

Annual Report on the Southeast Minnesota Housing Market

FOR RESIDENTIAL REAL ESTATE ACTIVITY IN THE SOUTHEAST MINNESOTA SERVICE AREA



2022

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2022 began where 2021 left off: Mortgage rates were near historic lows, buyer competition was fierce, and homes were selling at a breakneck pace, often with multiple bids and all-cash offers, due to pent-up demand and a shortage of housing supply, causing sales prices to soar to new heights. But all that changed a few months later as mortgage rates began to rise, adding hundreds of dollars to monthly mortgage payments and causing housing affordability to plummet to its lowest level in decades. As borrowing costs continued to increase, home sales and home prices began to slow, and after two years of record-breaking activity, the red-hot housing market was finally cooling.

Sales: Pending sales decreased 13.6 percent, finishing 2022 at 5,658. Closed sales were down 11.8 percent to end the year at 5,799.

Listings: Comparing 2022 to the prior year, the number of homes available for sale was up 13.7 percent. There were 657 active listings at the end of 2022. New listings decreased 7.9 percent to finish the year at 6,419.

Sales by Price Range: The number of homes sold in the \$300,001 and Above price range increased 5.7 percent to 2,244. Homes sold in the \$100,001 to \$150,000 price range fell 31.1 percent to 512 homes.

Prices: Home prices were up compared to last year. The overall median sales price increased 8.2 percent to \$265,000 for the year. Single Family home prices were up 8.0 percent compared to last year, and Townhouse-Condo home prices were up 13.6 percent.

List Price Received: Sellers received, on average, 98.8 percent of their original list price at sale, a year-over-year decrease of 1.0 percent.

Home sales continued to decline throughout much of the year, as affordability challenges took their toll on market participants, forcing many prospective buyers and sellers to the sidelines. To help offset rising costs, some buyers moved from bigger, more expensive cities to smaller, more affordable areas, while others turned to the rental market, where competition and rental prices surged. As mortgage rates continued to climb and market conditions shifted, many homeowners were reluctant to sell their homes, and with buyer demand down, homebuilders eased production, further constraining an already limited supply of housing.

Looking ahead to 2023, much depends on inflation, mortgage interest rates, and the broader state of the economy, although economists predict many of 2022's housing trends will continue into the new year: home sales will soften, price growth will moderate, inventory will remain tight, and there will be greater variability between markets nationally, with some regions possibly seeing price declines while other, more affordable areas of the country remain in high demand and experience price growth.

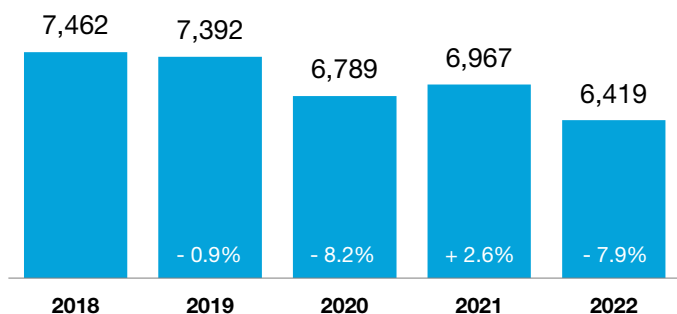
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Quick Facts

New Listings



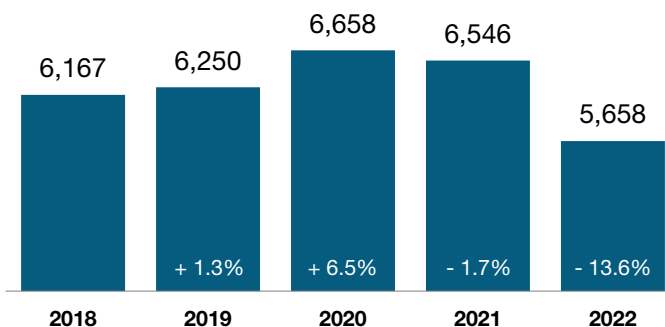
Top 5 Areas: Change in New Listings from 2021

| | |
|--------------|---------|
| Hayfield | + 22.6% |
| Plainview | + 19.4% |
| Zumbrota | + 17.4% |
| Stewartville | + 14.0% |
| Byron | + 11.5% |

