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AN ANALYSIS OF HOUSE SALE PRICES IN MINNESOTA

JANUARY, 1986 - SEPTEMBER, 1987

MINNESOTA HOUSING FINANCE AGENCY
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MINNESOTA 1990

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MAJOR FINDINGS

- In 1987* median** house sale prices exceeded those for 1986 in 8 of Minnesota's 13 Development Regions. The greatest increase was in Region 2 (9%); the greatest decrease was in Region 5 (-6%).

- In Region 11 only eight percent of all houses sold in 1987 were priced below $50,000, while 56 percent of all houses sold in Regions 1-10 were priced below $50,000. Twenty-five percent of all houses sold in that year were sold for more than $100,000 in Region 11, compared to only four percent in Regions 1-10.

- Between 1986 and 1987 median house sale prices declined in only one of Minnesota's five Metropolitan Statistical Areas (Moorhead). The largest increase occurred in Minneapolis-St. Paul (3%).

- The number of residential real estate sales in Minnesota during the first nine months of 1987 was 11 percent above the number recorded during the first nine months of 1986. In 1987, contracts-for-deed were used to finance 22 percent of all sales in Regions 1-10, 10 percent in Region 11, and 15 percent statewide.

- Between 1986 and the first nine months of 1987, median house sale prices declined in 9 of 17 Iron Range cities. In the first nine months of 1987 the number of house sales in these communities was 15 percent higher than during the first nine months of 1986.

- Between 1975 and 1987 current dollar median house sale prices rose 50 percent or more in all but one of the state's Development Regions (Region 6W); prices rose more than 100 percent in Regions 2, 7E, and 11. In constant dollars, median sale prices declined in 12 of the state's 13 Development Regions. The only positive constant-dollar change occurred in Region 11 (3%).

- In 1986 Hennepin County recorded the most sales in a single county and the Twin Cities Metropolitan Area accounted for 66 percent of sales statewide. Sales in Regions 1-10 were highest in Region 10 (5,262) and lowest in Region 6W (338).

- In 1986 the lowest median price was in Traverse County ($16,000) and the highest was in Carver County ($80,000). Between 1986 and 1987 prices declined in 38 counties, remained the same in six counties, and increased in 43 counties. The greatest declines occurred in Lincoln and Traverse counties (-25%); the greatest increases occurred in Aitkin (Region 3) and Wilkin (Region 4) counties (48% and 36%, respectively).

	1986		1987*	
	REGIONS 1-10	REGION 11	REGIONS 1-10	REGION 11
NUMBER OF SALES	20,751	39,831	16,530	28,308
MEDIAN SALE PRICE	$45,500	$76,000	$46,000	$78,900

*1987 Certificate of Real Estate Value data presently include all sales through September 1987.

**The median is the midpoint of a distribution of numbers; thus, 50 percent of the values are above the median and 50 percent of the values are below the median.

INTRODUCTION

Under the current provisions of Minnesota state law, county assessors are required to submit a Certificate of Real Estate Value to the Department of Revenue for each sale or transfer of residential property. Thus, accurate sale price information is available for any house sold through an "arm's length" transaction.* The following analysis is based on the most recent data currently available during the period of January 1986 to September 1987 and on previous reports for the years 1975-1985.

DISCUSSION

Median Sale Price (1985-1987)

Table 1 (p. 2) compares the 1985, 1986, and 1987 median house sale price for each of Minnesota's 13 Development Regions and the percent change in median price from 1985 to 1987 and from 1986 to 1987. The lowest median sale prices for all three years were in the northern and western areas of the state, with the lowest median price in Region 6W ($27,000 in 1985 and 1987). Outside of the Region 11 Twin Cities Metropolitan Area the highest median sale price for all three years was $57,000 in Region 7W, which includes the St. Cloud Metropolitan Area.

From 1985 to 1987 nine regions had median sale price increases, ranging from 2.4 percent in Region 4 to 10.6 percent in Region 7E (see Figure 1, p. 2). Decreases during this period ranged from 1.3 percent in Region 5 (north central Minnesota) to 6.3 percent in Region 6E (south central Minnesota). The median sale price in Region 6W was the same in 1985 and 1987.

Between 1986 and 1987 the median sale price increased in eight regions, ranging from 1.5 percent in Region 3 to 9.0 percent in Region 2. The median sale price decreased in four regions, ranging from 1.3 percent in Region 9 to 6.3 percent in Region 5. The median sale price in Region 4 did not change from 1986 to 1987.

Sale Price Distributions (1986 and 1987)

Tables 2 and 3 show the distribution of house sale prices in Region 11 (Twin Cities Metropolitan Area) and in Regions 1-10 in 1986 and the first nine months of 1987. Table 2 (p. 3) reveals that for Region 11 there was only a very small decrease in the percentage of homes that sold for less than $50,000 (8.2% vs. 8.0%) but a 3.3 percent increase in the share that sold for over $100,000 (21.2% vs. 24.5%). In 1986, homes in the $50,000 to $80,000 price range comprised 49 percent of all house sales, but in 1987 only 44 percent of all homes were priced in that range. The median price in 1987 remained in the $70,000-$79,000 interval where it has been since 1982. Total sales in Region 11 for the first nine months of 1987 (28,308) were 12 percent higher than during the same period in 1986 (25,265).

In Regions 1-10, shown in Table 3 (p. 4), very little change occurred in the distribution of house prices between the years 1986 and 1987. The percentage of homes in the $30,000 to $70,000 price range declined by about two percent (58.4 percent vs. 56.5 percent), while the percentage of homes priced under $30,000 actually increased by .5%. The percentage of homes priced over $100,000 increased by less than one percent. Between these two years the median price increased by only $500, remaining in the $40,000-$49,000 interval. During the first nine months of 1987 total house sales in Regions 1-10 were nine percent higher than over the same period in 1986 (16,530 vs. 15,102).

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*A valid "arm's length" real estate transaction includes any open market sale between a willing buyer and seller. Non-arm's length transactions, such as transfers to or from related parties, non-profit institutions, political subdivisions, and public utilities, are excluded from this report.

