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The image shows a white background with a blue geometric design on the left side, consisting of three overlapping triangles of different shades of blue. On the right side, the Minnesota Realtors logo is displayed in blue. Below the logo, the following text is listed in blue: "January 17th, 2023", "Senate Housing & Homelessness Prevention Committee", "Paul Eger", "Senior Vice President of Governmental Affairs", "Matt Spellman", and "Director of Governmental Affairs".

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Who We Are

- Founded in 1919, Minnesota Realtors® is one of the oldest and largest professional associations in the state
- Minnesota Realtors® is a non-profit organization dedicated to helping the state's real estate professionals thrive and grow their businesses
- Minnesota Realtors® has over 22,000 members statewide, active in all aspects of the real estate transaction

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What We Do

- Advocate for laws that support our industry and help more Minnesotans find homes
- Offer legal support, facilitate ethics hearings, and provide arbitration
- Provide continuing education and professional development opportunities
- Strengthen, uphold, and teach the Realtor® Code of Ethics
- Host a wide variety of events and networking opportunities for our members
- Compile housing market data

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3 Key Challenges

- Interest rates & inflation
- Lack of supply – Minnesota needs more housing units
- The racial homeownership gap

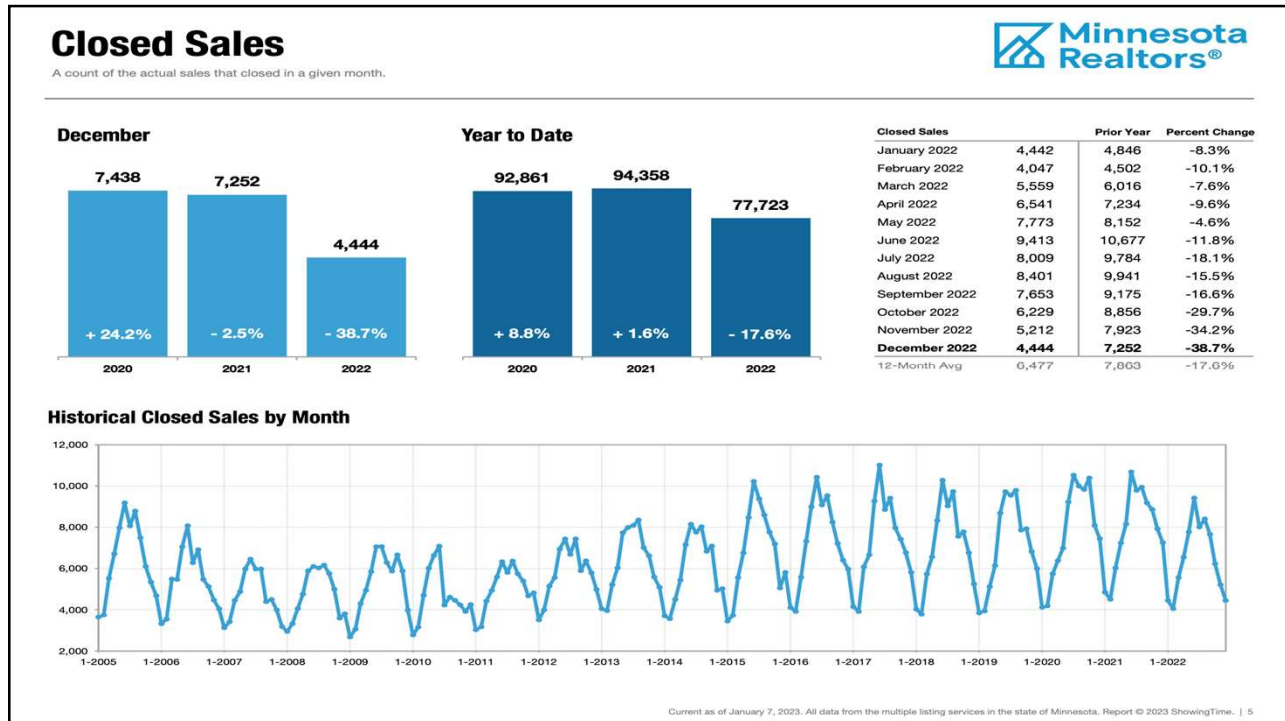
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Interest Rates & Inflation