Bottom 5 Areas: Change in New Listings from 2021

| | |
|---------------|---------|
| Wabasha | - 24.6% |
| Preston | - 29.0% |
| Caledonia | - 30.6% |
| Grand Meadow | - 34.4% |
| Spring Valley | - 40.7% |

Pending Sales



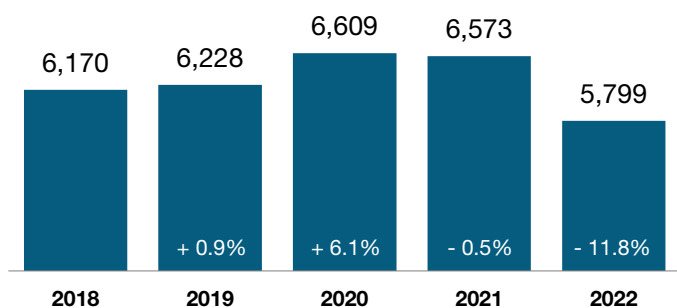
Top 5 Areas: Change in Pending Sales from 2021

| | |
|--------------|---------|
| Caledonia | + 10.0% |
| Stewartville | + 3.1% |
| Plainview | + 2.8% |
| St. Charles | - 1.9% |
| La Crescent | - 2.9% |

Bottom 5 Areas: Change in Pending Sales from 2021

| | |
|---------------|---------|
| Spring Valley | - 26.0% |
| Chatfield | - 26.8% |
| Wabasha | - 35.6% |
| Preston | - 45.2% |
| Grand Meadow | - 53.1% |

Closed Sales



Top 5 Areas: Change in Closed Sales from 2021

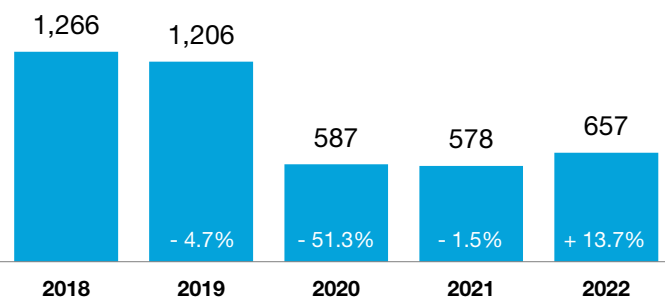
| | |
|-------------|---------|
| Oronoco | + 19.0% |
| Plainview | + 18.2% |
| St. Charles | + 13.7% |
| Caledonia | + 4.9% |
| Byron | - 0.7% |

Bottom 5 Areas: Change in Closed Sales from 2021

| | |
|---------------|---------|
| Spring Valley | - 18.4% |
| Chatfield | - 24.6% |
| Preston | - 28.6% |
| Wabasha | - 41.3% |
| Grand Meadow | - 51.6% |

Inventory of Homes for Sale

At the end of the year.



Top 5 Areas: Change in Homes for Sale from 2021

| | |
|-----------|----------|
| Zumbrota | + 240.0% |
| Hayfield | + 200.0% |
| Plainview | + 100.0% |
| Kasson | + 91.7% |
| Byron | + 52.6% |

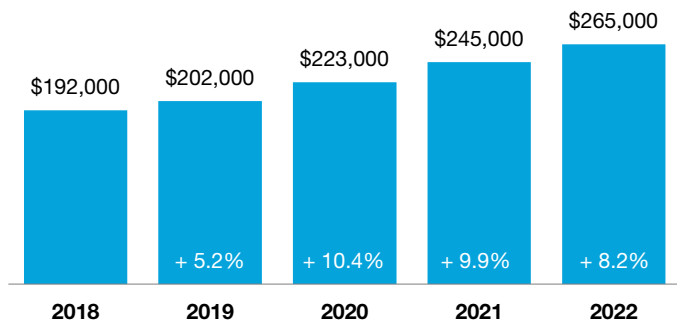
Bottom 5 Areas: Change in Homes for Sale from 2021

| | |
|---------------|---------|
| La Crescent | - 40.0% |
| Oronoco | - 40.0% |
| Owatonna | - 51.4% |
| Spring Valley | - 62.5% |
| Caledonia | - 93.3% |



