

PopBites

Volume 00-20
June 2000

Housing prices are rising rapidly in Minnesota

Housing sales prices grew dramatically in Minnesota in the late 1990s. Data on arms length sales of existing housing from the Minnesota Department of Revenue show a gain of \$25,000, or 29 percent, between 1995-1996 and 1998-1999. As in the past, prices differ dramatically among regions and communities. Prices are highest in the Minneapolis-St. Paul area and in southeastern Minnesota, and lowest in the rural western parts of the state. Suburban Carver County had the highest median sales price, \$158,000; the

lowest median price, \$31,000, was found in Kittson County in the northwestern corner of the state.

Amenity counties in the northern and north central parts of the state have experienced dramatic growth in sales prices since the 1980s. For example, the median price soared 169 percent in Cook County and 152 percent in Hubbard County between 1984-1985 and 1998-1999. Demand for second homes and retirement homes has probably driven up prices in areas with lakes, forests and other scenic attractions. Cook, Crow Wing, Cass and Douglas counties now rank among the state's top twenty-five counties in median housing price.

Housing prices appear to have converged a bit in the late 1990s. Median prices in lower-value cities and counties have tended to grow a bit more than prices in higher-value cities and counties. A strong economy and low mortgage interest rates may have improved the market for lower-value houses. The ratio of housing prices at the 90th percentile (the value at which 90 percent of the prices are lower and 10 percent are higher) to the 10th percentile fell from 4.51 in 1995-1996 to 4.17 in

1998-1999. The ratio of the median price in Edina to the median price in St. Paul fell from 2.36 to 2.23. The median price in Carver County was 5.10 times as high as the median price in Kittson County in 1998-1999, down from 7.30 times as high three years earlier.

Minneapolis, St. Paul and some older, inner-ring suburbs have made up some of the ground they lost in the 1980s and early 1990s when housing prices lagged well behind the rate of inflation. The median price grew 29 percent in Brooklyn Park, 28 percent in Minneapolis, and 27 percent in St. Paul between 1995-1996 and 1998-1999.

Housing prices in some counties in western Minnesota and along the southern border also grew substantially in the late 1990s, in real as well as nominal values. In other western counties, median prices showed little growth or declined. Kittson County saw a 72 percent gain, Lincoln County 66 percent, and Faribault County 50 percent between 1995-1996 and 1998-1999. At the other extreme, median prices actually fell in Yellow Medicine and Mahnommen counties and grew only 4 percent in Marshall County.

Published by the State Demographic Center at Minnesota Planning. This issue of *PopBites* summarizes findings from "Sales Prices of Existing Houses in Minnesota, 1998-1999," a working paper by Martha McMurry that describes recent housing price trends in the state, counties and larger cities. To request a copy of the working paper, call the helpline at 651-296-2557. Upon request, *PopBites* will be made available in alternate formats, such as Braille, large print or audio tape. For TTY, contact Minnesota Relay Service at 800-627-3529 and ask for Minnesota Planning. For more information contact:



PLANNING

STATE
DEMOGRAPHIC
CENTER

658 Cedar St.

St. Paul, MN 55155

Telephone 651-296-2557

Fax 651-296-3698

E-mail helpline@mnplan.state.mn.us

Web www.mnplan.state.mn.us

Counties with largest and smallest dollar gains in median sales price of existing houses between 1995-1996 and 1998-1999

Cook	\$29,763	Yellow Medicine	(\$5,052)
Carver	26,680	Mahnomen	(3,750)
Rice	25,950	Marshall	1,263
Cass	25,800	Murray	2,250
Hennepin	25,100	Lake of the Woods	2,750
Ramsey	24,500	Nobles	3,320
Crow Wing	24,200	Lac Qui Parle	3,625
Washington	24,000	Koochiching	4,000
Sherburne	24,000	Swift	5,240
Mille Lacs	23,500	Pipestone	5,600

Source: Minnesota Department of Revenue