

J U N E 2 0 1 6

the Missoula

# Residential Real Estate Market Update

Williams & Associates | Keller Williams Realty



## SNAPSHOT

HOMES SOLD JUNE: **149**

DAYS ON MARKET: **108**

LIST-TO-SALE PRICE: **99%**

MEDIAN SOLD PRICE: **\$257,000**

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HOMES SOLD LAST 6 MONTHS:

**577**

MEDIAN SOLD PRICE: **\$246,381**

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HOMES LISTED FOR SALE AT

END OF JUNE: **443**

INVENTORY: **3.5 MONTHS**

## Home Sales Continue to Grow and Median Price Moves Higher

The trend of rising median home sale prices in Missoula continued and in June there were 149 homes sold, producing an average median price of \$257,000. The number of homes listed for sale in Missoula has been consistently lower than prior years, however, sales have been strong; there have been 577 homes sold year-to-date, about 2.7 percent higher than last year and nearly 20 percent higher than in 2014. The combination of low inventory and solid buyer demand continues to push median home sales prices higher. Median home prices for the first six months of the year averaged \$246,381, up about 4.4 percent over last year and 10.4 percent over 2014.



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### Homes Sold, Median Sold Price, Days on Market

#### Homes Sold

##### YTD June

2016: 577

2015: 562

2014: 482

#### Median Price

##### YTD June

2016: \$246,381

2015: \$236,110

2014: \$223,216

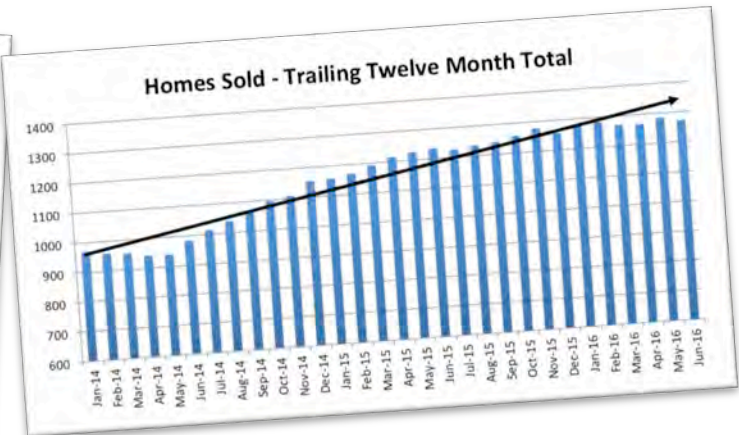
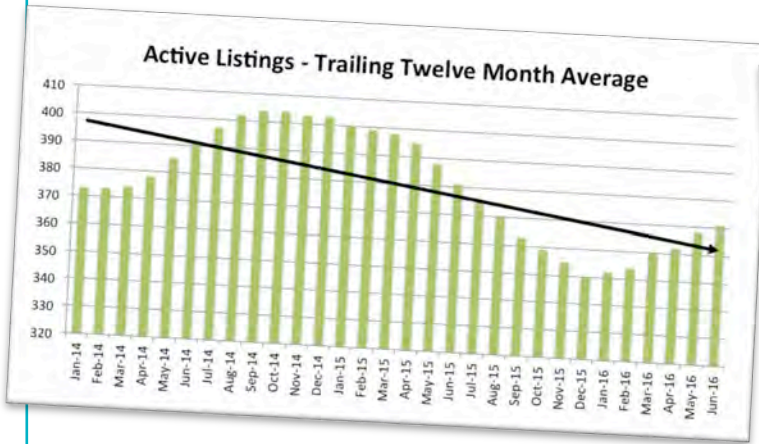
#### Average DOM

