



## MARKET REPORT – Missoula, MT

October 2012

- Current Real Estate Market Conditions for Single Family Homes
- Trends in Pricing
- Current Levels of Supply and Demand
- New Construction and Land Report (available upon request)

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## LOCAL MARKET OVERVIEW - Missoula Area

### Single Family Homes

Missoula Market Profile	OCTOBER 2012	Change from Prior Month/Yr
Average Sold Price	\$251,947	↓
Average List-to-Sold Price	95%	↓
Absorption Rate	5.7	↓
Sold	75	↓
Sold - Last 12 Months	825	
Sold Year-to-Date	709	
% of homes sold under \$350,000 (LTM)	87%	
% of homes sold under \$350,000 (1month)	85%	
Average DOM	130	↑
# of Homes on Market	395	↓
# Under Contract	130	↔
Change from Same Month Last Year (# Sold)	56%	

Source: Missoula MLS

#### Absorption Rate

*According to NAR a normal market is 6-months inventory*

#### Single Family Homes

OCTOBER 2012	5.7
Under \$150,000	2.9
\$150,000 - 250,000	4.6
\$250,000 - 350,000	5.3
\$350,000-500,000	7.8
\$500,000 UP	19.1

## MARKET OVERVIEW

For the fourth straight month in a row, Missoula's year-over-year sales have trended to a higher level than we have seen in the last five years. October 2012 Real Estate sales were 56.3% higher than the same month last year and 34.0% higher than year-to-date October 2011.

An even more encouraging sign of a rebounding Missoula real estate market can be found in the under contract numbers. Typically around August and September we see under contract properties and sales start to decline going into winter. At the end of October there were a total of 130 properties under contract, the highest level in October over the last five years.

**Buyer Recommendation:** Take advantage of low interest rates and home prices this winter to maximize your buying power. Next spring more options will be available, however, if trends continue I would expect the same homes to be selling for a higher price. Be ready to look at the good homes immediately to avoid possible multiple offer situations.

**Seller Recommendations:** Inventory is so low that I recommend keeping your home on the market this winter. Buyers will have limited options, creating the possibility to get a better price now than other times of the year. Winter buyers tend to be more qualified and ready to buy, so they are not wasting your time. Prices may increase a little by spring, but there will be more competition which could hold some homes back from selling.

# HIGHLIGHTS:

## Supply & Demand:

While Missoula residential home sales have begun the seasonal decline into the fall/winter months, they continue to improve as a whole when compared to the last several years. This October 75 homes were sold, higher than every other October over the last several years - except 2009 when first-time home buyer credits helped elevate sales. Listing inventory continued to decrease this month and, in our experience, if sales remain strong and inventory continues to decline, average and median home prices will likely increase as a result. Average Sold Price has been declining slightly over the last few months, however, when looking at YTD October figures, the 2012 Average Sold Price of \$252,851 was 4.6% higher than the same period last year and approximately 3.6% higher than YTD October 2010.

## Price Range:

With roughly 27% of inventory turning over each month, homes priced between \$200,000 and \$250,000 continue to outperform the rest of the market priced above \$125,000. This October, roughly 85% of Missoula's single family homes were sold for less than \$350,000.