Table 1
THE CHANGE IN MEDIAN HOUSE SALE PRICE BY REGION
1985-1987

Region	Median Price 1985	Median Price 1986*	Median Price 1987**	Percent Change 1985-1987	Percent Change 1986-1987
1	$32,000	$31,800	$34,000	6.3%	6.9%
2	$34,500	$33,500	$36,500	5.8%	9.0%
3	$33,000	$34,000	$34,500	4.5%	1.5%
4	$42,000	$43,000	$43,000	2.4%	0.0%
5	$37,500	$39,500	$37,000	-1.3%	-6.3%
6 E	$48,000	$47,700	$45,000	-6.3%	-5.7%
6 W	$27,000	$27,500	$27,000	0.0%	-1.8%
7 E	$47,000	$49,900	$52,000	10.6%	4.2%
7 W	$54,000	$56,000	$57,000	5.6%	1.8%
8	$35,000	$32,000	$33,000	-5.7%	3.1%
9	$45,000	$47,500	$46,900	4.2%	-1.3%
10	$50,900	$53,000	$53,900	5.9%	1.7%
11	$73,900	$76,000	$78,900	6.8%	3.8%

*Revised.
**1987 Certificate of Real Estate Value data presently include all sales through September 1987.

Figure 1

Regional Changes in Median Sale Price

1985-1987

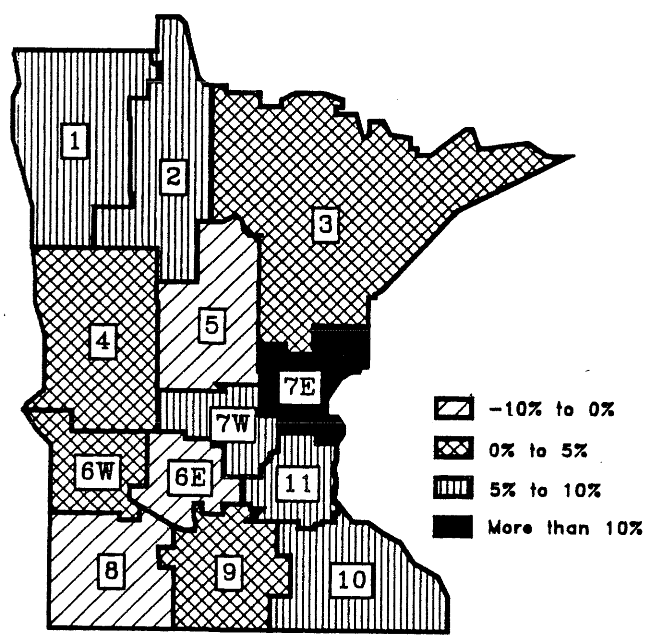


Table 2
DISTRIBUTION OF HOUSE SALE PRICES IN REGION 11

1986*

House Price	Number of Sales	Percent of Total	Cumulative Percent
$ 0-$ 19,999	140	0.4%	0.4%
$ 20,000-$ 29,999	276	0.7%	1.1%
$ 30,000-$ 39,999	806	2.0%	3.1%
$ 40,000-$ 49,999	2,051	5.1%	8.2%
$ 50,000-$ 59,999	4,548	11.4%	19.6%
$ 60,000-$ 69,999	7,229	18.1%	37.7%
$ 70,000-$ 79,999	7,628	19.2%	56.9%
$ 80,000-$ 89,999	5,530	13.9%	70.8%
$ 90,000-$ 99,999	3,174	8.0%	78.8%
$100,000-$109,999	1,735	4.4%	83.2%
$110,000-$119,999	1,624	4.1%	87.3%
$120,000+	5,090	12.7%	100.0%
Total	39,831	100.0%	

1987**

House Price	Number of Sales	Percent of Total	Cumulative Percent
$ 0-$ 19,999	207	0.7%	0.7%
$ 20,000-$ 29,999	206	0.7%	1.4%
$ 30,000-$ 39,999	527	1.9%	3.3%
$ 40,000-$ 49,999	1,329	4.7%	8.0%
$ 50,000-$ 59,999	2,816	9.9%	17.9%
$ 60,000-$ 69,999	4,562	16.1%	34.0%
$ 70,000-$ 79,999	5,101	18.0%	52.0%
$ 80,000-$ 89,999	4,083	14.4%	66.4%
$ 90,000-$ 99,999	2,573	9.1%	75.5%
$100,000-$109,999	1,374	4.9%	80.4%
$110,000-$119,999	1,252	4.4%	84.8%
$120,000+	4,278	15.2%	100.0%
Total	28,308	100.0%	

*Revised.
**1987 Certificate of Real Estate Value data presently includes all sales through September 1987.

Table 3
DISTRIBUTION OF HOUSE SALE PRICES IN REGIONS 1-10

1986*

House Price	Number of Sales	Percent of Total	Cumulative Percent
$ 0-$ 19,999	2,854	13.8%	13.8%
$ 20,000-$ 29,999	2,560	12.3%	26.1%
$ 30,000-$ 39,999	3,011	14.5%	40.6%
$ 40,000-$ 49,999	3,396	16.4%	57.0%
$ 50,000-$ 59,999	3,244	15.6%	72.6%
$ 60,000-$ 69,999	2,462	11.9%	84.5%
$ 70,000-$ 79,999	1,372	6.6%	91.1%
$ 80,000-$ 89,999	799	3.9%	95.0%
$ 90,000-$ 99,999	370	1.8%	96.8%
$100,000-$109,999	193	0.9%	97.7%
$110,000-$119,999	145	0.7%	98.4%
$120,000+	345	1.6%	100.0%
Total	20,751	100.0%	

1987**

House Price	Number of Sales	Percent of Total	Cumulative Percent
$ 0-$ 19,999	2,482	15.0%	15.0%
$ 20,000-$ 29,999	1,915	11.6%	26.6%
$ 30,000-$ 39,999	2,288	13.8%	40.4%
$ 40,000-$ 49,999	2,591	15.7%	56.1%
$ 50,000-$ 59,999	2,490	15.1%	71.2%
$ 60,000-$ 69,999	1,975	11.9%	83.1%
$ 70,000-$ 79,999	1,182	7.2%	90.3%
$ 80,000-$ 89,999	657	4.0%	94.3%
$ 90,000-$ 99,999	316	1.9%	96.2%
$100,000-$109,999	178	1.1%	97.3%
$110,000-$119,999	135	0.8%	98.1%
$120,000+	321	1.9%	100.0%
Total	16,530	100.0%	

*Revised.
**1987 Certificate of Real Estate Value data presently include all sales through September 1987.

Median Sale Price, Metropolitan Statistical Areas (1985-1987)

The 1985, 1986, and 1987 median house sale prices for Metropolitan Statistical Areas (MSAs) of Minnesota are shown in Table 4. The lowest 1987 median price was in Duluth ($34,975) and the highest was in Minneapolis-St. Paul ($78,000). In all three years the rank order among MSAs remained the same, with the lowest median price in Duluth and the highest in Minneapolis-St. Paul. In four of the five MSAs, median prices increased from 1986 to 1987, with the greatest increase in the Minneapolis-St. Paul MSA (3.2%). The only decrease occurred in the Moorhead MSA (-3.9%).

