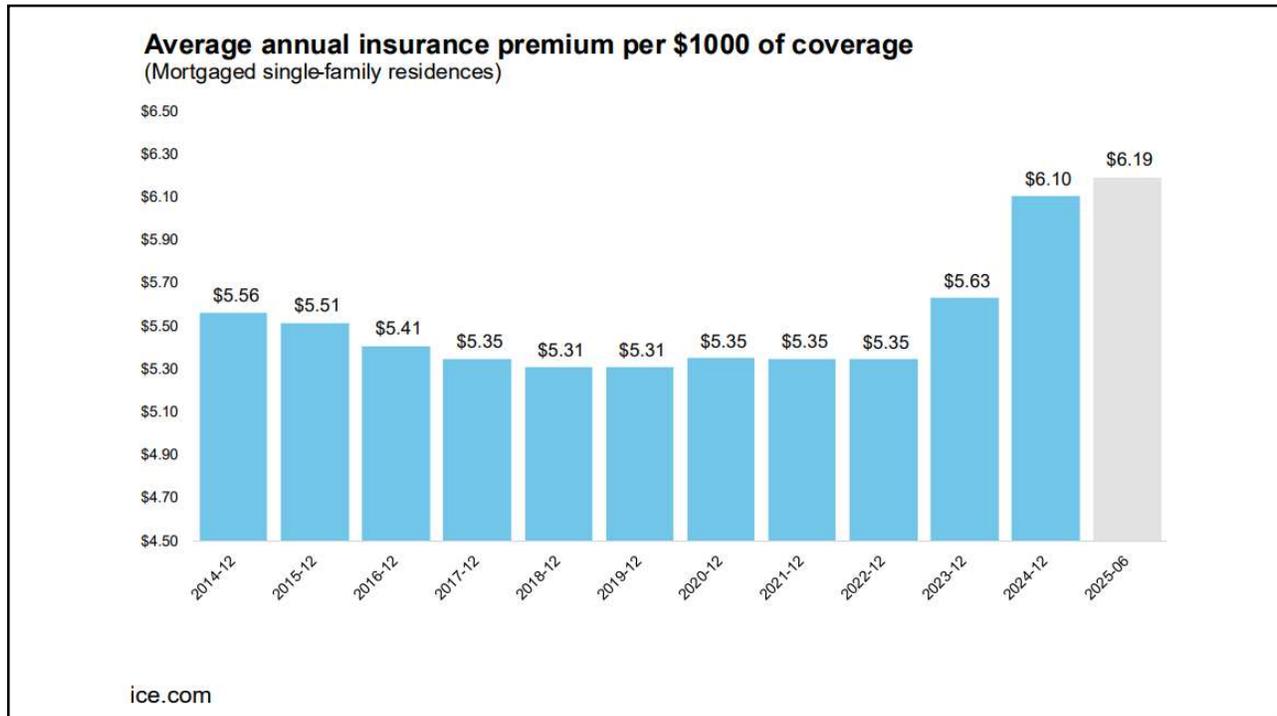
46



47



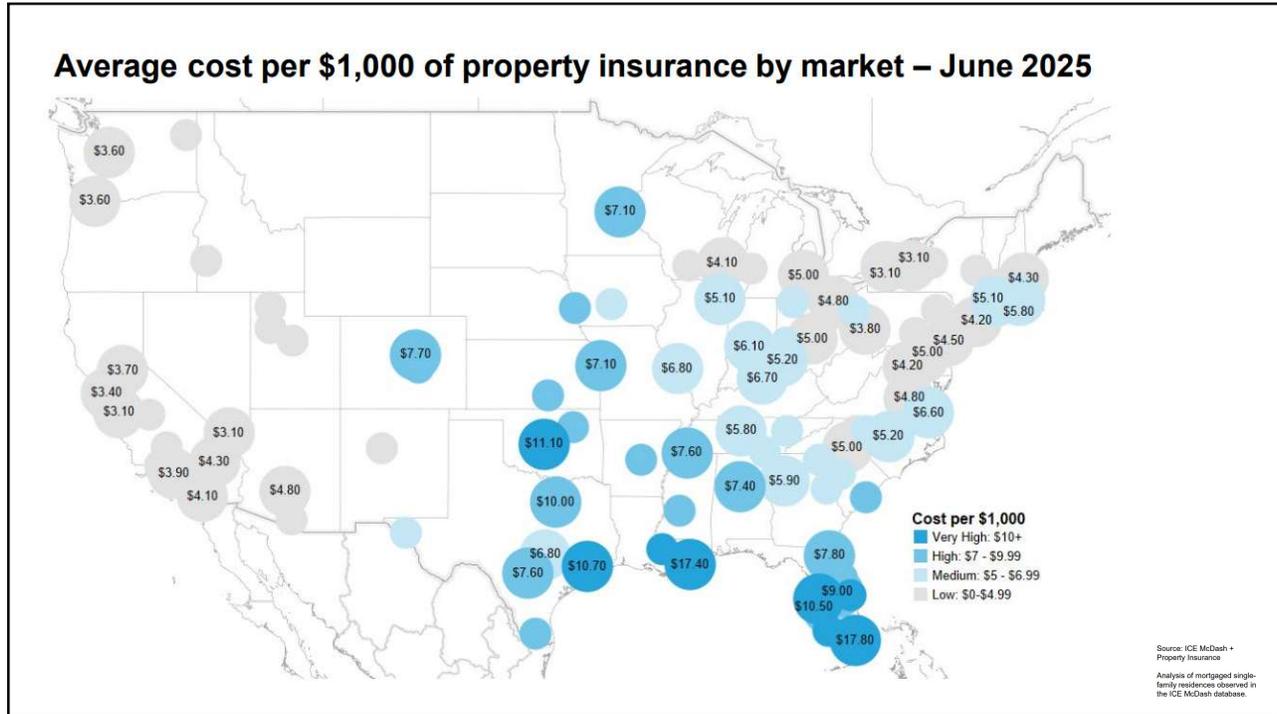
48



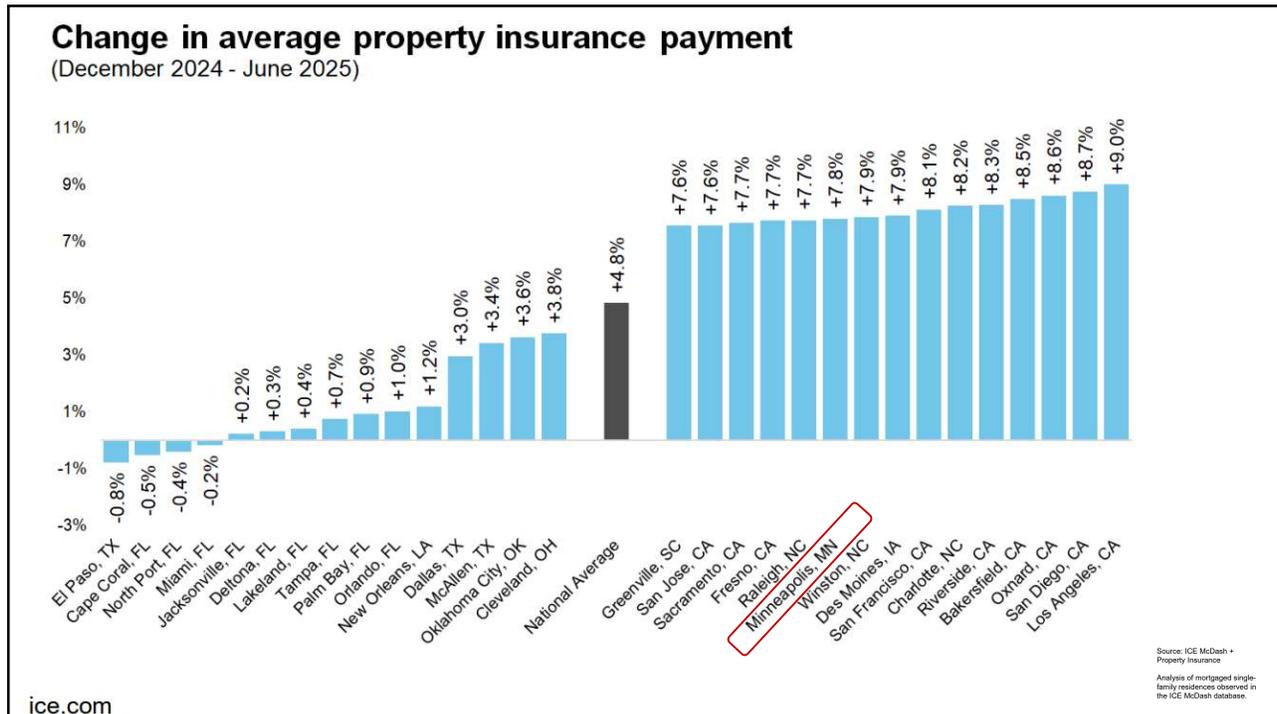
49

	Ann. Insurance Pmt on Med. MN Home
2003	\$ -
2004	\$ 710
2005	\$ 1,087
2006	\$ 1,091
2007	\$ 1,050
2008	\$ 895
2009	\$ 791
2010	\$ 799
2011	\$ 725
2012	\$ 802
2013	\$ 897
2014	\$ 943
2015	\$ 1,022
2016	\$ 1,098
2017	\$ 1,179
2018	\$ 1,269
2019	\$ 1,351
2020	\$ 1,471
2021	\$ 1,632
2022	\$ 1,830
2023	\$ 2,025
2024	\$ 2,145
2025ytd	\$ 2,521