## Days on Market (DOM):

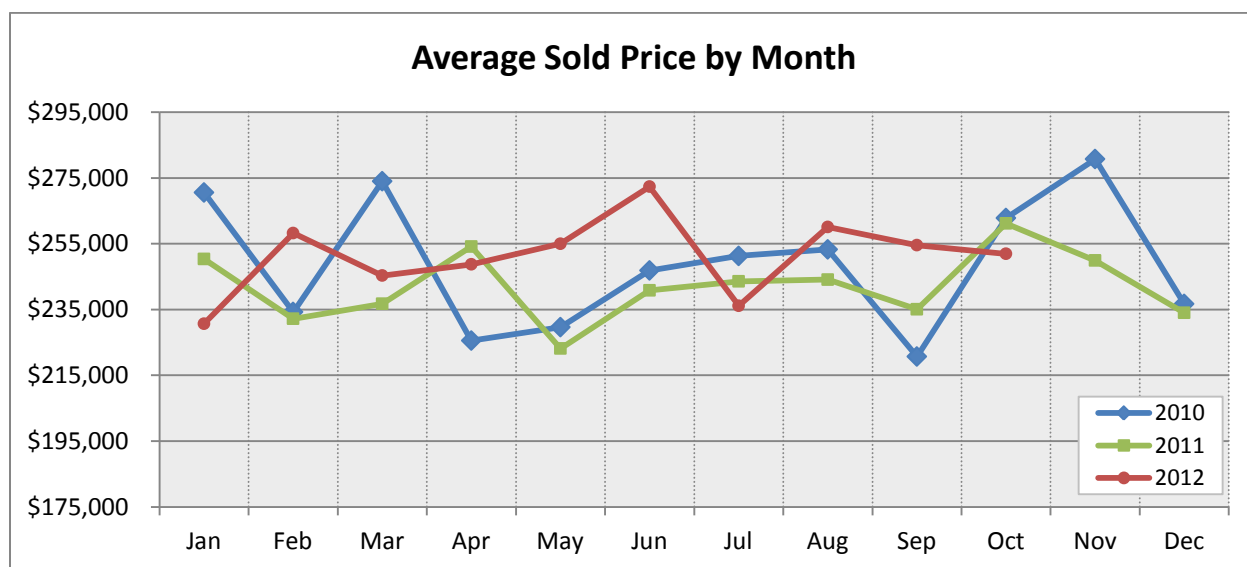
This month there were 395 homes on the market for an average of 130 days, not including relisting. (It is important to note that the average DOM figure is slightly skewed because every time a property is relisted, the DOM resets to zero.)

## Foreclosure/Bank Owned (REO):

In the city of Missoula, short sale and REO properties accounted for approximately 9% of the active residential market. As of the date of this report, the MLS is reporting 36 possible short sales and 17 bank owned properties out of 395 total single family listings.

## Average Sold Price:

Average sold home prices have been generally higher than in 2010 and 2011. As of October, the average sold price of Missoula residential homes for YTD 2012 was \$252,851, compared to \$241,699 for the same period last year.