Table 4

MEDIAN HOUSE SALE PRICE IN METROPOLITAN STATISTICAL AREAS 1985-1987

Metropolitan Statistical Area*	1985	1986**	1987***
Duluth	$33,500	$34,500	$34,975
Minneapolis-St. Paul	$73,000	$75,600	$78,000
Moorhead	$50,000	$54,000	$51,900
Rochester	$59,900	$61,720	$62,900
St. Cloud	$51,500	$54,280	$55,000

*Metropolitan Statistical Areas (MSAs) do not coincide with Development Regions. Please see Appendix (p. 20) for a list of counties in each MSA.
**Revised.
***1987 Certificate of Real Estate Value data presently include all sales through September 1987.

Residential Real Estate Sales (1975-1987)

Table 5 (p. 6) shows the number of residential real estate sales in Regions 1-10, Region 11, and statewide for the years 1975-1987. The number of sales statewide has ranged from a high of 64,992 in 1978 to a low of 29,312 in 1982. Since 1985 the share of sales in Region 11 has risen above traditional levels so that in 1986, the last full year of data, Region 11 accounted for fully two-thirds of all sales statewide.

The number of annual real estate sales statewide has remained below the peak number of sales recorded in 1978. In that year escalating house prices and home mortgage interest rates below 10 percent encouraged step-up purchases by existing homeowners. In 1982 the number of sales "bottomed-out" to below 30,000 when interest rates rose to 16 percent or more and house price increases leveled off or, in some parts of the state, actually declined. In 1986, though, there were 60,582 sales, only seven percent below peak year sales in 1978.

Historically, the first nine months of sales have represented about 70 percent of the sales eventually recorded for 12 months. But in 1986 actual sales exceeded projected sales by five percent. If this higher rate persists, sales for all of 1987 may exceed 67,000, a record high number consistent with moderate price increases, moderate interest rates, and the entry of the large baby boom generation into the move-up housing market.

Table 5
NUMBER OF RESIDENTIAL REAL ESTATE SALES
1975-1987

Year	Regions 1-10	Region 11	Statewide
1975	15,419	21,954	37,373
1976	21,495	25,857	47,352
1977	22,827	35,699	58,526
1978	26,065	38,927	64,992
1979	23,665	36,323	59,988
1980	16,713	24,520	41,233
1981	15,484	20,716	36,200
1982	12,739	16,573	29,312
1983	16,630	22,590	39,220
1984	17,077	26,951	44,028
1985	17,638	29,937	47,575
1986	20,751	39,831	60,582
1987*	16,530	28,308	44,838

*1987 Certificate of Real Estate Value data presently include all sales through September 1987.

Contract-for-Deed Sales (1982-1987)

Table 6 (p. 7) lists the number of contract-for-deed house sales in Minnesota and their share of all sales for the years 1982, 1986, and 1987. Before the escalation of house prices and interest rates in the 1970s and 1980s, contracts-for-deed were used rather infrequently in mortgage transactions. In 1982, though, contract-for-deed sales accounted for more than 40 percent of all financing statewide. By 1986 this share had declined to less than 20 percent, a level that persisted through 1987. These changes correspond to average annual interest rates of approximately 14 percent, 10 percent, and 9 percent.*

Although regional patterns of contract-for-deed sales are consistent with changes that occurred statewide between 1982 and 1987, contracts have continued to be a significant financing alternative in Regions 1-10 (see Figure 2, p. 7). High interest rates were no doubt largely responsible for the widespread use of contracts in 1982. In that year 40 percent of all sales in Region 11 and 44 percent of all sales in Regions 1-10 involved seller financing. But in 1986, with average annual contract interest rates at their lowest level since 1979, contracts-for-deed were still used to finance more than one-fourth of all house sales in Regions 1-10, and contract sales in these regions accounted for 53 percent of such sales statewide. Through the first nine months of 1987, contract sales in Regions 1-10 accounted for an even greater share of contract sales statewide (55%). Thus, contracts have facilitated transactions not only when interest rates were high and borrowers were unable to qualify for traditional mortgage loans, but also when depressed regional economies may have tightened mortgage lending standards.

*Average annual contract commitment rates on conventional first mortgages, Federal Home Loan Bank Board, *Savings and Home Finance Sourcebook.*

Table 6
NUMBER OF CONTRACT-FOR-DEED HOUSE SALES
1982-1987

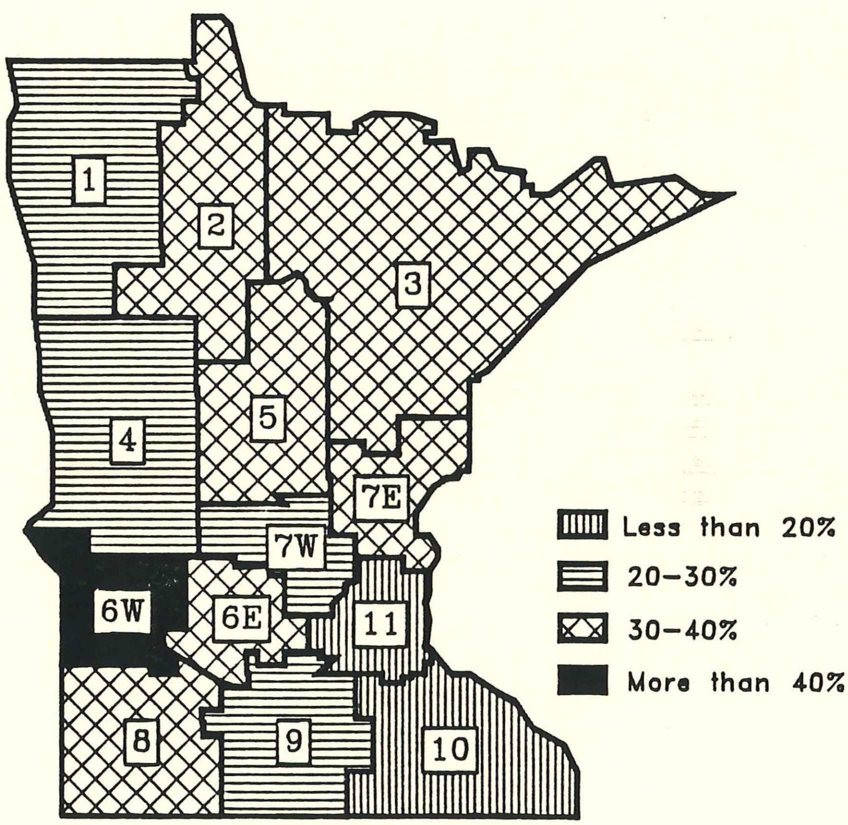
	1982		1986*		1987**	
Region	Number of Contracts	Percent of All Sales	Number of Contracts	Percent of All Sales	Number of Contracts	Percent of All Sales
Regions 1-10	5,568	44%	5,133	26%	3,583	22%
Region 11	6,612	40%	4,533	11%	2,953	10%
STATEWIDE	12,180	42%	9,666	16%	6,536	15%

*Revised.
**1987 Certificate of Real Estate Value data presently include all sales through September 1987.