Quick Facts

Median Sales Price



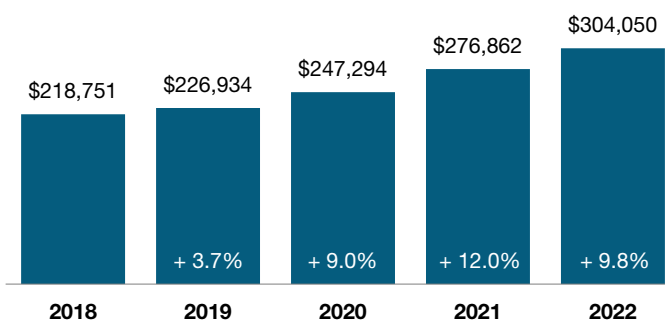
Top 5 Areas: Change in Median Sales Price from 2021

| | |
|--------------|---------|
| Chatfield | + 25.1% |
| La Crescent | + 19.5% |
| Stewartville | + 16.7% |
| Oronoco | + 14.5% |
| Byron | + 14.0% |

Bottom 5 Areas: Change in Median Sales Price from 2021

| | |
|------------------|---------|
| Hayfield | + 3.7% |
| Waseca | + 1.4% |
| Dodge Center | - 0.2% |
| Caledonia | - 0.3% |
| Blooming Prairie | - 10.3% |

Average Sales Price



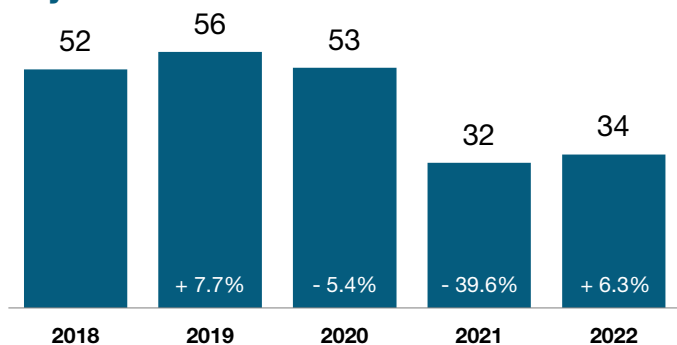
Top 5 Areas: Change in Avg. Sales Price from 2021

| | |
|---------------|---------|
| Lake City | + 26.8% |
| Chatfield | + 24.5% |
| Spring Valley | + 24.5% |
| La Crescent | + 23.8% |
| Stewartville | + 17.8% |

Bottom 5 Areas: Change in Avg. Sales Price from 2021

| | |
|------------------|---------|
| Preston | - 0.6% |
| Dodge Center | - 2.5% |
| Blooming Prairie | - 3.2% |
| Wabasha | - 6.3% |
| Grand Meadow | - 21.7% |

Days on Market Until Sale



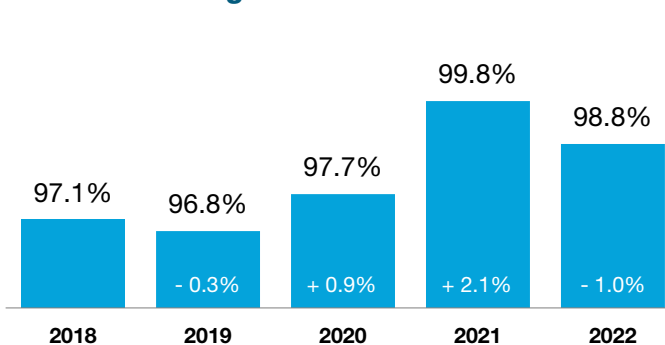
Top 5 Areas: Change in Days on Market from 2021

| | |
|------------------|---------|
| Blooming Prairie | + 78.3% |
| Spring Valley | + 67.9% |
| Pine Island | + 50.0% |
| Dodge Center | + 36.4% |
| St. Charles | + 33.3% |

Bottom 5 Areas: Change in Days on Market from 2021

| | |
|--------------|---------|
| Hayfield | - 11.6% |
| Chatfield | - 12.2% |
| Winona | - 18.8% |
| Grand Meadow | - 20.0% |
| Wabasha | - 42.3% |

Percent of Original List Price Received



Top 5 Areas: Change in Pct. of Orig. Price Received from 2021

| | |
|-------------|--------|
| St. Charles | + 1.7% |
| La Crescent | + 1.2% |
| Waseca | + 1.1% |
| Winona | + 0.8% |
| Wabasha | + 0.1% |

Bottom 5 Areas: Change in Pct. of Orig. Price Received from 2021

| | |
|--------------|--------|
| Hayfield | - 2.8% |
| Pine Island | - 3.2% |
| Chatfield | - 3.3% |
| Preston | - 3.4% |
| Dodge Center | - 4.1% |