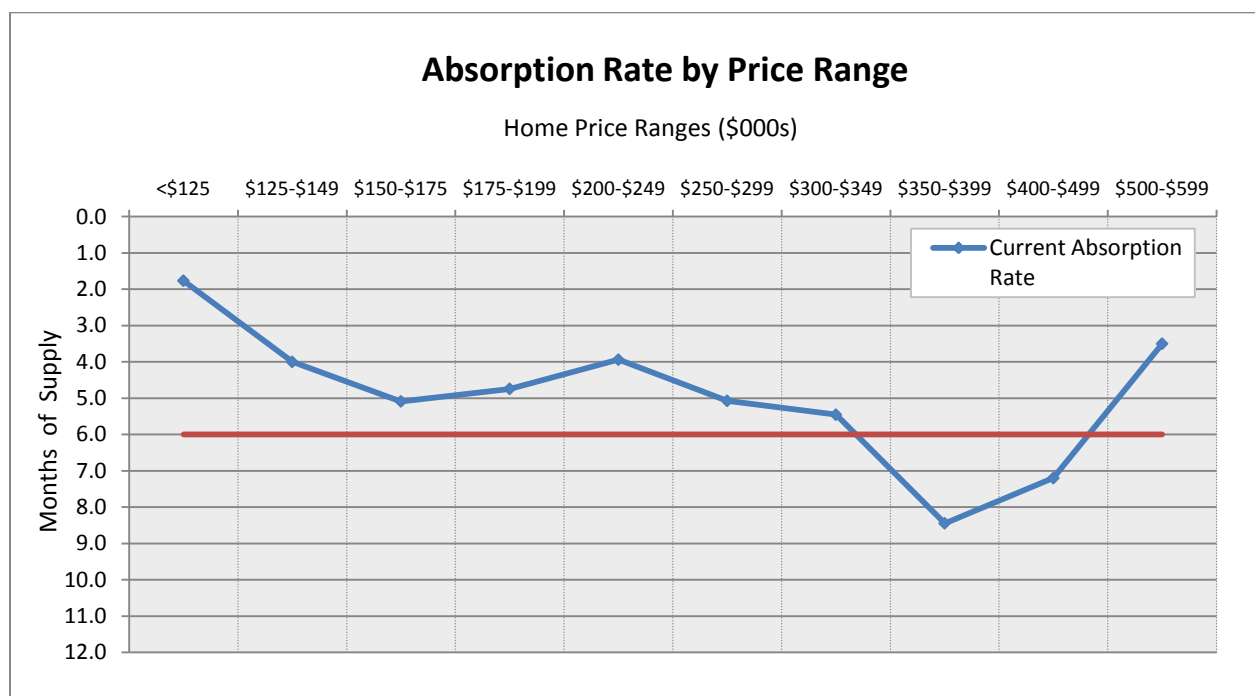
Source: Missoula MLS

### **Absorption Rate:**

The health of the Missoula real estate market is recorded by absorption rates, which is the correlation between the number of active homes on the market and the number that sell per month, on average. According to the National Association of Realtors, a normal market is 6 months of inventory. Missoula's current absorption rate is at 5.7 months and is the healthiest we have seen in more than 5 years.

In general, homes priced below \$350,000 performed at a better rate than a normal market whereas homes priced between \$350,000 and \$500,000 performed significantly slower than in a normal market.

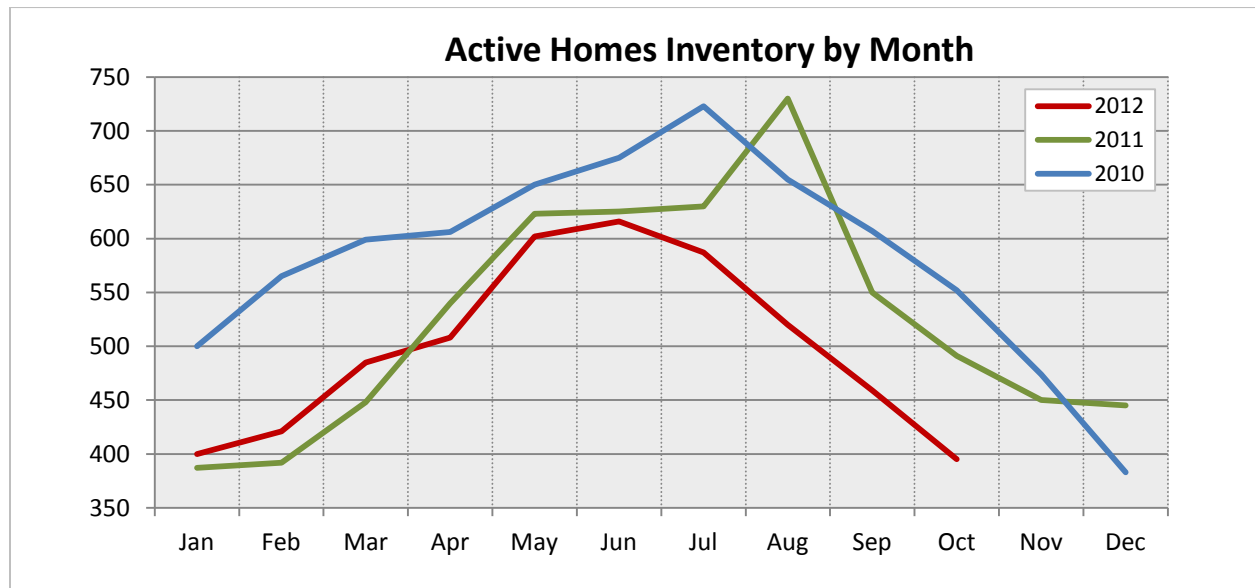
**Overview:** Homes in the price range above the red line indicate more of a seller's market and homes priced below indicate a buyer's market. As the market improves, look for consumer confidence in the higher priced homes to increase as a positive indication of overall health.



Source: Missoula MLS

### **Inventory of Homes Listed for Sale:**

Since the month of April, inventory levels have been lower than they have been in the last two years. Lower inventory levels can be one of the first signs of a rebounding market. Watch for inventory levels to continue to decline as we move further into the fall/winter months. The following chart presents the total inventory of homes listed for sale, by month, since January 2010.