Figure 2

Percentage of Contract-for-Deed Financing in Each Development Region

1986



Iron Range House Prices

Major structural changes in the Iron Range's taconite industry have eliminated many jobs, creating long-term unemployment problems that have caused some residents to leave the area. Table 7 focuses on house sale prices in seventeen cities in the three Region 3 counties comprising Minnesota's Iron Range.

Table 7

MEDIAN SALE PRICE AND NUMBER OF SALES IN SELECTED IRON RANGE CITIES

1985-1987

	1985		1986*		1987**	
	Median Price	Number of Sales	Median Price	Number of Sales	Median Price	Number of Sales
Lake County	$24,000	120	$24,830	134	$24,000	114
Silver Bay	$18,000	34	$20,000	44	$18,000	31
Two Harbors	$27,100	38	$23,000	43	$25,400	46
St. Louis County	$33,500	1,874	$34,500	2,426	$34,990	1,884
Aurora	$23,100	16	$20,000	23	$20,000	25
Babbitt	$16,100	21	$16,940	15	$13,300	13
Biwabik	$12,500	6	$12,000	5	$13,250	16
Buhl	$21,600	9	$18,700	11	$23,750	6
Chisholm	$20,000	52	$24,000	50	$19,900	35
Ely	$19,600	35	$15,000	25	$17,250	28
Eveleth	$28,500	30	$21,000	23	$25,000	30
Gilbert	$18,600	16	$21,000	17	$35,000	7
Hibbing	$31,000	217	$30,000	233	$28,230	148
Hoyt Lakes	$24,100	15	$20,780	22	$19,950	40
Mountain Iron	$37,000	25	$37,000	23	$34,000	23
Virginia	$33,500	88	$31,250	106	$26,250	76
Itasca County	$35,800	328	$36,000	358	$32,950	316
Grand Rapids	$45,000	77	$39,900	80	$39,900	77
Keewatin	$13,000	9	$13,525	14	$13,150	6
Nashwauk	$11,000	7	$14,900	3	$13,800	12

*Revised.
**1987 Certificate of Real Estate Value data presently include all sales through September 1987.

The median house sale prices in these Iron Range cities were among the lowest in the state in 1985, 1986, and 1987. In 1985 only Grand Rapids had a median sale price over $40,000; in 1986 and 1987 none of the 17 communities had a median sale price over $40,000. In 1987 median sale price exceeded $30,000 in only three communities (Gilbert, Mountain Iron, and Grand Rapids); 14 communities had median prices under $30,000 and eight had median prices under $20,000.

Median house sale price decreased from 1986 to 1987 in 9 cities. The largest decrease occurred in Babbitt (-22%); three other cities experienced decreases of 10 percent or more (Silver Bay, Chisholm, and Virginia). Price increases occurred in six communities (Two Harbors, Biwabik, Buhl, Ely, Eveleth, and Gilbert). It should be noted, however, that median sale prices in these communities may have been positively or negatively affected by the number of house sales during the period. Median sale prices in Biwabik and Buhl, for example, may have been affected by the completion of fewer than 20 house sales in 1986 and 1987. On the other hand, the number of house sales in these seventeen communities during the first nine months of 1987 was 15 percent greater than the number of sales during the first nine months of 1986 (619 and 536 sales, respectively).

Current and Constant Dollar House Prices

Table 8 (p. 10) shows the change in the current and constant dollar median sale price of houses in Minnesota's 13 Development Regions over the twelve-year period between 1975 and 1987. Between 1975 and 1980, current dollar prices increased in all regions of the state. Between 1980 and 1985 median price declines occurred at one time or another in nine Development Regions, but 1985's median price was less than 1980's median price in only three regions (1, 3, and 6W).

Since 1980, current dollar median prices generally have exhibited a rising and falling, seesaw pattern. Particularly inconsistent has been the pattern in Regions 1, 2, 3, 5, 6E, 6W, 8, 9, and 10. More consistent price trends are characteristic of Regions 4, 7E, 7W, and 11, where current dollar trends have been generally positive.

A look at median sale prices in constant dollars reveals that while the demand for owner-occupied housing was pushing up house prices, even stronger inflationary pressures were eroding their value in constant dollars. In 12 of the state's Development Regions the 1987 constant dollar median sale price was less than the constant dollar sale price in 1975; the only positive change in constant dollar price was that for Region 11, which was less than $1,000 above the constant dollar price in 1975. The greatest decline in constant dollar median sale price between 1975 and 1987 was $4,400 in Region 6W (southwestern Minnesota). Declines of $3,000-$4,000 occurred in Regions 4, 6E, 8, and 10.

Tables 9A and 9B (p. 11) show the percent change in current and constant dollar median sale price between 1975 and 1987. Large, positive percent changes in current dollar median price (Table 9A) occurred in all regions between 1975 and 1980. Between 1980 and 1985, though, current dollar percent changes were negative in three regions (1, 3, and 6W). Since 1985, negative changes have occurred in all but six regions (3, 4, 7E, 7W, 10, and 11). Particularly notable were the 8.6% decline in Region 8 between 1985 and 1986 and the 6.3% decline in Region 5 between 1986 and 1987.

Constant dollar changes in median sale price (Table 9B) were also positive between 1975 and 1980. The largest increases occurred in Regions 2, 3, and 11; the smallest increase occurred in Region 4. The negative current dollar changes observed in a few regions between 1980 and 1985 became negative constant dollar changes in every region. Median sale prices were particularly affected by inflation in Regions 1 (-32.6%), 3 (-34.2%), and 6W (-33.9%). Even Region 11, the state's most robust housing market, experienced a 15.7% decline in constant dollar median sale price during this five-year period.