Price Range Review

\$150,001 to \$200,000

Price Range with Shortest Average Market Time

\$100,000 and Below

Price Range with Longest Average Market Time

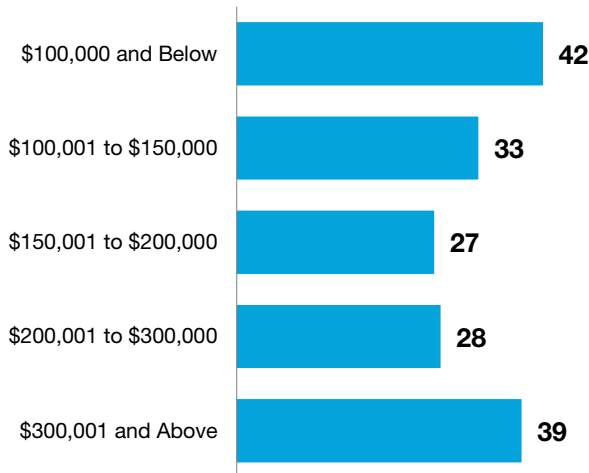
3.2%

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

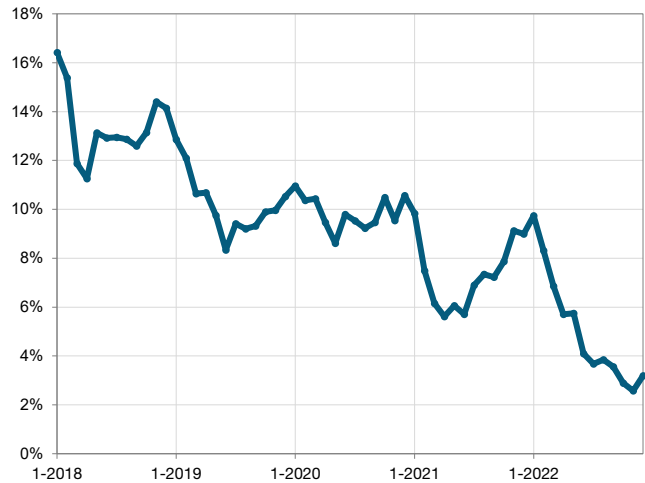
- 64.5%

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



\$300,001 and Above

Price Range with the Most Closed Sales

+ 5.7%

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

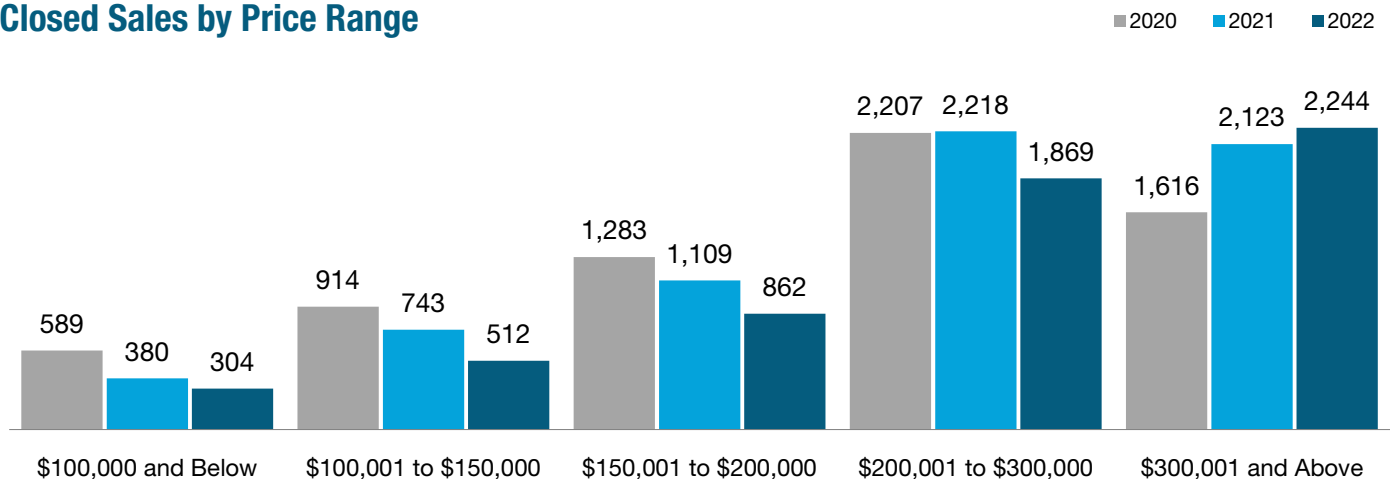
\$100,000 and Below

Price Range with the Fewest Closed Sales

- 31.1%

Price Range with Weakest One-Year Change in Sales: \$100,001 to \$150,000

Closed Sales by Price Range





Property Type Review

33

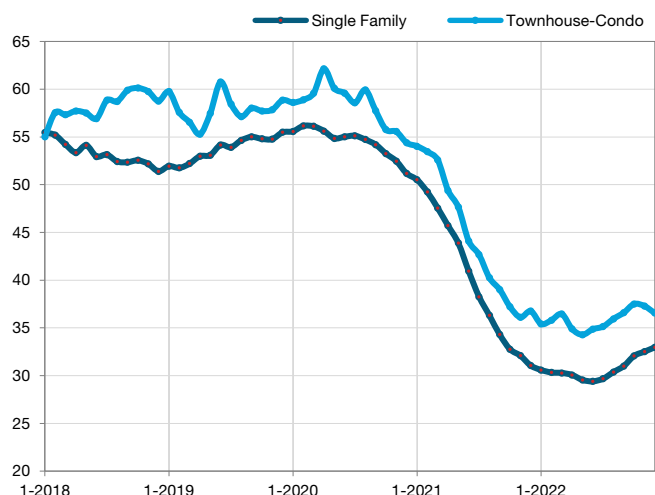
Average Days on Market
Single Family

37

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 2022

| | |
|---------------|-------|
| Rochester | 18.0% |
| Byron | 17.9% |
| Stewartville | 16.8% |
| Grand Meadow | 13.3% |
| Plainview | 12.8% |
| Lake City | 11.2% |
| Pine Island | 10.1% |
| Wabasha | 8.1% |
| Spring Valley | 7.5% |
| Owatonna | 7.0% |
| Albert Lea | 6.6% |
| Kasson | 5.3% |
| La Crescent | 4.5% |
| Austin | 4.4% |
| Dodge Center | 3.9% |
| St. Charles | 3.4% |

