



TWIN CITIES REAL ESTATE
MARKET OUTLOOK & YEAR END REVIEW

**WAHLBERG
& TOOHEY**





1528 LINCOLN AVE, ST. PAUL

IN A SHIFTING MARKET, WE'RE OPTIMISTIC



The Twin Cities real estate market was very active in the first half of 2022, driving property values to new heights. We saw a return to a more normal pace in the second half of the year as interest rates continued to rise.

Our outlook for 2023 is optimistic. Experts predict that interest rates will level off during the year, and while the Twin Cities market saw strong gains over the last 2 years, it avoided the more extreme peaks of other major metropolitan markets, leaving us in a more stable position. The inventory of homes for sale remains at a historic low, leading us to expect a good environment for home sellers in the spring.



We hope you enjoy the information we've gathered here. All the photographs are from homes we listed in 2022. We're grateful to our clients for another great year working together!

MICHAELA & PHILIP



370 MARSHALL AVE, ST. PAUL

DIANA OLICK, SENIOR REAL ESTATE CORRESPONDENT, CNBC

“We’re going to tread water at a plateau; we’re not going crash the way we were in 2006 and 2007 because that was all about bad mortgage underwriting.”

**MICHAEL ALTNEU,
VICE PRESIDENT GLOBAL
LUXURY, COLDWELL BANKER**

“There is certainly optimism in the luxury sector, and these buyers continue to see the value in property investment. The luxury market is holding strong, and we expect it to remain resilient heading into 2023.”

**INTEREST RATES ON
30-YEAR FIXED MORTGAGES
WILL SETTLE AT 5.7%.**

(AFTER ECLIPSING 7% IN 2022)

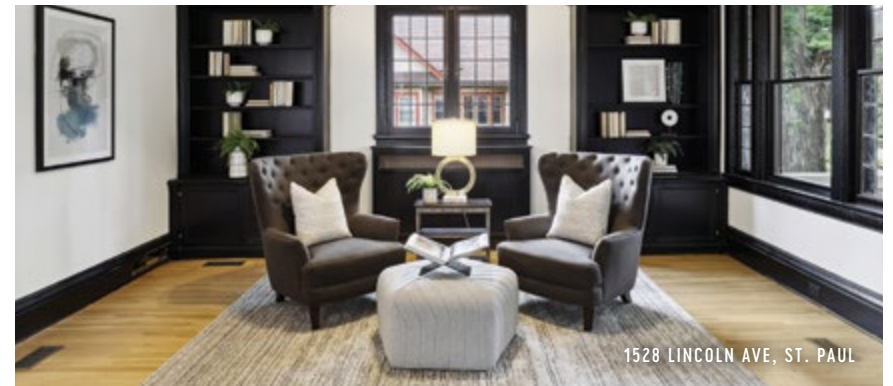
*National Association of Realtors (NAR)
Predictions for U.S. Housing Market in 2023*

**NATIONAL ASSOCIATION OF
REALTORS CHIEF ECONOMIST,
LAWRENCE YUN**

“The more expensive markets on the West Coast will likely experience some price declines following rapid price appreciation, which was the result of many years of limited homebuilding. **The Midwest, with relatively affordable home prices, will likely continue to see price gains as incomes and rents both rise.**”

**ANNUAL MEDIAN HOME
PRICES WILL INCREASE
BY 0.3%, FOLLOWING A
9.6% GAIN IN 2022.**

*National Association of Realtors (NAR)
Predictions for U.S. Housing Market in 2023*



1528 LINCOLN AVE, ST. PAUL



MARKET OUTLOOK

WHAT ARE THE EXPERTS SAYING?

**NATIONAL ASSOCIATION OF
REALTORS CHIEF ECONOMIST,
LAWRENCE YUN**

“For most parts of the country, home prices are holding steady since available inventory is extremely low.... Housing inventory is about a quarter of what it was in 2008. Distressed property sales are almost non-existent at just 2% and nowhere near the 30% mark seen during the housing crash [of 2008]. Short sales are almost impossible because of the significant price appreciation of the last two years.”

WHICH HOME IMPROVEMENTS PAY OFF WHEN YOU SELL?

Every house is different, but there are some improvements that tend to help “pay for themselves” at resale more than others.

According to the 2022 Cost vs. Value Report (costvsvalue.com) in Remodeling Magazine, here are a few projects at the top of the list for the Minneapolis-St. Paul area.