Table 8
CURRENT AND CONSTANT* DOLLAR MEDIAN SALE PRICE BY REGION
1975-1987

Region	1975	1980	1985	1986**	1987***
Region 1					
Current	$20,000	$35,000	$32,000	$31,800	$34,000
Constant	$12,400	$14,100	$ 9,500	$ 9,300	$ 9,700
Region 2					
Current	$17,000	$31,000	$34,500	$33,500	$36,500
Constant	$10,600	$12,500	$10,300	$ 9,800	$10,400
Region 3					
Current	$20,500	$37,000	$33,000	$34,000	$34,500
Constant	$12,700	$14,900	$ 9,800	$10,000	$ 9,800
Region 4					
Current	$25,500	$40,000	$42,000	$43,000	$43,000
Constant	$15,800	$16,100	$12,500	$12,600	$12,300
Region 5					
Current	$19,000	$34,000	$37,500	$39,500	$37,000
Constant	$11,800	$13,700	$11,200	$11,600	$10,600
Region 6E					
Current	$25,900	$43,000	$48,000	$47,700	$45,000
Constant	$16,100	$17,400	$14,300	$14,000	$12,800
Region 6W					
Current	$19,500	$30,000	$27,000	$27,500	$27,000
Constant	$12,100	$12,100	$ 8,000	$ 8,100	$ 7,700
Region 7E					
Current	$24,900	$42,000	$47,000	$49,900	$52,000
Constant	$15,500	$16,900	$14,000	$14,700	$14,800
Region 7W					
Current	$29,000	$48,000	$54,000	$56,000	$57,000
Constant	$18,000	$19,400	$16,100	$16,400	$16,300
Region 8					
Current	$21,500	$34,900	$35,000	$32,000	$33,000
Constant	$13,400	$14,100	$10,400	$ 9,400	$ 9,400
Region 9					
Current	$26,000	$43,000	$45,000	$47,500	$46,900
Constant	$16,200	$17,400	$13,400	$14,000	$13,400
Region 10					
Current	$30,000	$48,000	$50,900	$53,000	$53,900
Constant	$18,600	$19,400	$15,100	$15,600	$15,400
Region 11					
Current	$35,000	$64,700	$73,900	$76,000	$78,900
Constant	$21,800	$26,100	$22,000	$22,300	$22,500

*Minneapolis/St. Paul CPI for All Urban Consumers, all items (1967=100).
**Revised.
***1987 Certificate of Real Estate Value data presently include all sales through September 1987.

Table 9A
THE CHANGE IN CURRENT DOLLAR MEDIAN SALE PRICE BY REGION
1975-1987

Region	1975-1980	1980-1985	1985-1986*	1986-1987**
1	75.0%	-8.6%	-0.6%	6.9%
2	82.4%	11.3%	-2.9%	9.0%
3	80.5%	-10.8%	3.0%	1.5%
4	56.9%	5.0%	2.4%	0.0%
5	78.9%	10.3%	5.3%	-6.3%
6 E	66.0%	11.6%	-0.6%	-5.7%
6 W	53.8%	-10.0%	1.9%	-1.8%
7 E	68.7%	11.9%	6.2%	4.2%
7 W	65.5%	12.5%	3.7%	1.8%
8	62.3%	0.3%	-8.6%	3.1%
9	65.4%	4.7%	5.6%	-1.3%
10	60.0%	6.0%	4.1%	1.7%
11	84.9%	14.2%	2.8%	3.8%

Table 9B
THE CHANGE IN CONSTANT*** DOLLAR MEDIAN SALE PRICE BY REGION
1975-1987

Region	1975-1980	1980-1985	1985-1986*	1986-1987**
1	13.7%	-32.6%	-2.1%	4.3%
2	17.9%	-17.6%	-4.9%	6.1%
3	17.3%	-34.2%	2.0%	-2.0%
4	1.9%	-22.4%	0.8%	-2.4%
5	16.1%	-18.2%	3.6%	-8.6%
6 E	8.1%	-17.8%	-2.1%	-8.6%
6 W	0.0%	-33.9%	1.3%	-4.9%
7 E	9.0%	-17.2%	5.0%	0.7%
7 W	7.8%	-17.0%	1.9%	-0.6%
8	5.2%	-26.2%	-9.6%	0.0%
9	7.4%	-23.0%	4.5%	-4.3%
10	4.3%	-22.2%	3.3%	-1.3%
11	19.7%	-15.7%	1.4%	0.9%

*Revised.
**1987 Certificate of Real Estate Value data presently include all sales through September 1987.
***Minneapolis/St. Paul CPI for All Urban Consumers, all items (1967=100).

Between 1985 and 1986, negative changes in constant dollar median price occurred in only four regions. Between 1986 and 1987, though, negative constant dollar price changes occurred in eight regions. Particularly large were the declines registered in Regions 5 and 6E (-8.6%). No change occurred in the constant dollar median sale price in Region 8.

Since year-to-year changes in house sale prices may be less indicative of long term trends, this section focuses on house sale price changes between 1975 and 1987. Two factors cause house prices to change from year to year. First, house prices rise or fall with the general level of prices (i.e., because all prices are rising or falling). Second, house prices rise or fall according to the value buyers place on housing (true price appreciation or depreciation). The current dollar median house sale price comparisons shown in Table 10A reflect the effects of both sources of house price change between 1975 and the first nine months of 1987.

In 1975, current dollar median sale prices ranged from a low of $17,000 in Region 2 to a high of $35,000 in Region 11; in 1987, current dollar median prices ranged from $27,000 in Region 6W to $78,900 in Region 11. By 1987 the current dollar median price had increased by at least 50 percent since 1975 in all but one region (6W). The greatest increases over the twelve-year period were in Regions 11 (125.4%), 2 (114.7%), and 7E (108.8%), while two other regions had increases of more than 90 percent (Regions 5 and 7W).

Table 10A

THE CHANGE IN CURRENT DOLLAR MEDIAN SALE PRICE BY REGION

1975-1987

Region	Median Price 1975	Median Price 1987*	Percent Change	Annual Percent Change**
1	$20,000	$34,000	70.0%	4.5%
2	$17,000	$36,500	114.7%	6.6%
3	$20,500	$34,500	68.3%	4.4%
4	$25,500	$43,000	68.6%	4.5%
5	$19,000	$37,000	94.7%	5.7%
6 E	$25,900	$45,000	73.7%	4.7%
6 W	$19,500	$27,000	38.5%	2.8%
7 E	$24,900	$52,000	108.8%	6.3%
7 W	$29,000	$57,000	96.6%	5.8%
8	$21,500	$33,000	53.5%	3.6%
9	$26,000	$46,900	80.4%	5.0%
10	$30,000	$53,900	79.7%	5.0%
11	$35,000	$78,900	125.4%	7.0%

*1987 Certificate of Real Estate Value data presently include all sales through September 1987.
**Effective rate of change.