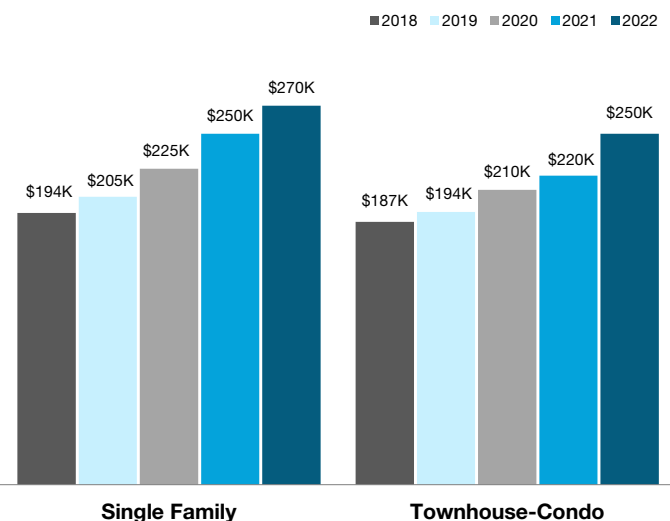
+ 8.0%

One-Year Change in Price
Single Family

+ 13.6%

One-Year Change in Price
Townhouse-Condo

Median Sales Price



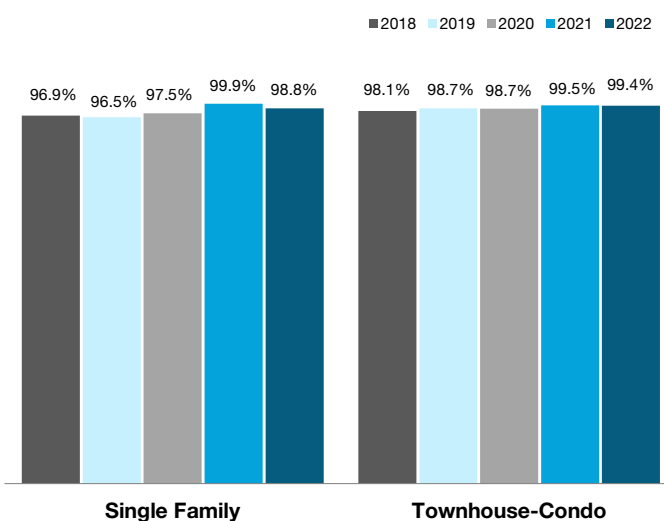
98.8%

Pct. of Orig. Price Received
Single Family

99.4%

Pct. of Orig. Price Received
Townhouse-Condo

Percent of Original List Price Received



Square Foot Range Review

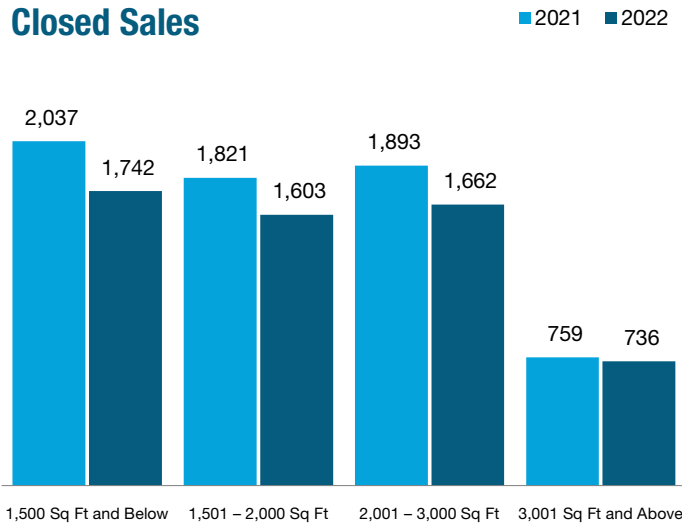
- 12.0%

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

- 12.2%

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

Closed Sales



Top Areas: 1,500 Sq Ft and Below Market Share in 2022

| | |
|------------------|-------|
| Rochester | 27.8% |
| Austin | 8.1% |
| Winona | 7.3% |
| Owatonna | 7.0% |
| Waseca | 2.6% |
| Lake City | 2.1% |
| Kasson | 1.9% |
| Wabasha | 1.4% |
| Zumbrota | 1.3% |
| Stewartville | 1.3% |
| Byron | 1.2% |
| Dodge Center | 1.1% |
| Spring Valley | 1.0% |
| Pine Island | 0.9% |
| Blooming Prairie | 0.8% |
| St. Charles | 0.8% |