- Interest rates were exceptionally low during 2020 and 2021 (2.75% – 3.6%)
- Highly active & competitive market
- Multiple offers and homes selling rapidly
- However, by September 2022 mortgage rates had surpassed 6%

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Lack of Supply

Minnesota Realtors® tracks 2 key housing supply metrics:

- **Months Supply of Inventory** – inventory of homes for sale at the end of a given month divided by average monthly pending sales for 12 months
- **Inventory of Homes for Sale** – number of properties for sale at the end of a given month
- 4 - 6 months supply of inventory is necessary for a balanced market

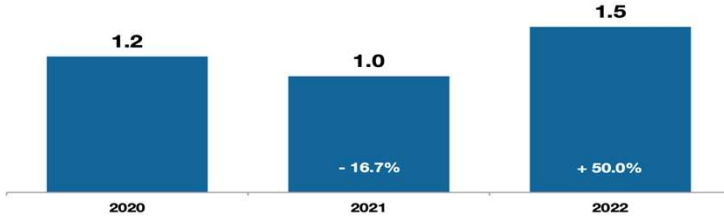
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Months Supply of Inventory

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.

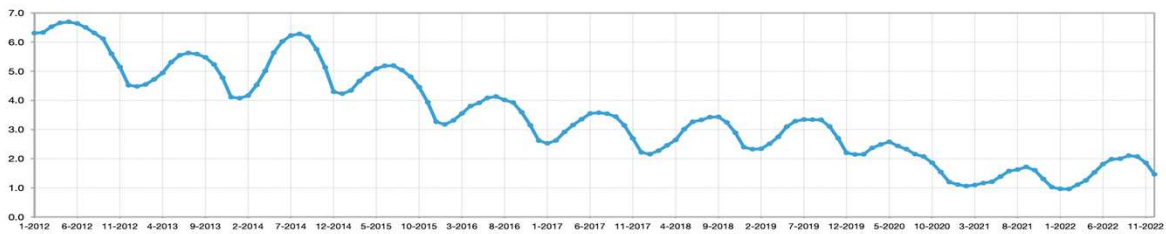


December



Months Supply		Prior Year	Percent Change
January 2022	1.0	1.1	-9.1%
February 2022	1.0	1.1	-9.1%
March 2022	1.1	1.1	0.0%
April 2022	1.3	1.2	+8.3%
May 2022	1.5	1.2	+25.0%
June 2022	1.8	1.4	+28.6%
July 2022	2.0	1.6	+25.0%
August 2022	2.0	1.6	+25.0%
September 2022	2.1	1.7	+23.5%
October 2022	2.1	1.6	+31.3%
November 2022	1.9	1.3	+46.2%
December 2022	1.5	1.0	+50.0%

Historical Months Supply of Inventory by Month



Note: Statewide inventory before 2012 was overstated due to changes made in NorthstarMLS. However, an "Expired" field was made available in 2012 by some multiple listing services, allowing expired listings to be separated from active listings, providing a more accurate view of supply.

Current as of January 7, 2023. All data from the multiple listing services in the state of Minnesota. Report © 2023 ShowingTime. | 12

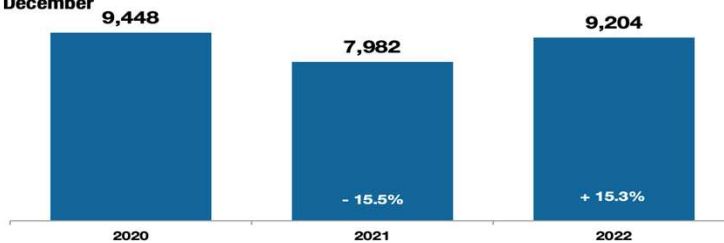
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Inventory of Homes for Sale

The number of properties available for sale in active status at the end of a given month.