A very different picture emerges, though, when median house sale prices are estimated in constant dollars. By removing general price level effects from current dollar house sale prices, the remaining constant dollar house sale prices provide an indication of the true value of housing in dollars which have the same worth over time. Table 10B (p. 13) shows that between 1975 and 1987 the percent change in the constant dollar median sale price was negative in 12 of the state's 13 Development Regions. Constant dollar price declines exceeded five percent in 10 regions, 10 percent in nine regions, and 20 percent in six regions (Regions 1, 3, 4, 6E, 6W, and 8). Positive change in the constant dollar median sale price occurred only in Region 11 (3.2%). Percent changes in median sale price for Regions 1-10 and Region 11 over this twelve-year period are graphically portrayed in Figure 3, p. 13.

Table 10B

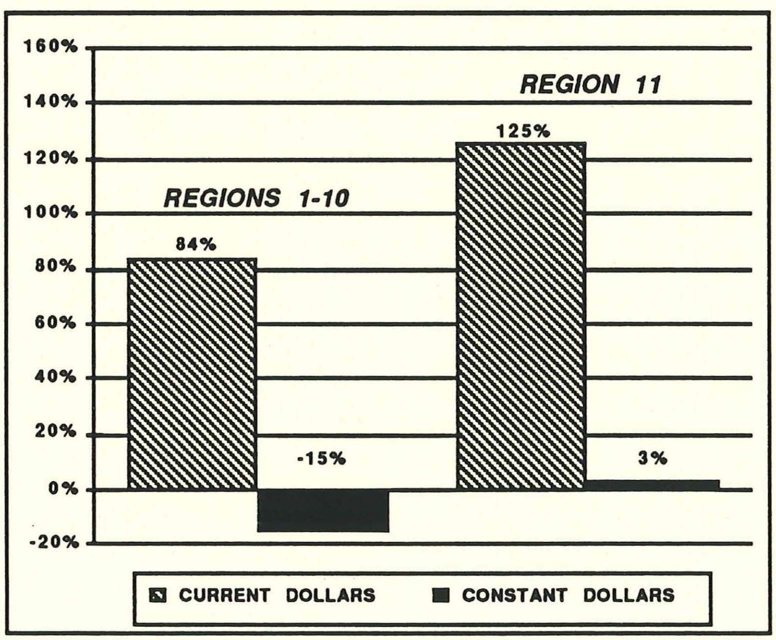
THE CHANGE IN CONSTANT* DOLLAR MEDIAN SALE PRICE BY REGION 1975-1987

Region	Median Price 1975	Median Price 1987**	Percent Change 1975-1987	Annual Percent Change***
1	$12,400	$ 9,700	-21.8%	-2.1%
2	$10,600	$10,400	-1.9%	-0.1%
3	$12,700	$ 9,800	-22.8%	-2.1%
4	$15,800	$12,300	-22.2%	-2.1%
5	$11,800	$10,600	-10.2%	-0.9%
6 E	$16,100	$12,800	-20.5%	-1.9%
6 W	$12,100	$ 7,700	-36.4%	-3.7%
7 E	$15,500	$14,800	-4.5%	-0.4%
7 W	$18,000	$16,300	-9.4%	-0.8%
8	$13,400	$ 9,400	-29.9%	-2.9%
9	$16,200	$13,400	-17.3%	-1.5%
10	$18,600	$15,400	-17.2%	-1.6%
11	$21,800	$22,500	3.2%	0.3%

*Minneapolis/St. Paul CPI for All Urban Consumers, all items (1967=100).
**1987 Certificate of Real Estate Value data presently include all sales through September 1987.
***Effective rate of change.

Figure 3

PERCENTAGE CHANGE IN MEDIAN SALE PRICE IN REGIONS 1-10 AND REGION 11 1975-1987



Subregional Data

More detailed information about the number of sales and median sale prices is shown in Tables 11-14. Table 11 (page 15) lists the 1986 median sale price for each county within each of the 13 Development Regions. Traverse County (Region 4, west central Minnesota) had the lowest median sale price in 1986 ($16,000) and Carver County (Twin Cities MSA) had the highest ($80,000).

Table 12 (page 16) lists the number of sales in 1986 for each county within each Development Region. Predictably, the Twin Cities Metropolitan Area accounted for more than half (66%) of all sales in 1986. Hennepin County recorded the most sales in a single county (20,268) and accounted for 51 percent of all sales in Region 11 and 33 percent of all sales statewide. Hennepin County also accounted for $1.85 billion (43%) of the $4.3 billion value of all homes sold statewide in 1986. With 547 sales in 1986, Carver County had the smallest share of sales in Region 11 (1%). In Regions 1-10 the highest regional and county sales occurred in Region 10 (5,262) and in Region 3's St. Louis County (2,426); Region 6W and Red Lake County (Region 1) had the fewest sales (338 and 12, respectively).

Another look at Table 11 reveals that 1986 median prices below the $45,500 median for Regions 1-10 occurred in 58 of the 80 counties outside Region 11. Thus, it appears that the median price in Regions 1-10 is as high as it is largely because of the higher prices and larger number of sales in counties close to major metropolitan areas or in cities which have become regional service centers (see Figure 4 and Tables 13A and B on page 17).

Table 14 (pp. 18-19) shows the median house sale price by county for 1986, 1987, and the percent change between these two years. Between 1986 and 1987 the median price declined in 38 counties, remained the same in six counties, and increased in 43 counties. The greatest declines occurred in Lincoln (-25%), Marshall (-21%), Norman (-20%), Pope (-21%), Todd (-25%), and Traverse (-25%) counties. Decreases of 10-20 percent occurred in Big Stone, Clearwater, Jackson, Kittson, Red Lake, Sibley, Swift, and Yellow Medicine counties. The largest increases in median sale price were in Aitkin (48%) and Wilkin (36%) counties. Increases of 20 percent or more also occurred in Cottonwood, Faribault, and Stevens counties.