98.0%

Percent of Original List Price
Received in 2022 for
1,500 Sq Ft and Below

99.6%

Percent of Original List Price
Received in 2022 for
1,501 - 2,000 Sq Ft

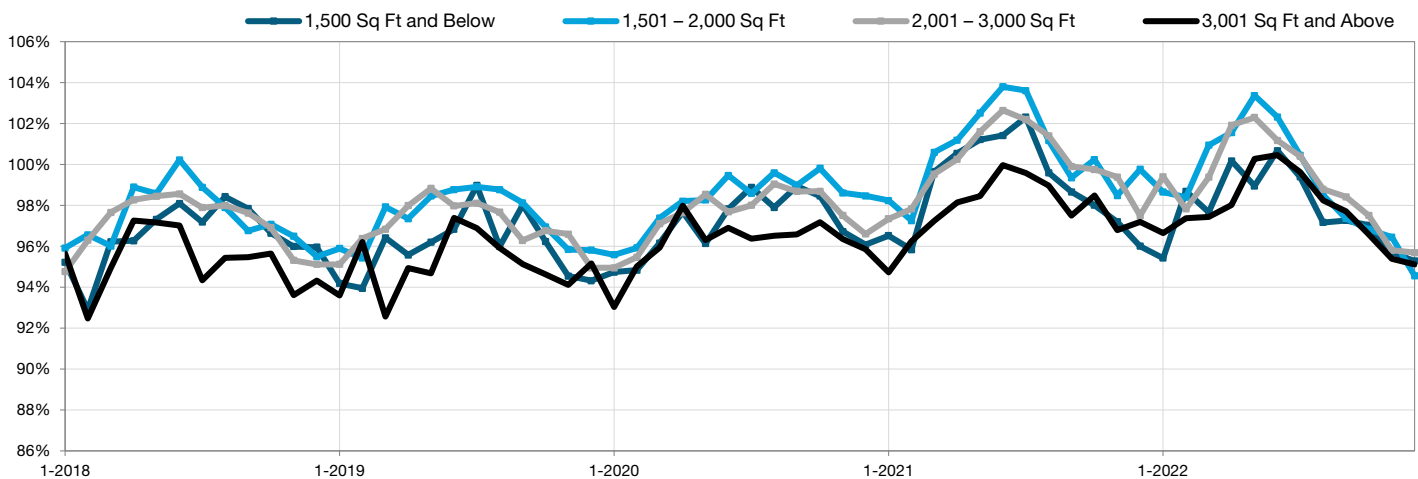
99.4%

Percent of Original List Price
Received in 2022 for
2,001 - 3,000 Sq Ft

98.2%

Percent of Original List Price
Received in 2022 for
3,001 Sq Ft and Above

Percent of Original List Price Received





Area Overviews

| | Total Closed Sales | Change from 2021 | Percent Single Family | Percent Townhouse-Condo | Inventory | New Listings | Months Supply of Inventory* | Days on Market | Pct. of Orig. Price Received |
|---------------------|--------------------|------------------|-----------------------|-------------------------|------------|--------------|-----------------------------|----------------|------------------------------|
| Entire MLS | 5,799 | - 11.8% | 88.3% | 10.7% | 657 | 6,419 | 1.4 | 34 | 98.8% |
| Albert Lea | 287 | - 8.2% | 83.6% | 5.9% | 42 | 293 | 2.0 | 38 | 95.8% |
| Austin | 426 | - 6.6% | 91.1% | 4.2% | 46 | 441 | 1.4 | 33 | 97.6% |
| Bloomington Prairie | 36 | - 3.0% | 80.6% | 0.0% | 4 | 41 | 1.3 | 41 | 97.4% |
| Byron | 180 | - 0.7% | 68.3% | 15.0% | 29 | 194 | 2.4 | 45 | 99.4% |
| Caledonia | 48 | + 4.9% | 89.6% | 0.0% | 1 | 34 | 0.3 | 58 | 94.3% |
| Chatfield | 45 | - 24.6% | 93.3% | 2.2% | 8 | 51 | 2.1 | 43 | 95.0% |