##### YTD June

2016: 114

2015: 116

2014: 123



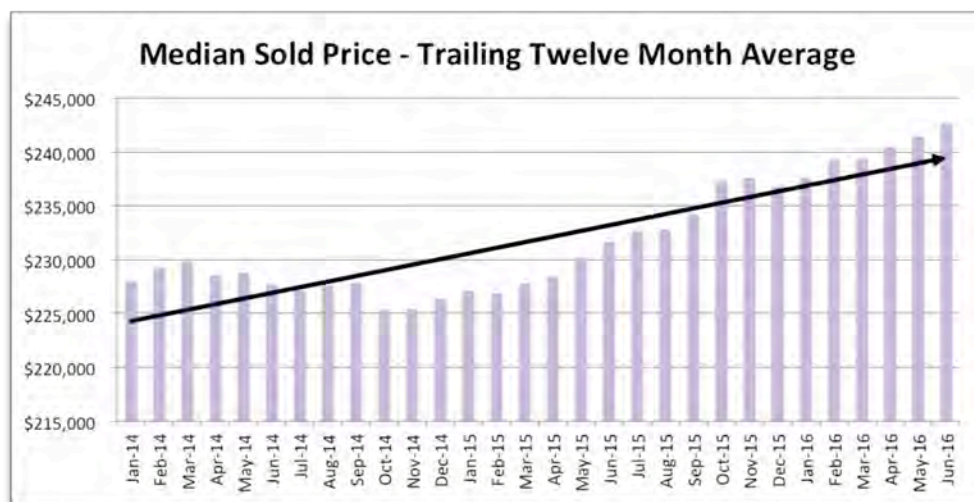
## Why Median Price is Increasing

Though the inventory of homes listed for sale in Missoula has been increasing over the last few months, it has been trending lower for some time now. Although current active listings are comparable to last year’s supply, sales figures have slightly outpaced last year and there are still plenty of buyers looking for and purchasing homes in Missoula. Year-to-date June sales were higher than last year by about 2.7 percent and due to steady demand sellers received about 98 percent of asking price. Overall, for the six months ended June 30, 2016 there have been 577 residential home sales in Missoula, generating a median price of about \$246,400, up about 4.4 percent over the same timeframe last year.

effect of supply and demand on the prices of homes sold over the last several years in Missoula. The charts on this page present a rolling, twelve-month total/average of homes actively listed for sale, homes sold and median sold prices.

- The number of homes actively listed for sale in Missoula has been trending downward.
- The number of homes sold each month has been increasing for some time now.
- The low inventory of homes on the market combined with solid demand from buyers is pushing the median sold home price upward.

By removing seasonality it is easier to see the





## Sold Homes History

HOMES SOLD					
MONTH	2016	% change (last month)	% change (last year)	2015	2014
Jan	71	(4.1%)	36.5%	52	49
Feb	54	(23.9%)	17.4%	46	35
Mar	69	27.8%	(16.9%)	83	59
Apr	107	55.1%	(1.8%)	109	86
May	127	18.7%	15.5%	110	99
Jun	149	17.3%	(8.0%)	162	154
Jul				151	160
Aug				132	123
Sep				116	109
Oct				114	98
Nov				107	87
Dec				74	95
<b>YTD</b>	<b>577</b>			<b>562</b>	<b>482</b>

% change  
from prior  
year

2.7%

16.6%

MEDIAN SOLD PRICE					
2016	% change (last month)	% change (last year)	2015	2014	
\$225,200	6.0%	5.5%	\$213,500	\$204,000	
\$234,500	4.1%	10.8%	\$211,650	\$215,000	
\$237,225	1.2%	0.9%	\$235,000	\$222,000	
\$247,319	4.3%	5.0%	\$235,500	\$226,944	
\$255,000	3.1%	3.9%	\$245,375	\$224,900	
\$257,000	0.8%	4.9%	\$245,000	\$228,500	
			\$247,775	\$236,500	
			\$244,750	\$242,000	
			\$246,500	\$230,000	
			\$249,450	\$214,000	
			\$237,000	\$233,000	
			\$212,500	\$227,000	
<b>\$246,381</b>			<b>\$236,110</b>	<b>\$223,216</b>	

4.4%

5.8%

AVG DOM			
Month	2016	2015	2014
Jan	120	141	113
Feb	105	144	154
Mar	111	111	100
Apr	126	108	151
May	114	93	115
Jun	108	98	104
Jul		97	94
Aug		97	113
Sep		101	123
Oct		112	115
Nov		122	125
Dec		127	125

LIST-TO-SALE PRICE		
2016	2015	2014
98%	97%	98%
98%	97%	97%
98%	98%	97%
97%	96%	98%
98%	98%	98%
99%	98%	98%
	98%	98%
	98%	97%
	98%	98%
	97%	97%
	97%	97%
	98%	97%

## Absorption Rate



Absorption rate is an indicator for how fast our market is turning over. If the number of homes coming on the market is proportional to the number sold, the market will continue to strengthen. Conversely, a substantial increase in homes that are not absorbed by buyers will weaken the market.

According to the National Association of Realtors, a normal market is six months of inventory. Overall, homes in Missoula are being absorbed at a faster pace than in a normal market; lower priced homes are selling at a much faster pace than higher priced homes. Most price ranges in Missoula have less than six months of inventory and homes priced \$450,000 and higher are running with about nine to seventeen months of inventory.