89.0%
GARAGE DOOR
REPLACEMENT



70.1%
ENTRY DOOR
REPLACEMENT
(STEEL)



67.2%
MINOR KITCHEN
REMODEL
(MIDRANGE)

Includes replacement finishes, cabinet faces, and appliances, but not changing the layout or footprint of the kitchen.



68.6%
WINDOW
REPLACEMENT



65.7%
SIDING
REPLACEMENT
(FIBER CEMENT)

**Percentage value is amount of original cost recouped on resale.*

TWIN CITIES MARKET PERFORMANCE

2022 saw continued growth in the real estate market in the first half of the year and slowing sales during the second half. The Twin Cities metro area is more stable than many major markets, with less dramatic fluctuations in inventory and pricing compared to more volatile markets in Florida, Texas, and other sunbelt states.

THE MINNEAPOLIS-ST. PAUL AREA SAW SOME OF THE MOST CONSERVATIVE GAINS IN VALUE COMPARED TO OTHER MAJOR MARKETS IN U.S.

256 OUT OF 263 METRO AREAS

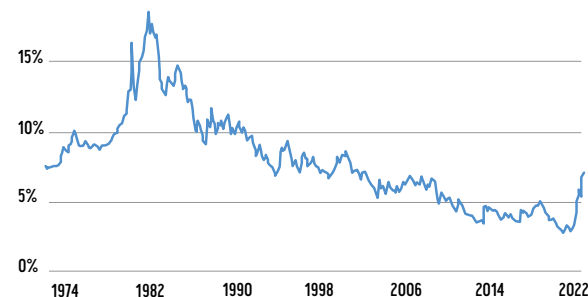
1 YEAR:
10% GAIN

5 YEARS:
44% GAIN

TWIN CITIES
MEDIAN HOME SALE PRICE

2019	\$280,000	
2020	\$305,000	+8.9%
2021	\$339,900	+11.4%
2022	\$365,000	+7.4%

CURRENT AVERAGE 30 YEAR FIXED RATE MORTGAGE: **6.31%**



TWIN CITIES:
CLOSED
SALES
DOWN
17.6%
IN 2022 YTD.

All sales data from the multiple listing service in Minnesota, current as of Dec 9, 2022 for the 16-county metro area.
Interest rate data from Freddie Mac Weekly Primary Mortgage Market Survey for week ending Dec 15, 2022.
National metro area ranking from Federal Housing Finance Administration data based on purchases and refinance transactions for 1 year period ending 2022Q3

Q & A WITH LENDERS



MARK GRUNEWALD
GUARANTEED RATE
AFFINITY



TOM SHANNON
BELL BANK
MORTGAGE



VINCE HUNT
MORTGAGE CAPITAL
OF MINNESOTA

What Are the Most Important Things Buyers Can Do to Prepare to Purchase a New Home in 2023 or 2024?

MARK GRUNEWALD: I always think it's valuable to go through a formal pre-approval. Buyers should understand what their current buying power is given credit, income, and assets. The pre-approval discussion also gives them knowledge to prioritize things like new auto loans, or to potentially fix a credit item which if repaired could put them in a significantly better buying position in the future. This service is free for most lenders. It's a significant benefit when the client, agent, and loan officer work together to create a unified plan to help buyers prepare.

VINCE HUNT: Keep your monthly obligations as low as possible and keep your credit clean (it's more important to be on time on everything than to pay your debt down and be short on cash). The number one thing that hinders home buying is bad credit, closely followed these days by debt-to-income ratios that are too high. If you can, wait to buy a new car until after you purchase a home.

What Are Some of the Biggest Misconceptions About Getting Approved for a Mortgage?

TOM SHANNON: By far the biggest misconception about getting approved for a mortgage is the required amount needed for a down payment. 65% of potential homebuyers believe they need a down payment of 15% or more. The reality is, in some cases you can get approved with as little as 1%, 3%, or 5% down. Mortgage Bankers and Realtors need to do a better job on educating the public on this misconception.

VINCE HUNT: That you need excellent credit and a large down payment to buy a home. Although it helps to have excellent credit, average credit is fine in most cases. You also don't need that much money to buy a home. In most cases you just need 3-5% of the sales price saved up or as a gift from a close family member(s).

What Advice Do You Have for First Time Homebuyers in 2023?