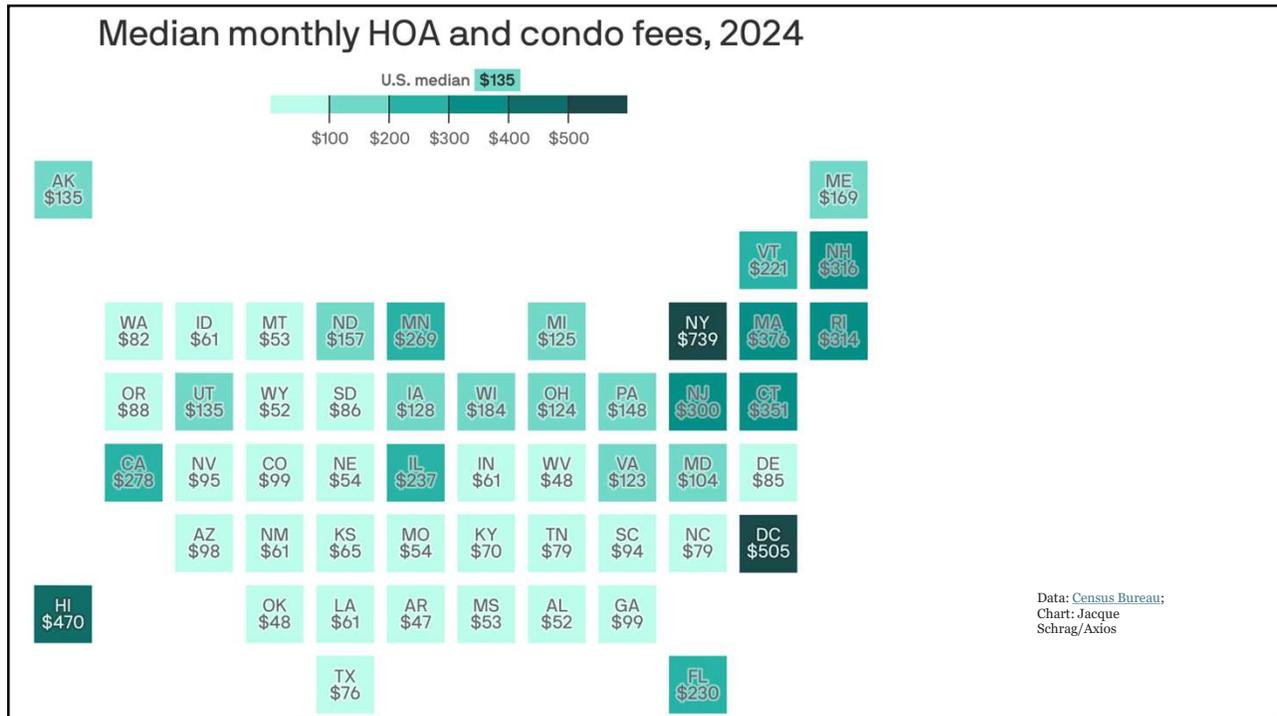
50



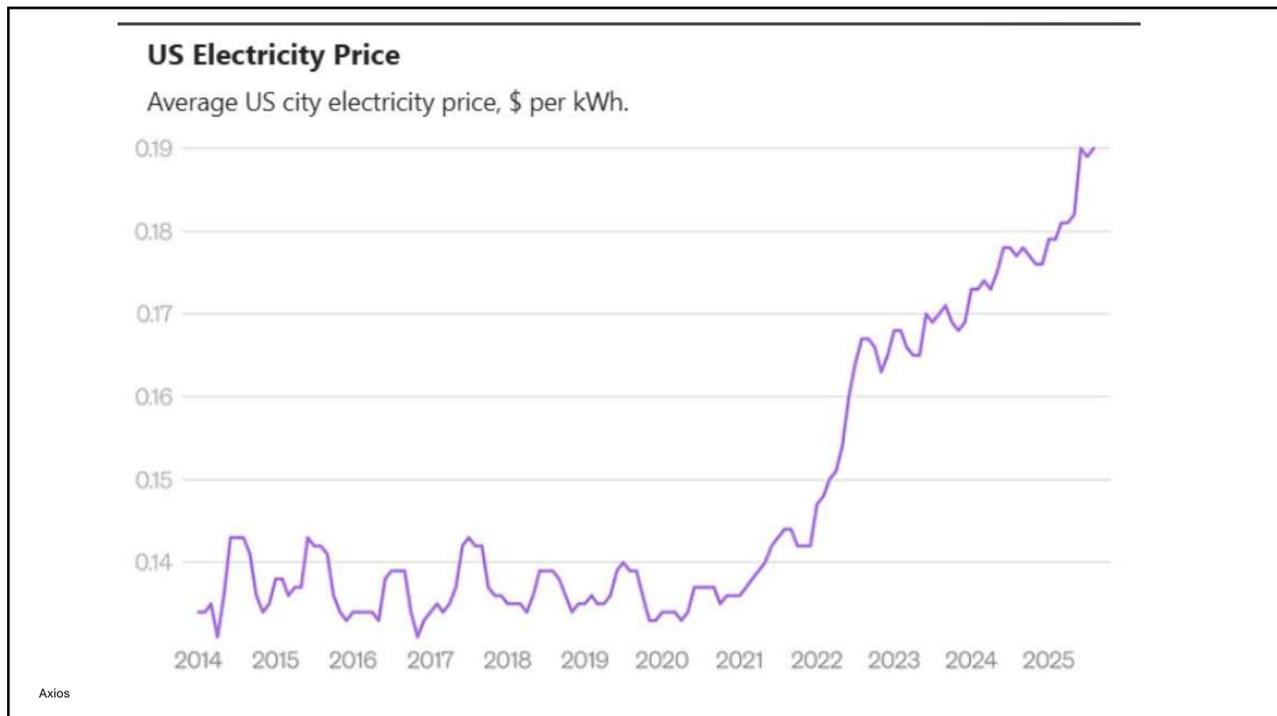
51



52



53



54



55

Minnesota Realtors®

Preliminary Property Tax Levies for 2026

Local Governments, Schools, and Special Taxing Districts

2026 Preliminary Levy Changes (vs. 2025 Final)

- **Cities:** \$4.022B → **+8.7%**
- **Counties:** \$4.543B → **+8.1%**
- **Townships:** \$350M → **+5.6%**
- **Schools:** \$4.390B → **+5.8%**
- **Special Taxing Districts:** \$546M → **+4.6%**

Statewide Impact

- Preliminary 2026 levies could increase by **up to \$948.2M**
- **+6.9% potential statewide increase**
- In 2025, final levies were **\$63.0M lower** than the preliminary levies (resulting in a **5.6% final increase**)

Source: Minnesota Department of Revenue

56



The challenge is that commercial values are down due to elevated vacancy rates from remote work.

