

News Release

Buyers gain ground on better inventory and lower rates in 2025

Buyers overcame affordability and inventory challenges for slight gain on the year

Minneapolis–Saint Paul, Minnesota (January 28, 2026)

Home sellers and housing supply

New listings rose 4.6% to a three-year high as many grew more confident in the marketplace and became more willing to relinquish their low mortgage rates. That “lock-in effect” seemed to subside for some sellers even while navigating a landscape shaped by pricing sensitivity, longer decision timelines and greater listing competition. Some homeowners simply couldn’t wait any longer due to a job change, health development, aging parents, relocation, and other factors. Sellers with turnkey, well-presented homes and realistic pricing could’ve received multiple offers and sold above asking price in today’s market.

In 2025, sellers were more active than buyers because they had an easier time moving up than first-time buyers had moving in. This trend likely reflects a mix of rising equity, increasing acceptance of the current rate environment and those life changes that necessitate a move. Some sellers chose to wait out the higher rate environment as U.S. homeowners are now spending about 11 years in their current homes—the longest tenure in at least 40 years. Most sellers are also buyers, so sellers deciding to stay put for longer also means they’re not buying homes as often. While inventory levels were technically lower as of year-end, every other month of 2025 had more active listings than 2024. Statewide inventory fell 0.5% while metro inventory declined 3.9%. But there are still fewer homes for sale now than in 2019 for both the state and metro.

Buyer activity up while cautious, selective and affordability-minded

Closed sales increased 2.4% for the year to the highest level since 2022. But buyers faced significant challenges around affordability and availability. While buyers technically ended the year with fewer options, they saw greater inventory than in 2024 throughout the rest of the year. Despite buyer gains, both the state and metro remained in sellers’ market territory, though less so than in recent years.

“While buyers were pleased to see more options, not everything was in their ideal price range or location,” said **Wendy Uzelac, President of Minnesota Realtors®**. “As the pressure eased, buyers were thoughtful and more selective during their search and also more willing to compromise. Overall, market conditions did favor sellers in most areas.”

Statewide, sales rose for nine of twelve months and in two-thirds of counties compared to 2024. But stubborn factors like mortgage rates, rising prices and taxes and insurance pushed the typical payment on the median priced home to \$2,600 statewide in 2025. Move-up buyers and downsizers with equity continued to have an edge over first-time home buyers. Nationwide, just 21.0% of all buyers were first-time buyers—the lowest figure in at least 45 years. And the median age of those first-time buyers was 40

years old—the highest figure in at least 45 years. Luxury sales outpaced other ranges, as did single family and existing homes. Luxury buyers are less rate-sensitive and encouraged by their rising stock portfolios. Move-up buyers often prefer single family and existing homes that offer a better price point than new.

Home prices continued rising albeit more slowly while market times rose

The median home price rose 2.9% statewide to \$355,000 and increased 2.6% to \$390,000 in the Twin Cities metro last year. Both are record highs and mark the 14th consecutive year of price gains. This was driven by an ongoing imbalance between supply and demand; higher-end luxury activity combined with less entry-level activity, wage growth, and a slight decrease in rates. But the share of statewide sales over \$1M has tripled from 2020 to over 3.5%. Luxury buyers aren't rate-sensitive like most other buyers and have wealth tied to a rising stock market, so the luxury segment continued to outperform despite the higher rate environment. Second time or move-up buyers had the luxury of rolling over the equity from their last property.

Market times increased 4.8% to 44 days statewide. That's the longest market time since 2020 when homes spent 47 days on market. Some price ranges sold more quickly while others took longer. Condos in particular spent longer on the market. Homes sold in record time during the buying frenzy of 2020 and 2021 but sellers have had to be more patient over last few years. "Educated sellers knew they'd likely have to be more patient and flexible but most also understood that they're still in a relatively strong position with limited alternatives for buyers," said **Danielle Pelton, President of the St. Paul Area Association of Realtors®**. "But that of course varied widely by price point, segment and location. That's why it's crucial to work with a professional who knows the ins, outs and complexities of the local market."