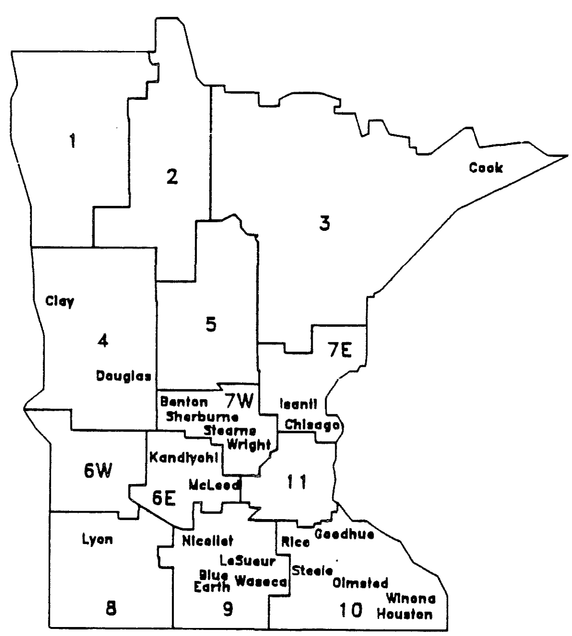


Figure 4

Counties Where Median Sale Price Exceeds Regions 1-10 Median

1986

Table 11 - MEDIAN SALE PRICE BY REGION AND COUNTY IN 1986

REGION 1	$31,750
KITTSON	$20,000
MARSHALL	$20,000
NORMAN	$23,535
PENNINGTON	$37,125
POLK	$38,770
RED LAKE	$17,500
ROSEAU	$34,000
REGION 2	$33,500
BELTRAMI	$38,000
CLEARWATER	$18,000
HUBBARD	$30,625
LAKE OF THE WOODS	$24,250
MAHNOMEN	$23,000
REGION 3	$34,000
AITKIN	$25,000
CARLTON	$35,000
COOK	$49,100
ITASCA	$36,000
KOOCHICHING	$28,000
LAKE	$24,830
ST. LOUIS	$34,500
REGION 4	$43,000
BECKER	$39,850
CLAY	$54,000
DOUGLAS	$46,500
GRANT	$20,000
OTTER TAIL	$38,900
POPE	$29,600
STEVENS	$31,000
TRAVERSE	$16,000
WILKIN	$25,000
REGION 5	$39,500
CASS	$41,000
CROW WING	$45,000
MORRISON	$38,000
TODD	$26,500
WADENA	$28,730
REGION 6E	$47,700
KANDIYOHI	$50,000
McLEOD	$52,000
MEEKER	$38,550
RENVILLE	$33,000
REGION 6W	$27,500
BIG STONE	$25,000
CHIPPEWA	$31,500
LAC QUI PARLE	$19,000
SWIFT	$30,000
YELLOW MEDICINE	$30,375
REGION 7E	$49,900
CHISAGO	$61,000
ISANTI	$53,600
KANABEC	$32,370
MILLE LACS	$39,900
PINE	$29,375
REGION 7W	$56,000
BENTON	$48,950
SHERBURNE	$59,900
STEARNS	$53,000
WRIGHT	$60,000
REGION 8	$32,000
COTTONWOOD	$25,000
JACKSON	$31,375
LINCOLN	$18,000
LYON	$50,000
MURRAY	$29,000
NOBLES	$35,000
PIPESTONE	$26,250
REDWOOD	$30,000
ROCK	$29,000
REGION 9	$47,500
BLUE EARTH	$51,000
BROWN	$43,550
FARIBAULT	$23,500
LeSUEUR	$50,000
MARTIN	$42,000
NICOLLET	$60,000
SIBLEY	$39,000
WASECA	$46,100
WATONWAN	$33,500
REGION 10	$53,000
DODGE	$45,000
FILLMORE	$26,500
FREEBORN	$37,900
GOODHUE	$53,000
HOUSTON	$47,000
MOWER	$38,500
OLMSTED	$61,760
RICE	$57,500
STEELE	$50,000
WABASHA	$40,000
WINONA	$48,000
REGION 11	$76,000
ANOKA	$70,000
CARVER	$80,000
DAKOTA	$79,900
HENNEPIN	$78,500
RAMSEY	$72,000
SCOTT	$78,000
WASHINGTON	$77,500

Table 12 - NUMBER OF HOUSE SALES BY REGION AND COUNTY IN 1986

REGION 1	
KITTSON	40
MARSHALL	61
NORMAN	65
PENNINGTON	134
POLK	274
RED LAKE	12
ROSEAU	87
TOTAL	**673**
REGION 2	
BELTRAMI	294
CLEARWATER	41
HUBBARD	138
LAKE OF THE WOODS	30
MAHNOMEN	14
TOTAL	**517**
REGION 3	
AITKIN	98
CARLTON	287
COOK	24
ITASCA	358
KOOCHICHING	177
LAKE	134
ST. LOUIS	2,426
TOTAL	**3,504**
REGION 4	
BECKER	294
CLAY	501
DOUGLAS	258
GRANT	47
OTTER TAIL	466
POPE	65
STEVENS	77
TRAVERSE	23
WILKIN	60
TOTAL	**1,791**
REGION 5	
CASS	189
CROW WING	532
MORRISON	172
TODD	179
WADENA	104
TOTAL	**1,176**
REGION 6E	
KANDIYOHI	344
McLEOD	339
MEEKER	198
RENVILLE	85
TOTAL	**966**
REGION 6W	
BIG STONE	60
CHIPPEWA	86
LAC QUI PARLE	45
SWIFT	57
YELLOW MEDICINE	90
TOTAL	**338**
REGION 7E	
CHISAGO	347
ISANTI	243
KANABEC	111
MILLE LACS	123
PINE	148
TOTAL	**972**
REGION 7W	
BENTON	262
SHERBURNE	498
STEARNS	1,177
WRIGHT	795
TOTAL	**2,732**
REGION 8	
COTTONWOOD	91
JACKSON	82
LINCOLN	31
LYON	189
MURRAY	53
NOBLES	191
PIPESTONE	118
REDWOOD	99
ROCK	73
TOTAL	**927**
REGION 9	
BLUE EARTH	455
BROWN	254
FARIBAULT	112
LeSUEUR	224
MARTIN	212
NICOLLET	264
SIBLEY	75
WASECA	207
WATONWAN	90
TOTAL	**1,893**
REGION 10	
DODGE	131
FILLMORE	139
FREEBORN	367
GOODHUE	468
HOUSTON	170
MOWER	467
OLMSTED	1,786
RICE	575
STEELE	479
WABASHA	184
WINONA	496
TOTAL	**5,262**
REGION 11	
ANOKA	3,920
CARVER	547
DAKOTA	4,229
HENNEPIN	20,268
RAMSEY	7,734
SCOTT	847
WASHINGTON	2,286
TOTAL	**39,831**

Table 13A

MEDIAN HOUSE SALE PRICE AND NUMBER OF SALES IN SELECTED COUNTIES

1986

COUNTY	MEDIAN PRICE	NUMBER OF SALES	PERCENT OF REGION SALES
BENTON	$48,950	262	9.6%
CHISAGO	$61,000	347	35.7%
CLAY	$54,000	501	28.1%
ISANTI	$53,600	243	25.0%
OLMSTED	$61,760	1,786	33.9%
SHERBURNE	$59,900	498	18.2%
STEARNS	$53,000	1,177	43.1%
WRIGHT	$60,000	795	29.1%