Home values keep rising. So more of the burden is shifted from commercial back onto homeowners.

57

**“If a picture is worth a thousand words...
..Then a map is worth a million.”**



58

Statewide Maps | 2025 Annual

[Closed Sales](#)

[Change in Sales](#)

[Days on Market](#)

[Pct of Original List Price Received](#)

[Median Sales Price](#)

[Change in Median Sales Price](#)

59

Nationwide Maps | 2025 Annual

[Homeownership rate](#)

[Contract cancellation rates](#)

[Days on market](#)

[Median home price](#)

[Share that moved since 2023](#)

60

Interactive Reporting Tools

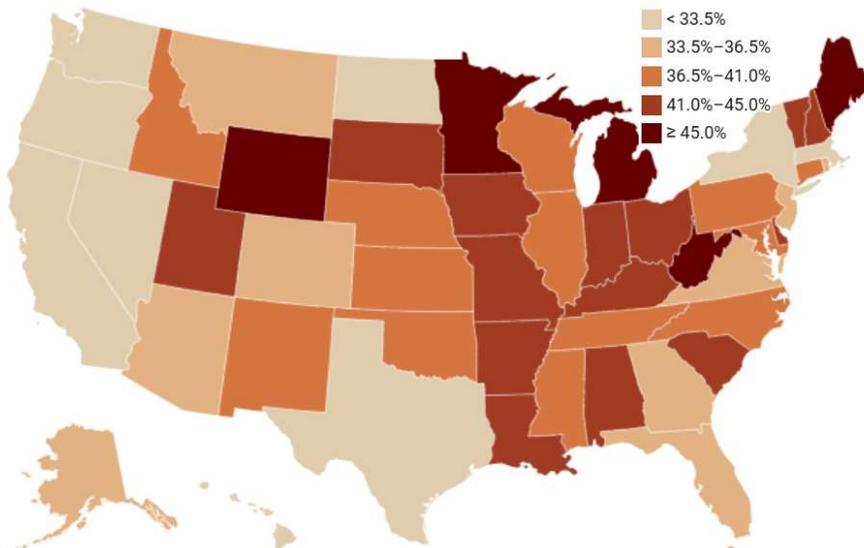
[Sortable market stats by county](#)

[Sortable market stats by region](#)

61

Homeownership Rate (age <35)

By Minnesota Realtors



Where incomes are above average and home prices are below average. These aren't necessarily high income areas, but places where that ratio is favorable. And land availability, regulation, etc. play a role.

Map: MNR Research • Source: US Census • [Embed](#) • [Download image](#) • Created with [Datawrapper](#)