There were key differences between market segments. For example, in the Twin Cities:

- Sales under \$300K were down 6.0% while sales over \$1M rose over 22.0%
- Single family sales rose 3.3% but condo sales fell 2.5% and townhome sales declined 0.5%
- Previously owned sales were up 4.0% however new construction sales decreased 9.0%
- Two-bedroom home sales rose less than 1.0% while four or more bedroom home sales rose 5.5%
- Sales of units under 1,900 SqFt fell 0.5% while sales over 1,900 SqFt increased over 5.0%
- Non-waterfront sales rose 2.0%, water-access sales were up 8.5% and private waterfront sales rallied 2.5%
- Sales were down 2.5% in Minneapolis but declined about 4.0% in St. Paul

There were also notable differences across different regions of the state

- The regions with the strongest *increase* in sales were Fergus Falls, Alexandria and Grand Rapids
- The regions with the largest *declines* in sales were Mankato and Hibbing/Virginia
- The *most affordable* regions were Hibbing/Virginia, Willmar and Bemidji
- The *least affordable* or highest priced regions were the Twin Cities metro, Detroit Lakes and Alexandria
- The *fastest-selling* regions were the Duluth/North Shore area, the Twin Cities metro, St. Cloud and Rochester
- The *slowest-selling regions* were the Hibbing/Virginia area, Bemidji, Fergus Falls and Mankato

"Housing is local. So, while headlines say one thing, the real story depends on the community and the kind of home you're talking about," said **Aarica Coleman, President of Minneapolis Area Realtors®**. "Some buyers are still facing competition, while others are seeing more time, more options, and more negotiating room."

Wrap-up and outlook

Short term factors matter, but in the long run the economy and labor market determine the health and sustainability of the housing market. Strong job and population growth tend to lead to more robust housing markets. A growing number of reliable, well-paying jobs is essential to making monthly payments, keeping up with maintenance and sustaining demand for residential property. And an

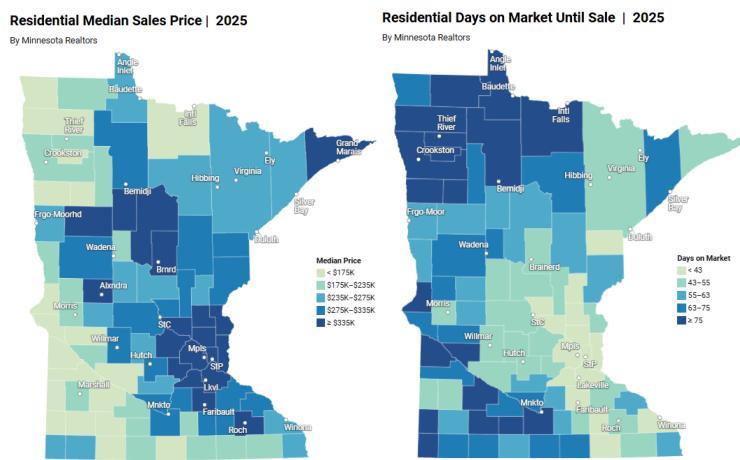
expanding housing supply allows for not just more homeownership, but it supports community growth and facilitates economic development. In Minnesota, our incomes, homeownership rate, educational attainment, Fortune 500 companies, life expectancy, voter turnout and even bicycle ridership are above average while our home prices and unemployment rate are below average. But housing affects the economy, and the economy affects housing. When housing is stuck and undersupplied, the impact ripples beyond housing affordability and into job and business growth, economic development, workforce mobility, inequality and beyond. We have our share of challenges around affordability, construction and regulation, taxes and insurance and more. But despite these challenges, Minnesota is well positioned for continued success moving forward.

2025 by the Numbers | Compared to 2024

	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	12,550	-0.5%	7,216	-3.9%
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

2025 Mapped | Exploring spatial market trends



[Closed Sales](#) | [Change in Sales](#) | [Days on Market](#) | [Pct of Original List Price Received](#)
[Median Sales Price](#) | [Change in Median Sales Price](#)

All information is according to the Minnesota, Minneapolis and St. Paul REALTOR® associations and based on data from NorthstarMLS and Minnesota MLSs. We serve agents across the state and Twin Cities metro area as well as western Wisconsin. For other year-end residential real estate information and for stand-alone December 2024 data, please visit www.mnrealtor.com, www.mplsrealtor.com and www.spaar.com.

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