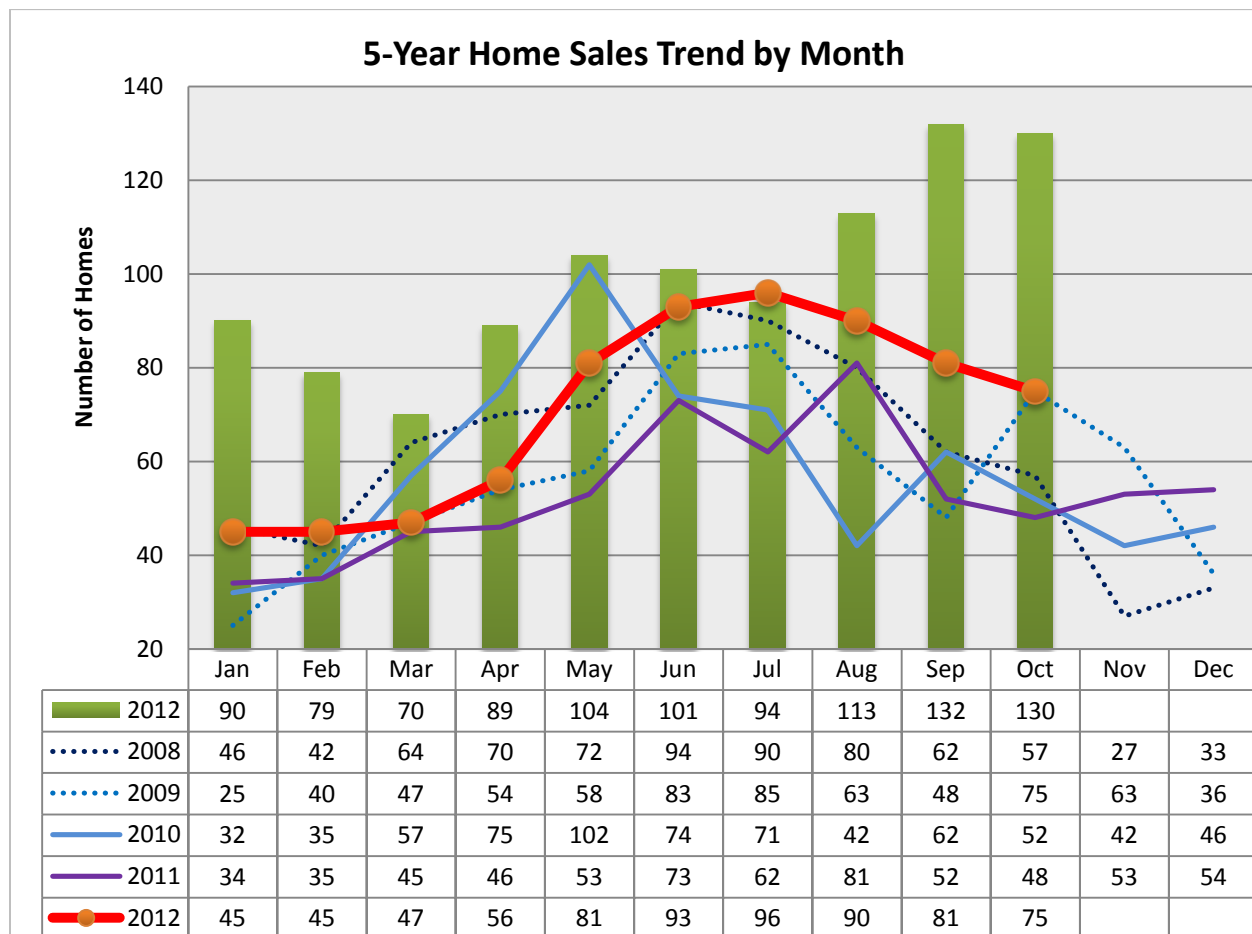


Source: Missoula MLS

### 5-Year Home Sales by Month:

Under Contract volume is still at/near the highest levels seen all year and, although sales have begun the seasonal descent into the fall/winter season, home sales over the last four months have outpaced most all of the last five years when compared to the same months in prior years. It is important to note that the Missoula MLS has recently adjusted the way under contract short sales were being accounted for, however, this change does not affect the figures significantly. Prior to the change, Short Sales were considered "Active" listings until the transaction was closed. Now short sales that are in the process of being finalized are counted as "Under Contract" in the MLS.