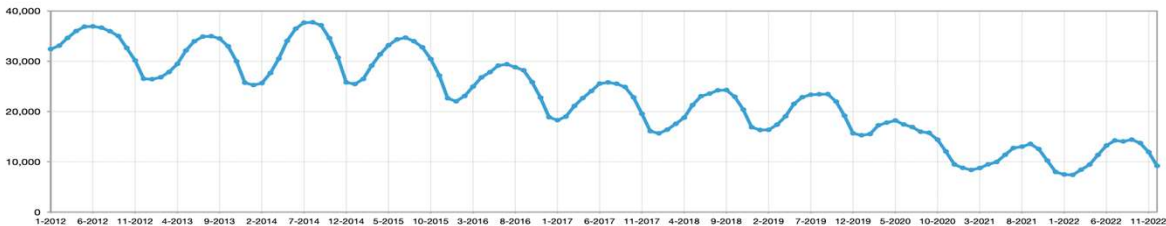


December



Homes for Sale		Prior Year	Percent Change
January 2022	7,468	8,793	-15.1%
February 2022	7,383	8,383	-11.9%
March 2022	8,418	8,764	-3.9%
April 2022	9,435	9,500	-0.7%
May 2022	11,358	9,962	+14.0%
June 2022	13,246	11,377	+16.4%
July 2022	14,229	12,743	+11.7%
August 2022	14,050	13,015	+8.0%
September 2022	14,418	13,555	+6.4%
October 2022	13,731	12,553	+9.4%
November 2022	11,923	10,244	+16.4%
December 2022	9,204	7,982	+15.3%

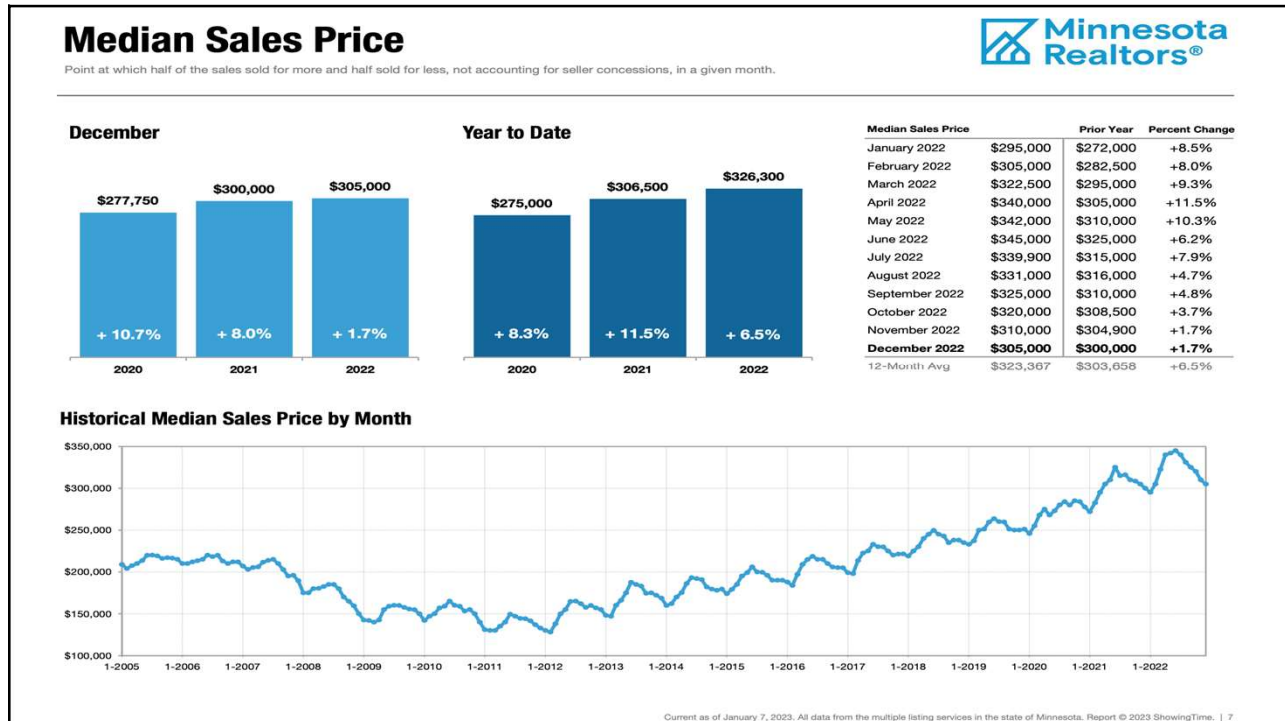
Historical Inventory of Homes for Sale by Month