62

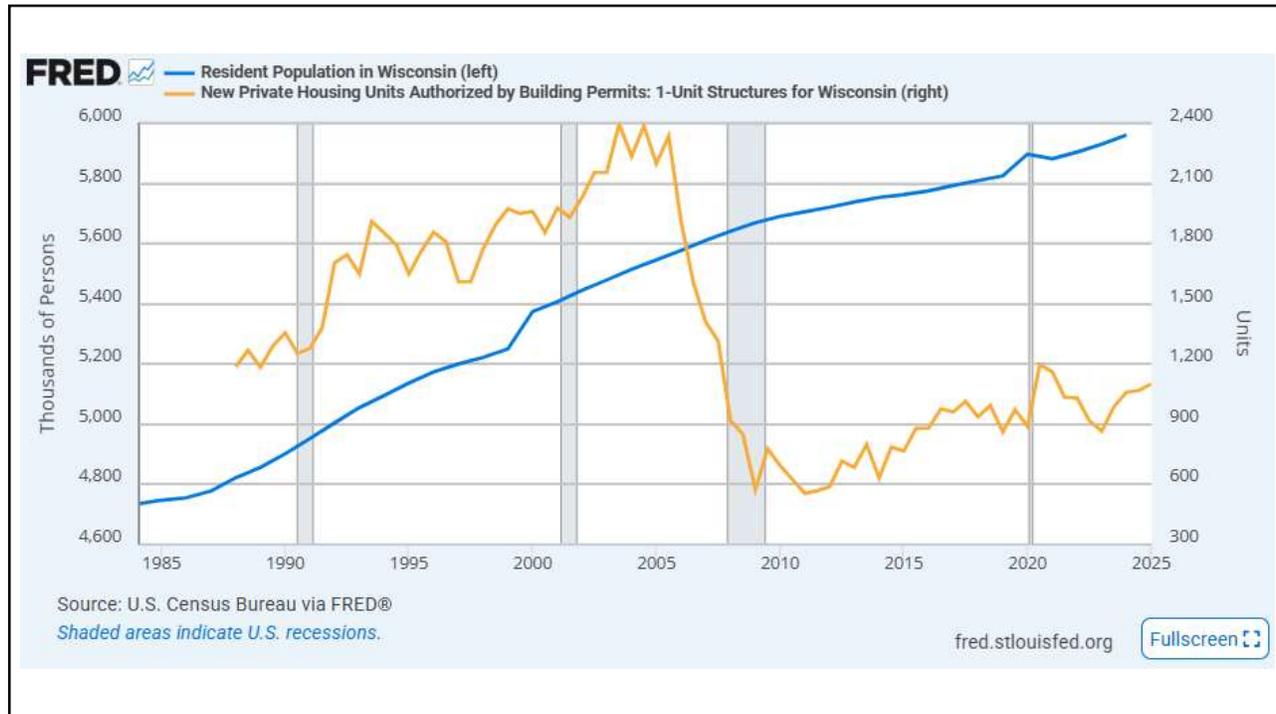


Where did all the homes go?

63



64



65



“Housing demand is cyclical”

Mortgage rates: When rates fall, demand jumps. When they rise, demand cools.

Economic conditions: Job growth, recessions, consumer confidence.

Seasonality: Spring booms, winter slowdowns.

Demographics: A surge of millennials turning 30–40, or empty-nesters deciding to downsize.

Lifestyle changes: Remote work adoption, school preferences, life events.

“Housing supply is structural”

Zoning laws and land-use regulations

Construction labor shortages

Material costs and availability

Logistics of coordination and execution

Existing-home turnover rates (locked-in low mortgage rates reduce listings)

Long development timelines (planning → approvals → financing → construction)

Supply is like a giant ship—it turns very slowly. Even if demand explodes, new housing can't be built overnight. And even when demand drops, supply doesn't shrink quickly.

66



Analogy:

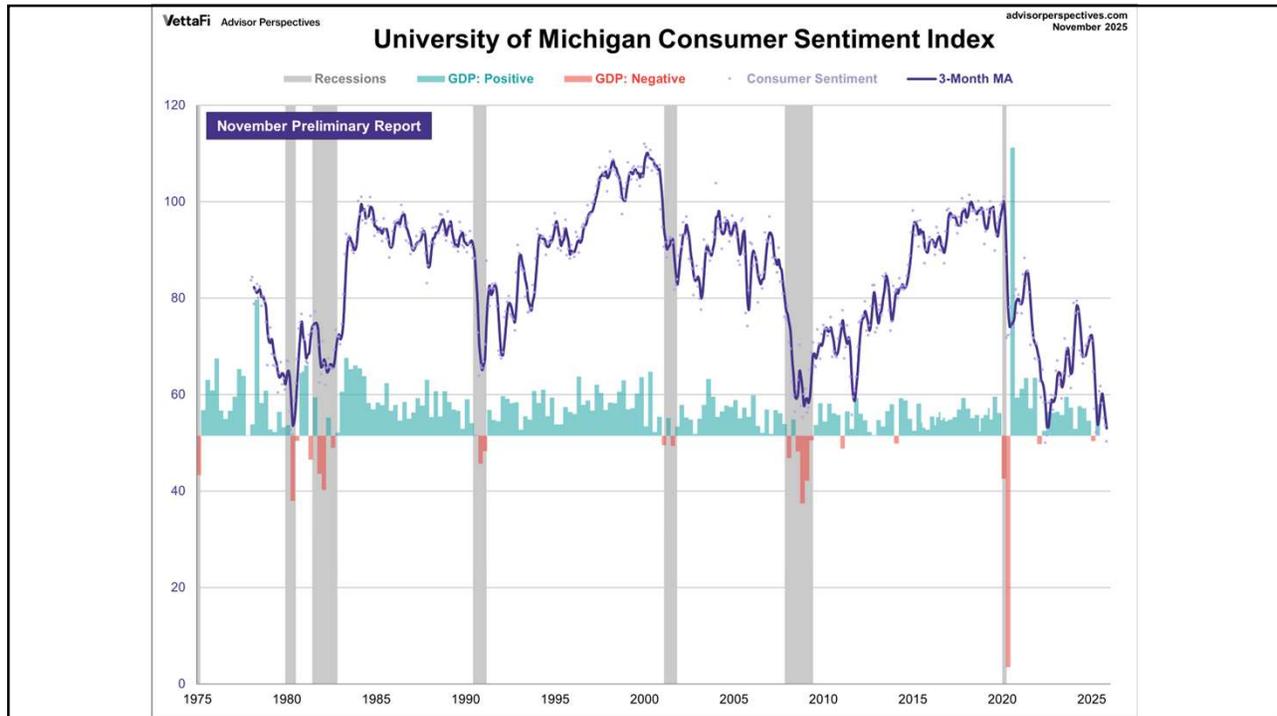
Demand is the **weather** — changes daily or seasonally.

Supply is the **climate** — shaped over decades and very slow to shift.