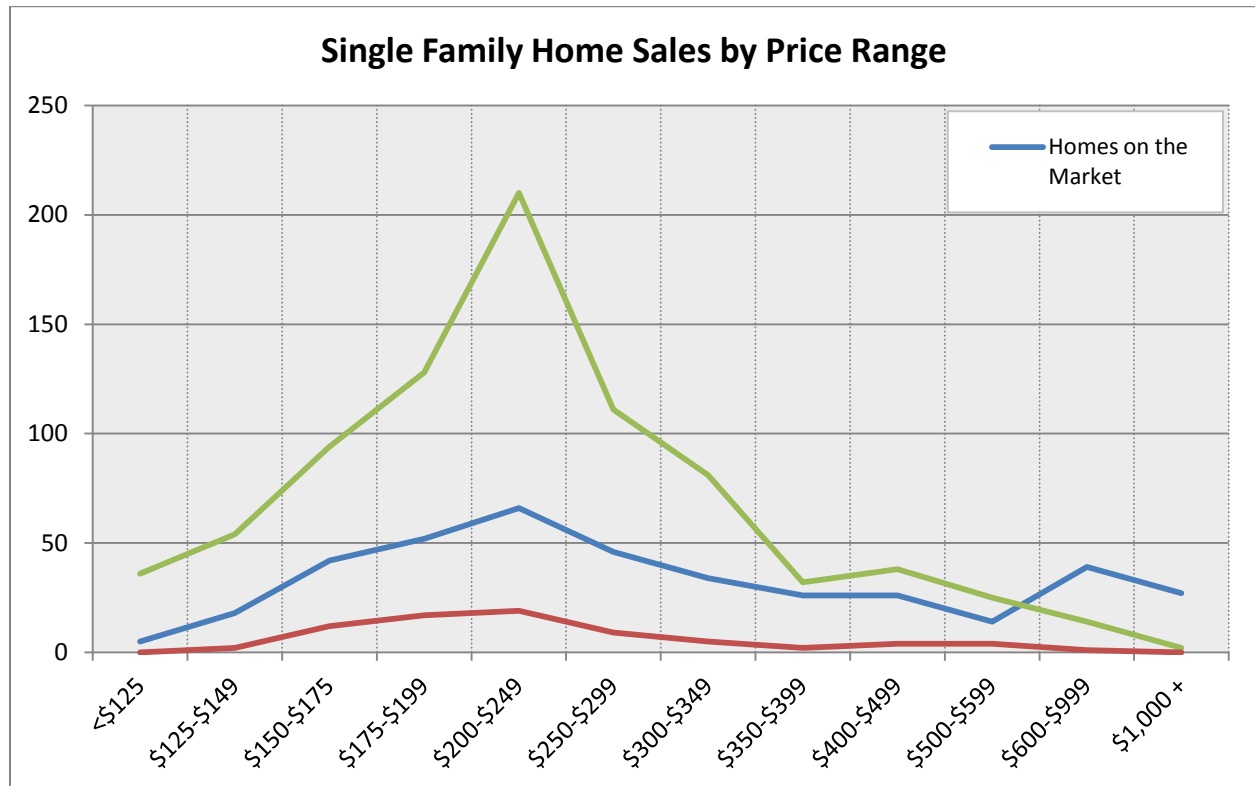
According to the Missoula MLS, 75 homes were sold in October this year, a level not seen in the month of October since 2009 when a first time home buyer's credit helped buoy home sales. The following chart provides a snapshot of total homes sold, by month, since 2008. (Green columns represent Under Contract properties for the current year.)