TOM SHANNON: My advice is to schedule a time to meet with a mortgage loan officer to explore all of the options and put in place a plan to achieve the goal of homeownership. We are here to help!

MARK GRUNEWALD: Clients should do a complete loan application with a trusted lender. There's a reason that referrals are important; experienced agents know which lenders truly go above and beyond to serve the well-being of their clients. Lenders will go over loan options and will present special programs that may provide down payment assistance or lower rates, and they will work to set up a plan so that clients will be fully educated on what they need to do to be financially ready to make an offer.

HELPING SELLERS

WRITE THEIR NEXT CHAPTER

Here's a sampling of
some of the homes we
listed in 2022.



SOLD

518 DAYTON AVE | ST. PAUL | \$350,000



ACTIVE

1528 LINCOLN AVE | ST. PAUL

\$1,495,000



SOLD

1057 LOMBARD AVE | ST. PAUL



\$1,315,000



SOLD

370 MARSHALL AVE, #207 | ST. PAUL

\$259,000



SOLD

911 LINCOLN AVE | ST. PAUL



\$975,000



SOLD

370 MARSHALL AVE, #303 | ST. PAUL

\$247,000



ACTIVE

1524 LINCOLN AVE | ST. PAUL



\$1,495,000



SOLD

1054 ROYAL CT | SHOREVIEW | \$420,750



SOLD

798 JUNO AVE | ST. PAUL | \$260,000



SOLD

1048 PINE ST | FARMINGTON | \$249,900



SOLD

432 FULTON AVE | ST. PAUL | \$315,200



HELPING BUYERS FIND HOME

Here are some of the properties we helped buyers purchase in 2022:

- 14560 Hallmark Drive, Apple Valley
- 7495 Saratoga Drive, Chanhassen
- 13635 143rd Avenue, Dayton
- 11922 87th Place N, Maple Grove
- 4533 Clinton Avenue, Minneapolis
- 983 Maple Hill Drive, Newport
- 1125 Birchwood Lane, Newport
- 744 11th Street SW, Rochester
- 2130 Western Avenue N, Roseville
- 5754 Heather Drive, Shoreview
- 1080 3rd Street, St. Paul
- 528 Harrison Avenue, St. Paul
- 454 Frontenac, St. Paul
- 1800 Graham Avenue, #323, St. Paul
- 450 Mt. Curve Boulevard, St. Paul
- 216 Winifred Street, St. Paul
- 4431 Monarch Drive, Woodbury
- 10243 Arrowood Path, Woodbury

"Philip listed and sold my late parents' lovely St. Paul home. Even before we listed with him, Philip spent a few hours with us, going through the house room by room, and giving me advice.... Phil was incredibly generous with his time, holding open houses, arranging to meet workers at the house, and even helping the furniture auctioneer move furniture. **As I live in another state, I cannot overstate how much I appreciate his attentiveness, professionalism and expertise in residential real estate. He made the whole selling process easy for me—I just followed his excellent advice.**

LIZ, ST. PAUL SELLER

"We are thrilled to have worked with the Wahlberg & Toohey Group.

As new Minnesotans, we were unsure where we would settle. Michaela worked tirelessly on our behalf, showing us properties and neighborhoods that were similar to the property we left in our previous state. Michaela's memory, appetite for research, and business sense made us feel at all times that we were in the hands of a true professional. We love our new home. I will recommend the Wahlberg & Toohey Group to all of my friends and colleagues."

CHRISTIAN, HOME BUYER



**WAHLBERG
& TOOHEY**



OUR TWIN CITIES HOME SALES



Proud to celebrate our 7th year in business in 2022, we absolutely love what we do! We are honored to have been recognized as Super Real Estate Agents by Mpls.St.Paul Magazine again this year.

It is a pleasure to serve clients across the Twin Cities. Whether you're ready to write an offer, or just starting to think about selling in the next few years, we'd love to help you write the next chapter in your story.

MICHAELA TOOHEY

651.253.6830

michaela.toohey@cbrealty.com



PHILIP WAHLBERG

651.336.2410

philip.wahlberg@cbrealty.com

www.wahlbergtoohey.com

Operated by a subsidiary of NRT LLC. If your property is listed with a real estate broker, please disregard. It is not our intention to solicit the offerings of other real estate brokers. We are happy to work with them and cooperate fully.



**WAHLBERG
& TOOHEY**



**COLDWELL
BANKER**



821 Grand Ave
St. Paul, MN 55105