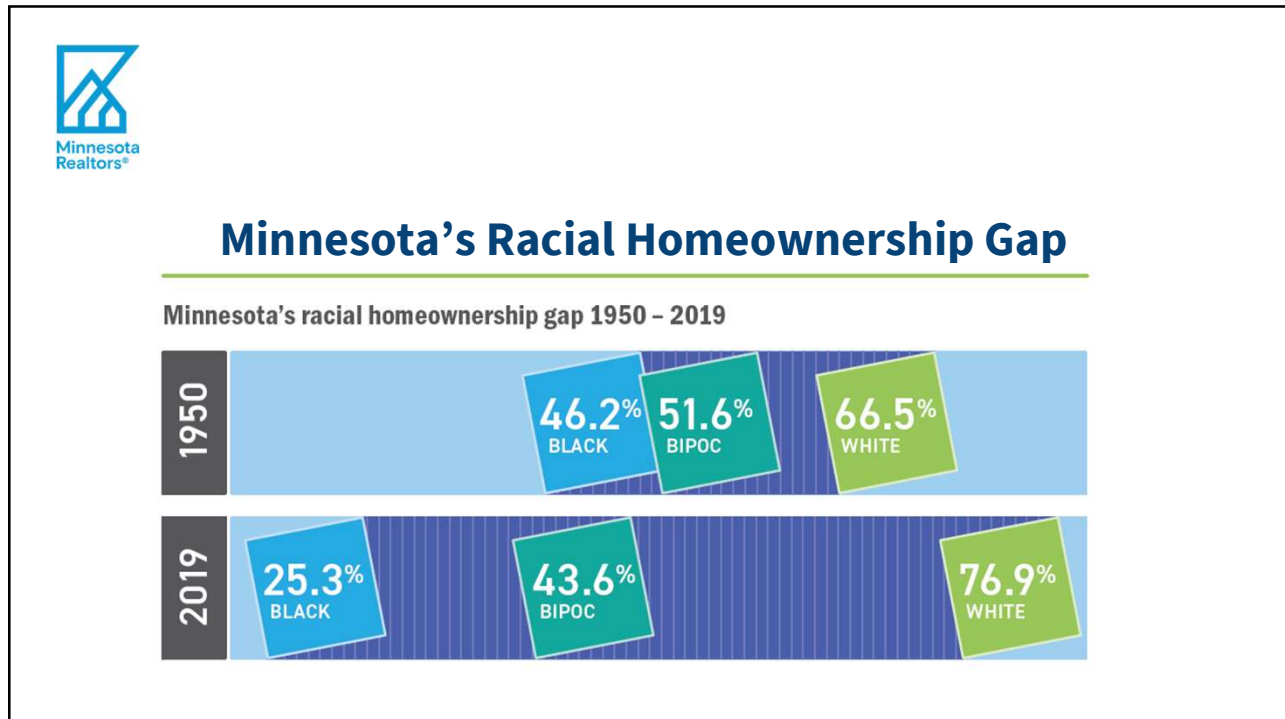
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Homeownership
in Minnesota:
Quantifying the
Need for Down
Payment
Assistance

January 2021

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Roadblock 1: Limited Supply of Affordable Housing
Limited supply of affordable housing poses as a major obstacle to homeownership.

Roadblock 2: Access to Adequate Credit
Those with no or little credit history encounter difficulty in securing a mortgage.

Roadblock 3: Lack of Sufficient Down Payment Capital
The lack of capital for downpayment is arguably the most significant financial barrier to homeownership.

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Thank You

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