

**'TEMPORARY HOME'
OF THE
BUFFHAM BULLETIN!**

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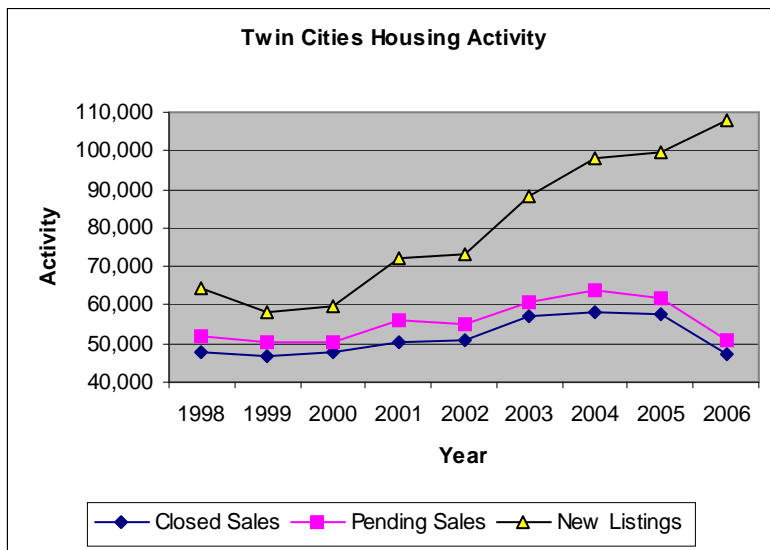
Real Estate Newsletter

Volume Sixty-eight

Mapping 2006 Results

Following five consecutive years of record or near-record home sales and strong home price appreciation, the Twin Cities housing market took an expected and necessary breather. 2006 was the year of the steady descent back to reasonable expectations.

Seller activity reflected a record high. There were over 108,000 new listings in 2006 which was up 9% from 2005. The year started off strong, with new listings per month going as high as 31% above the same periods in 2005. As new construction slowed and builders began to sell off their inventory, listings leveled off in the later part of the year.



Increased housing supply collided with lowered housing demand and translated into the buyer having more control over the process. Buyers began to recognize their advantage while builders and home sellers were competing for a smaller pool of active buyers and were forced to compete on price.

As a result, the 2006 median sales price held relatively steady with 2005, posting a 0.05% increase to \$230,000. For the past decade home price appreciation has been unsustainably high for our marketplace—an average of 8% each year with a peak of 12% in 2001.

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I Hope!

I hope you woke up this morning with a big smile on your face. I hope the sun is shining just for you and the birds are singing their very best songs...

I hope your coffee is hot and tastes just right and the cats are purring contentedly. I hope the mailman waves a cherry hello and there are no bills in the mailbox...

I hope everything goes your way. I hope everything is well with you and your world, a place for everything and everything in it's place...

I hope you can enjoy all you do and you are complimented on the way you look. I hope you can laugh and talk and share to your heart's content...

I hope you have all you wish for yourself and for those dear to you. I hope that all your dreams come true...

At the end of the day, I wish you a perfect moon and a snug and cozy bed with the softest of pillows. I hope you sleep like a lamb with a smile on your face...

I hope you have a perfect end to the perfect day and I hope that every day is just as wonderful in it's own way. I hope all of your days are filled with love!

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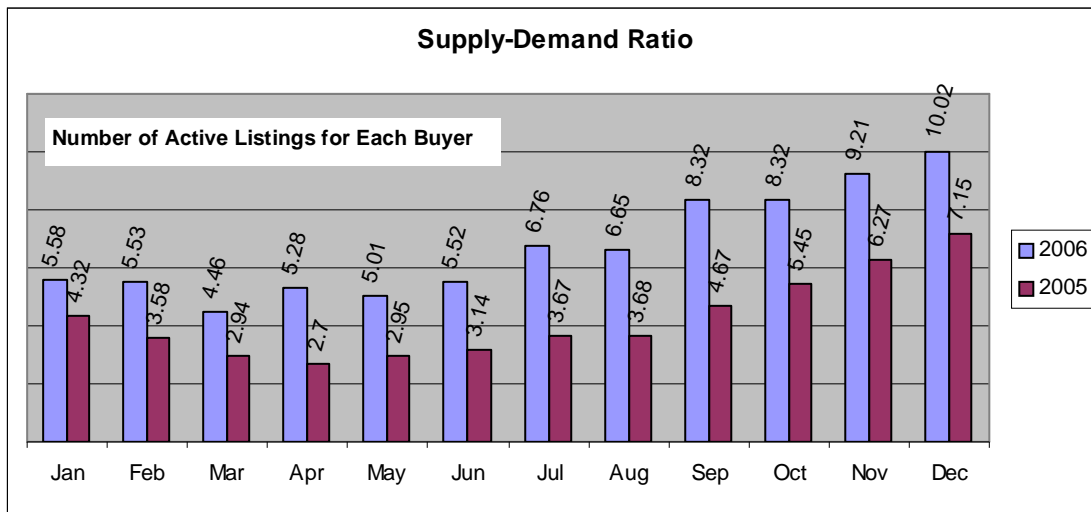
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During the early 2000's, conditions were characterized by skyrocketing consumer demand due to low interest rates, demographic changes and the relative weakness of the stock market as an investment vehicle. The supply of homes available for sale struggled to keep up with demand and, as a result, home prices escalated dramatically. While the spending capabilities of Twin Cities consumers did increase in the same time period, they didn't keep pace with home prices and consumers spend only what they are able for goods and services with housing being no exception.



While the market still faces some complex issues including affordability, foreclosures, and over leveraged consumer debt, we will experience a rebound this year.

With the seeds of recovery sown, the real estate rebound of 2007 will be gradual. A quick and easy rebound is not in the cards. We will continue to experience the necessary and healthy growing pains of our changing market and the net sales activity in 2007 is predicted to remain stable with the 2006 figures.

Year	Home Price Growth
1998	7.2%
1999	9.6%
2000	11.0%
2001	11.8%
2002	8.8%
2003	8.1%
2004	8.0%
2005	6.0%
2006	0.5%

**Statistics from Minneapolis Area Association of Realtors*