## Activity by Price Range

On average, about 128 homes have been sold each month over the last three months. About 28.8 percent of inventory turned over in June, most of the sales activity (roughly 77 percent) was in the under \$350,000 price range. The price range with the most properties pending sale at the end of June was the \$200,000 to \$249,999 segment, with 38 homes under contract.

At the end of June all price ranges below \$450,000 had less than five months of supply and the Missoula market as a whole showed about three and a half months of inventory available. These figures are presented in the following table.

TOTAL SINGLE FAMILY HOMES	SOLD Last 3 Months	Average SOLD per Month	% SOLD Every 30 Days	SOLD This Month	UNDER CONTRACT	ACTIVE Listings	MONTHS OF SUPPLY
under \$100,000	3	1.0	20.0%	1	1	5	5.0
\$100,000 - \$149,999	23	7.7	33.3%	6	10	23	3.0
\$150,000 - \$199,999	77	25.7	75.5%	32	28	34	1.3
\$200,000 - \$249,999	86	28.7	52.1%	33	38	55	1.9
\$250,000 - \$299,999	72	24.0	49.0%	30	20	49	2.0
\$300,000 - \$349,999	43	14.3	21.4%	12	21	67	4.7
\$350,000 - \$399,999	31	10.3	19.5%	15	12	53	5.1
\$400,000 - \$449,999	23	7.7	21.3%	10	5	36	4.7
\$450,000 - \$499,999	8	2.7	10.7%	4	1	25	9.4
\$500,000 - \$549,999	4	1.3	7.4%	1	2	18	13.5
\$550,000 - \$599,999	2	0.7	6.1%	0	3	11	16.5
\$600,000 - \$999,999	11	3.7	7.3%	5	4	50	13.6
\$1,000,000 and over	0	0.0	0.0%	0	0	17	0.0
<b>Total</b>	<b>383</b>	<b>127.7</b>	<b>28.8%</b>	<b>149</b>	<b>145</b>	<b>443</b>	<b>3.5</b>

## Overall Short Term Market Outlook

Missoula’s residential real estate market continued to be a seller’s market through the first six months of the year and, though it appears this may be leveling out a bit, unless something drastic happens with inventory or interest rates over the next couple of months we anticipate it will continue to be a seller’s market into the early fall months.

Both inventory and sales typically increase during the summer months and based on the sales data we have seen over the last several months, we believe homeowners who list their homes in the next few months will see that there are plenty of qualified buyers out there looking to purchase, especially in the under \$400,000 price range.



% of Total Homes Sold	JUNE
under \$100,000	0.7%
\$100,000 - \$149,999	4.0%
\$150,000 - \$199,999	21.5%
\$200,000 - \$249,999	22.1%
\$250,000 - \$299,999	20.1%
\$300,000 - \$349,999	8.1%
\$350,000 - \$399,999	10.1%
\$400,000 - \$449,999	6.7%
\$450,000 - \$499,999	2.7%
\$500,000 - \$549,999	0.7%
\$550,000 - \$599,999	0.0%
\$600,000 - \$999,999	3.4%
\$1,000,000 and over	0.0%
	100.0%



### **Seller Recommendation:**

As is typical for the summer months, many homeowners decide to put their homes on the market. Based on sales figures it is apparent that buyers are out in full swing and, while inventory levels have increased for the summer months, there is still a shortage of homes in certain price ranges and many buyers out in the market are unable to find a home that suits their needs and wants. We strongly recommend to sellers that they either keep their home listed or put it on the market now while there is increased buyer activity. Homeowners who are competitively priced may entertain multiple offers; sellers are currently getting about 98 percent of asking price.

### **Buyer Recommendation:**

Though inventory levels are starting to level out, there is still a shortage of homes on the market - so be prepared to pay about 98 percent of asking price, on average, for a reasonably priced home. Prior to beginning your search we recommend that you be prepared with a loan pre-approval letter and ready to make an offer immediately to avoid a possible multiple offer scenario. Your choice of Realtor will also be extremely important, as a proactive agent will not limit their search to the active listings on the MLS and will likely be more creative in finding homes for their buyers.

# Disclaimer

For the purposes of this report, the Missoula market area is comprised of the Missoula City area as defined by the NW Montana Regional MLS and includes single-family homes, condominiums, townhouses and manufactured homes. Prior to January 1<sup>st</sup> 2016, only single-family homes comprised the market report figures.

This report was prepared based on information obtained from the NW Montana Regional 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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Summer Sun is Here!

*In summer, the song sings itself.  
~William Carlos Williams*

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