| Dodge Center | 57 | - 17.7% | 86.0% | 3.5% | 4 | 60 | 0.8 | 30 | 98.2% |
| Grand Meadow | 41 | - 51.6% | 31.7% | 4.9% | 4 | 21 | 2.1 | 20 | 99.0% |
| Hayfield | 29 | - 10.3% | 86.2% | 0.0% | 6 | 38 | 2.0 | 38 | 96.8% |
| Kasson | 136 | - 11.5% | 91.2% | 5.1% | 23 | 148 | 2.2 | 34 | 99.6% |
| La Crescent | 76 | - 6.9% | 84.2% | 3.9% | 6 | 70 | 1.0 | 43 | 100.1% |
| Lake City | 148 | - 7.8% | 64.2% | 8.1% | 8 | 113 | 1.0 | 40 | 97.3% |
| Oronoco | 33 | + 19.0% | 75.8% | 0.0% | 3 | 31 | 1.4 | 27 | 99.1% |
| Owatonna | 410 | - 11.5% | 86.8% | 6.6% | 18 | 376 | 0.6 | 27 | 99.7% |
| Preston | 28 | - 28.6% | 67.9% | 0.0% | 4 | 22 | 2.6 | 39 | 96.9% |
| Pine Island | 78 | - 15.9% | 67.9% | 9.0% | 14 | 87 | 2.5 | 45 | 98.2% |
| Plainview | 41 | + 18.2% | 78.0% | 12.2% | 4 | 43 | 1.3 | 31 | 98.8% |
| Rochester | 2,107 | - 18.3% | 75.7% | 16.8% | 178 | 2,159 | 1.1 | 30 | 100.0% |
| Spring Valley | 49 | - 18.4% | 75.5% | 6.1% | 3 | 35 | 1.0 | 47 | 95.5% |
| St. Charles | 72 | + 13.7% | 76.4% | 2.8% | 7 | 60 | 1.6 | 40 | 98.4% |
| Stewartville | 98 | - 5.0% | 78.6% | 16.3% | 11 | 114 | 1.3 | 30 | 99.5% |
| Wabasha | 48 | - 41.3% | 72.9% | 6.3% | 4 | 43 | 1.2 | 30 | 98.5% |
| Waseca | 147 | - 15.2% | 86.4% | 2.7% | 10 | 142 | 0.9 | 28 | 99.9% |
| Winona | 392 | - 7.0% | 84.2% | 4.3% | 23 | 347 | 0.8 | 26 | 100.1% |
| Zumbrota | 93 | - 7.5% | 83.9% | 8.6% | 17 | 108 | 2.5 | 32 | 98.3% |