Source: Missoula MLS

### **Single Family (without acreage) Home Sales Statistics:**

The majority of the city of Missoula's single family homes activity is concentrated between the \$175,000 and \$350,000 price range. Over the last twelve months, homes that sold for \$350,000 and less comprised 86.5% of the total number of homes sold and for the month of October represented 85.3% of total homes sold. To illustrate which price ranges have the most activity and competition, the following chart provides the number of homes currently on the market and number of homes sold, by price range.

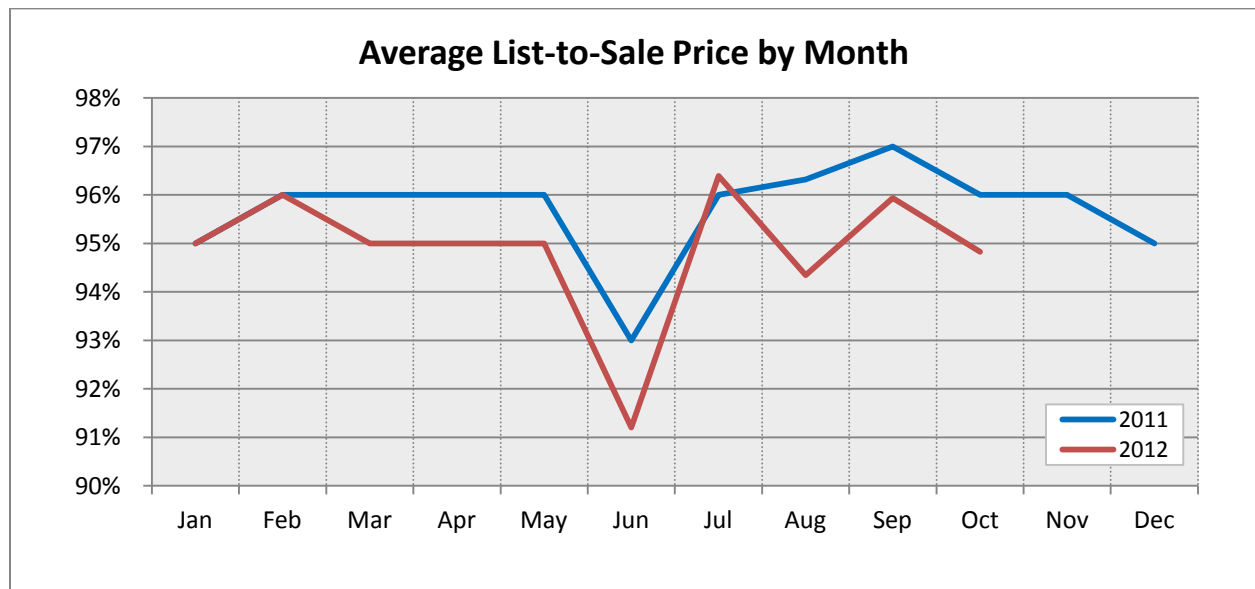


Source: Missoula MLS

### **Average List-to-Sales Price:**

List-to-sales price indicates pricing trends in the market. For the last two years homes have generally been selling at 95% to 96% of list price. For example, if you are selling a home for \$100,000, on average sellers are accepting offers of \$95,000 – \$96,000, or between 4% and 5% less than asking price.

**Overview:** As inventory goes down, look for average List-to-Sales price to increase as an indication of an improving market. A higher List-to-Sales price will also be an indicator of increasing home values.



Source: Missoula MLS



## **DISCLAIMER**

This report was prepared based on information obtained from the Missoula MLS, combined with assumptions and other information developed by Williams & Associates from its independent research effort and general knowledge of the Missoula real estate market. We make no guarantee to the accuracy of the MLS data and shall not be responsible for any anomalies or inaccuracies in any data source used in the preparation of this report. Williams & Associates has made every reasonable effort to ensure that the data and information contained in this report reflect the most accurate and timely information possible.

It is important to note that this is a snapshot of information, where how/when various realtors enter information into the system can affect the overall results, albeit only slightly. Other factors which influence the results of this report are primarily related to factors that are unquantifiable and unpredictable – including, but not limited to, economic, governmental, managerial and regulatory changes, and acts of nature – which are qualitative by nature, and cannot be readily used in any quantitative projections. This report is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

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