Table 13B

MEDIAN HOUSE SALE PRICE AND NUMBER OF SALES IN SELECTED CITIES

1986

City/COUNTY	MEDIAN PRICE	NUMBER OF SALES	PERCENT OF COUNTY SALES
Faribault/RICE	$49,000	239	41.6%
Grand Marais/COOK	$50,000	13	54.2%
Hutchinson/McLEOD	$59,000	171	50.4%
LeSueur/LeSUEUR	$51,720	66	29.5%
Mankato/BLUE EARTH	$53,000	310	68.1%
Marshall/LYON	$56,500	128	67.7%
N. Mankato/NICOLLET	$64,500	160	60.6%
Owatonna/STEELE	$51,000	385	80.4%
Red Wing/GOODHUE	$57,000	229	48.9%
Waseca/WASECA	$48,000	121	58.5%
Willmar/KANDIYOHI	$51,400	205	59.6%
Winona/WINONA	$45,700	320	64.5%

Table 14
PERCENT CHANGE IN MEDIAN HOUSE SALE PRICE BY COUNTY
1986 TO 1987

COUNTY	1986	1987*	PERCENT CHANGE
AITKIN	$25,000	$37,000	48.0%
ANOKA	$70,000	$72,900	4.1%
BECKER	$39,850	$40,000	0.4%
BELTRAMI	$38,000	$43,175	13.6%
BENTON	$48,950	$50,900	4.0%
BIG STONE	$25,000	$21,900	-12.4%
BLUE EARTH	$51,000	$54,500	6.9%
BROWN	$43,550	$40,000	-8.2%
CARLTON	$35,000	$35,000	0.0%
CARVER	$80,000	$84,580	5.7%
CASS	$41,000	$41,000	0.0%
CHIPPEWA	$31,500	$31,125	-1.2%
CHISAGO	$61,000	$62,500	2.5%
CLAY	$54,000	$51,900	-3.9%
CLEARWATER	$18,000	$15,000	-16.7%
COOK	$49,100	$51,500	4.9%
COTTONWOOD	$25,000	$30,000	20.0%
CROW WING	$45,000	$44,825	-0.4%
DAKOTA	$79,900	$84,500	5.8%
DODGE	$45,000	$45,000	0.0%
DOUGLAS	$46,500	$49,000	5.4%
FARIBAULT	$23,500	$28,900	23.0%
FILLMORE	$26,500	$30,000	13.2%
FREEBORN	$37,900	$37,500	-1.1%
GOODHUE	$53,000	$54,000	1.9%
GRANT	$20,000	$20,700	3.5%
HENNEPIN	$78,500	$81,000	3.2%
HOUSTON	$47,000	$43,000	-8.5%
HUBBARD	$30,625	$35,000	14.3%
ISANTI	$53,600	$56,000	4.5%
ITASCA	$36,000	$32,950	-8.5%
JACKSON	$31,375	$28,000	-10.8%
KANABEC	$32,370	$35,000	8.1%
KANDIYOHI	$50,000	$48,000	-4.0%
KITTSON	$20,000	$17,000	-15.0%
KOOCHICHING	$28,000	$28,000	0.0%
LAC QUI PARLE	$19,000	$19,200	1.1%
LAKE	$24,830	$24,000	-3.3%
LAKE OF THE WOODS	$24,250	$22,600	-6.8%
LeSUEUR	$50,000	$49,950	-0.1%
LINCOLN	$18,000	$13,500	-25.0%
LYON	$50,000	$49,650	-0.7%

*1987 Certificate of Real Estate Value data presently include all sales through September 1987.

Table 14

(Continued)

COUNTY	1986	1987*	PERCENT CHANGE
McLEOD	$52,000	$53,000	1.9%
MAHNOMEN	$23,000	$26,000	13.0%
MARSHALL	$20,000	$15,750	-21.3%
MARTIN	$42,000	$39,400	-6.2%
MEEKER	$38,550	$41,750	8.3%
MILLE LACS	$39,900	$43,000	7.8%
MORRISON	$38,000	$42,000	10.5%
MOWER	$38,500	$37,000	-3.9%
MURRAY	$29,000	$27,180	-6.3%
NICOLLET	$60,000	$58,500	-2.5%
NOBLES	$35,000	$35,000	0.0%
NORMAN	$23,535	$18,750	-20.3%
OLMSTED	$61,760	$62,900	1.9%
OTTER TAIL	$38,900	$36,000	-7.5%
PENNINGTON	$37,125	$35,000	-5.7%
PINE	$29,375	$34,125	16.2%
PIPESTONE	$26,250	$24,875	-5.2%
POLK	$38,770	$40,000	3.2%
POPE	$29,600	$23,500	-20.6%
RAMSEY	$72,000	$73,500	2.1%
RED LAKE	$17,500	$15,500	-11.4%
REDWOOD	$30,000	$31,900	6.3%
RENVILLE	$33,000	$29,900	-9.4%
RICE	$57,500	$58,000	0.9%
ROCK	$29,000	$30,000	3.5%
ROSEAU	$34,000	$38,250	12.5%
ST. LOUIS	$34,500	$34,985	1.4%
SCOTT	$78,000	$80,000	2.6%
SHERBURNE	$59,900	$61,190	2.2%
SIBLEY	$39,000	$34,000	-12.8%
STEARNS	$53,000	$54,000	1.9%
STEELE	$50,000	$53,000	6.0%
STEVENS	$31,000	$38,000	22.6%
SWIFT	$30,000	$25,500	-15.0%
TODD	$26,500	$20,000	-24.5%
TRAVERSE	$16,000	$12,000	-25.0%
WABASHA	$40,000	$39,500	-1.3%
WADENA	$28,730	$27,200	-5.3%
WASECA	$46,100	$41,950	-9.0%
WASHINGTON	$77,500	$80,900	4.4%
WATONWAN	$33,500	$33,500	0.0%
WILKIN	$25,000	$34,000	36.0%
WINONA	$48,000	$47,450	-1.2%
WRIGHT	$60,000	$64,200	7.0%
YELLOW MEDICINE	$30,375	$26,215	-13.7%

*1987 Certificate of Real Estate Value data presently include all sales through September 1987.

APPENDIX

Metropolitan Statistical Area	Counties
Duluth	St. Louis
Minneapolis-St. Paul	Anoka Carver Chisago Dakota Hennepin Isanti Ramsey Scott Washington Wright
Moorhead	Clay
Rochester	Olmsted
St. Cloud	Benton Sherburne Stearns