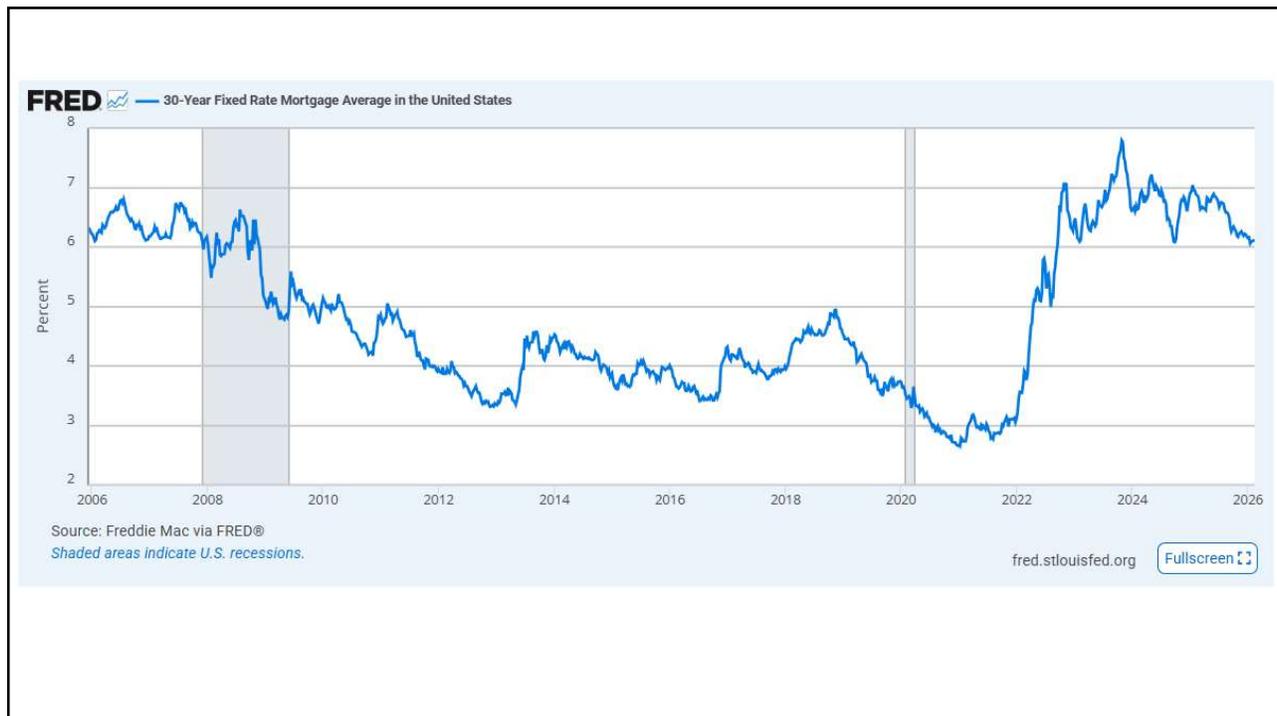
67

Rates are at their **lowest** level in almost 3 years. Statewide **inventory** is at a 5-6 yr **high**. Market conditions (rates + inventory—the two biggest hurdles) are **improving** but the economy is **slowing** and buyers aren't confident. **Bad** economic news and recessions can be **good** for housing due to **lower** rates and often **more** inventory. But if job **losses** and the unemployment rate increase notably, then **fewer** buyers will qualify. That's the **balancing** act.

68



69



70

• Fannie Mae: Rates Will Average 6.2% at the Start of 2026

The December Housing Forecast from Fannie Mae's Economic and Strategic Research Group predicts that 30-year fixed mortgage rates will average 6.2% in the first quarter of 2026, down meaningfully from 6.8% earlier in 2025. The group expects home price growth to stay relatively flat over the next few years, with mortgage rates dipping below 6% at the end of 2026.

<https://money.usnews.com/loans/mortgages/mortgage-rate-forecast>

• MBA: Rates Will Stay at 6.4% in 2026

The Mortgage Bankers Association predicts in its Mortgage Finance Forecast that 30-year mortgage rates will hold at 6.4% through 2026. The group's economists believe mortgage rates have essentially already bottomed out and will remain in the low- to mid-6% range throughout 2026, 2027 and 2028.

• NAHB: Rates Will Average 6.17% in 2026

The National Association of Home Builders expects mortgage rates to average 6.17% in 2026. Conditions are likely to improve in 2027, when the trade group expects rates to average 6.01%. With inflation running above the Federal Reserve's target range of 2%, NAHB expects interest rates in general to remain high for the time being.

• NAR: Rates Will Average 6% in 2026

The National Association of Realtors projects in its latest Quarterly U.S. Economic Forecast that mortgage rates will fall to 6% in 2026, which would help unlock some housing market activity.

• Wells Fargo: Rates Will Average 6.18% in 2026

In its latest U.S. Economic Outlook, Wells Fargo predicts that mortgage rates will bottom out at 6.15% in the first two quarters of 2026. Looking ahead, the bank's economic group expects 30-year fixed mortgage rates to average 6.18% in 2026 and 6.25% in 2027.

• Realtor.com: Rates Will Average 6.3% in 2026

The 2026 Housing Forecast from Realtor.com also calls for another year of constrained home sales as buyers are sidelined by high housing costs, although the real estate listings website does believe affordability will improve modestly as mortgage rates stabilize and for-sale inventory continues to rise.

71

Yes—this market has challenges. Affordability is stretched, activity has slowed, and the uncertainty is real.

But this is **not a broken market**. It's a **normalizing market**—and that creates opportunity.

The **fundamentals** still matter:

- Jobs, incomes, demographics and housing demand
- Tight inventory/supply and strong homeowner equity
- Lending standards far better than in past

MN Statewide Housing Forecast

	2025	% Chg	2026 Forecast	Implied % Chg
New Listings	96,408	+4.6%	104,603	+8.5%
Closed Sales	68,432	+2.4%	73,222	+7.0%
Inventory	12,998	+3.0%	13,258	+2.0%
Median Sales Price	\$355,000	+2.9%	\$367,780	+3.6%
Days on Market	54	+10.2%	53	-1.5%
Pct of Orig. List Price	97.8%	-0.1%	98.3%	+0.5%
Months of Supply	2.2	-4.3%	2.2	+2.2%

72



THANK YOU!



Questions

Contact **David Arbit**,
Director of Research
darbit@mnrealtor.com

More MNR Market
Research...