Area Historical Median Prices

| | 2018 | 2019 | 2020 | 2021 | 2022 | Change From 2021 | Change From 2018 |
|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Entire MLS | \$192,000 | \$202,000 | \$223,000 | \$245,000 | \$265,000 | + 8.2% | + 38.0% |
| Albert Lea | \$109,900 | \$111,000 | \$125,000 | \$140,000 | \$146,000 | + 4.3% | + 32.8% |
| Austin | \$105,000 | \$122,968 | \$139,900 | \$150,000 | \$163,750 | + 9.2% | + 56.0% |
| Bloomington Prairie | \$123,000 | \$107,500 | \$151,950 | \$195,000 | \$175,000 | - 10.3% | + 42.3% |
| Byron | \$263,000 | \$255,000 | \$275,300 | \$335,000 | \$382,000 | + 14.0% | + 45.2% |
| Caledonia | \$124,500 | \$139,600 | \$133,750 | \$175,500 | \$175,000 | - 0.3% | + 40.6% |
| Chatfield | \$187,000 | \$177,700 | \$218,200 | \$231,750 | \$290,000 | + 25.1% | + 55.1% |
| Dodge Center | \$185,531 | \$199,900 | \$196,000 | \$215,500 | \$215,000 | - 0.2% | + 15.9% |
| Grand Meadow | \$106,000 | \$140,750 | \$167,000 | \$180,000 | \$198,000 | + 10.0% | + 86.8% |
| Hayfield | \$144,000 | \$160,000 | \$184,000 | \$235,000 | \$243,650 | + 3.7% | + 69.2% |
| Kasson | \$208,000 | \$220,100 | \$250,000 | \$277,950 | \$300,000 | + 7.9% | + 44.2% |
| La Crescent | \$259,950 | \$226,500 | \$260,000 | \$284,000 | \$339,500 | + 19.5% | + 30.6% |
| Lake City | \$203,575 | \$230,000 | \$229,000 | \$252,500 | \$281,000 | + 11.3% | + 38.0% |
| Oronoco | \$420,000 | \$452,750 | \$418,000 | \$440,000 | \$503,750 | + 14.5% | + 19.9% |
| Owatonna | \$171,151 | \$182,000 | \$204,500 | \$228,000 | \$254,700 | + 11.7% | + 48.8% |
| Preston | \$135,000 | \$155,000 | \$109,000 | \$170,000 | \$187,000 | + 10.0% | + 38.5% |
| Pine Island | \$226,000 | \$259,900 | \$250,000 | \$297,900 | \$319,000 | + 7.1% | + 41.2% |
| Plainview | \$182,400 | \$171,000 | \$186,750 | \$214,900 | \$239,000 | + 11.2% | + 31.0% |
| Rochester | \$233,450 | \$244,500 | \$259,900 | \$290,000 | \$319,450 | + 10.2% | + 36.8% |
| Spring Valley | \$150,000 | \$165,000 | \$179,750 | \$153,900 | \$166,500 | + 8.2% | + 11.0% |
| St. Charles | \$160,000 | \$215,000 | \$235,000 | \$231,500 | \$247,500 | + 6.9% | + 54.7% |
| Stewartville | \$195,000 | \$207,500 | \$232,450 | \$248,500 | \$290,000 | + 16.7% | + 48.7% |
| Wabasha | \$173,000 | \$182,000 | \$182,000 | \$239,900 | \$250,000 | + 4.2% | + 44.5% |
| Waseca | \$138,500 | \$145,500 | \$149,900 | \$202,750 | \$205,500 | + 1.4% | + 48.4% |
| Winona | \$144,000 | \$155,900 | \$167,000 | \$173,165 | \$188,000 | + 8.6% | + 30.6% |
| Zumbrota | \$210,000 | \$225,000 | \$237,750 | \$272,000 | \$300,000 | + 10.3% | + 42.9% |