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MARKET UPDATE



HOMES SOLD

YTD June

2017: 633
2016: 581
2015: 560

AVG DOM

YTD June

2017: 112
2016: 114
2015: 116

MEDIAN PRICE

At End of June

2017: \$275,750
2016: \$257,500
2015: \$245,000

High Demand and Low Inventory Push Median Home Price to New High

In summer, the song sings itself.

William Carlos Williams

During the first six months of 2017 the average number of active listings available, per month, was about 35 fewer than last year. Demand, however, was quite a bit higher than last year. In the first six months of this year there was an average of 106 home sales per month versus 97 home sales per month during the same timeframe last year. Homes stayed on the market for an average of 112 days in the first six months of 2017, similar to average DOM in the same timeframe over the last two years.

The combination of low inventory and high demand contributed to the continued climb of Missoula's median

home price to record levels. At the end of June the median home price was \$275,750, compared to the median prices of \$257,500 in June 2016 and \$245,000 in June 2015.

According to the 2017 Housing Report for Missoula¹, published annually by the Missoula Organization of Realtors, the median family income needed to purchase a median-priced home in 2016 with a four percent down payment was \$89,916. That is significantly higher than the median family income in Missoula; median family income for a family of four was \$61,600 in 2016. The report illustrates that with a 20 percent down payment, the median family

income needed to purchase a median priced home in Missoula decreases to \$62,892.

Though median prices continue to climb, low interest rates will help keep buyers in the market. According to Freddie Mac², the monthly average commitment rate on a 30-year, fixed-rate mortgage was 3.91 percent in June 2017. This is just slightly higher than the average rate of 3.57 percent in June of 2016 and slightly lower than the rate of 3.98 percent in 2015.

1: Missoula Organization of Realtors: "Annual Missoula Housing Report". (n.d.). Accessed July 10, 2017, <http://www.missoularealestate.com/market-trends/missoula-housing-report/>

2: Freddie Mac: "30-Year Fixed-Rate Mortgages Since 1971". (n.d.). Accessed July 11, 2017, <http://www.freddiemac.com/pmms/pmms30.html>



SOLD HOMES HISTORY

Total Homes Sold					
MONTH	2017	% change (LM)	% change (LY)	2016	2015
Jan	82	(1.2%)	15.5%	71	52
Feb	63	(23.2%)	16.7%	54	46
Mar	92	46.0%	33.3%	69	83
Apr	86	(6.5%)	(19.6%)	107	107
May	126	46.5%	(1.6%)	128	110
Jun	184	46.0%	21.1%	152	162
Jul				132	151
Aug				154	132
Sep				126	115
Oct				111	114
Nov				100	107
Dec				83	74
YTD	633			581	560

% change
from prior
year

9.0%

3.8%

Median Sold Price				
2017	% change (LM)	% change (LY)	2016	2015
\$265,387	4.1%	17.8%	\$225,200	\$213,500
\$247,000	(6.9%)	5.3%	\$234,500	\$211,650
\$273,913	10.9%	15.5%	\$237,225	\$235,000
\$260,950	(4.7%)	5.5%	\$247,319	\$235,500
\$267,500	2.5%	4.9%	\$255,000	\$245,375
\$275,750	3.1%	7.1%	\$257,500	\$245,000
			\$268,000	\$247,775
			\$265,000	\$244,750
			\$270,000	\$246,500
			\$275,000	\$249,450
			\$265,000	\$237,000
			\$254,900	\$212,500
\$267,626			\$246,582	\$236,112

8.5%

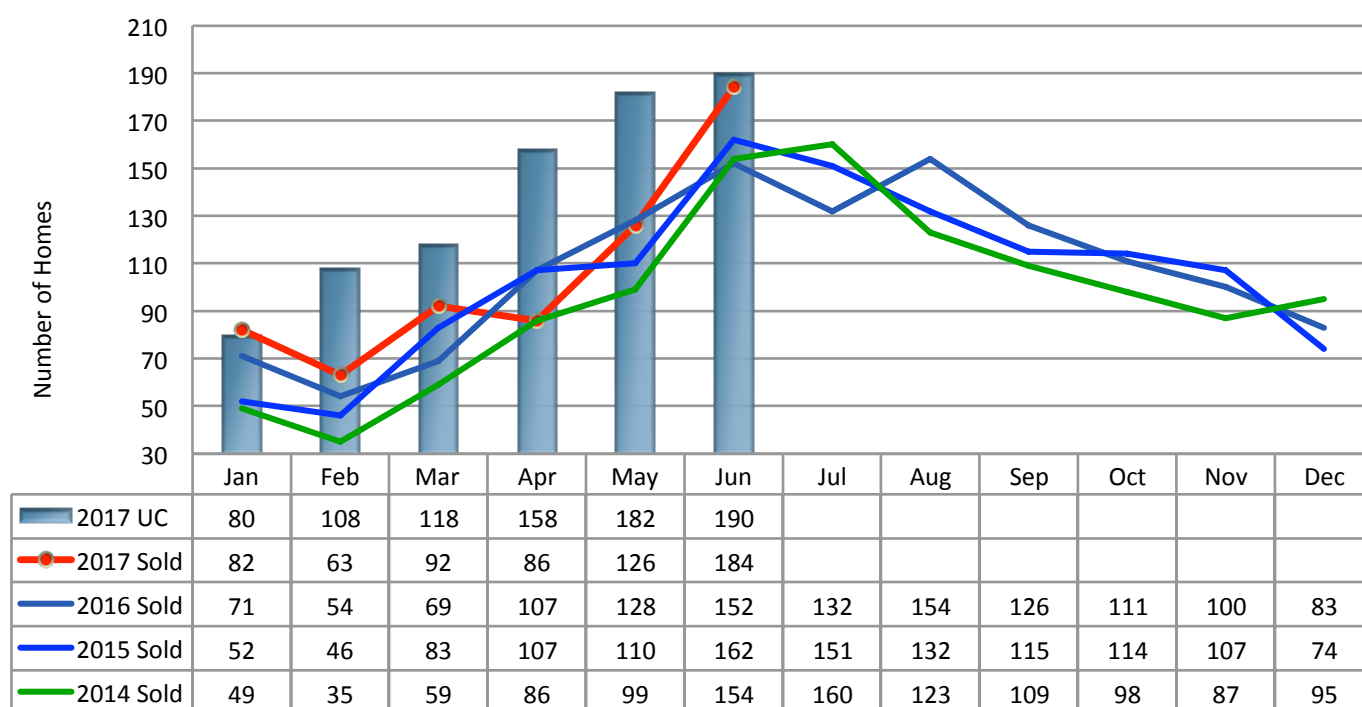
4.4%

Month	Avg DOM - Sold			Avg List to Sale Price		
	2017	2016	2015	2017	2016	2015
Jan	144	120	141	99%	98%	97%
Feb	132	105	144	101%	98%	97%
Mar	109	111	111	98%	98%	98%
Apr	109	126	108	99%	97%	96%
May	95	114	93	99%	98%	98%
Jun	82	108	98	100%	99%	98%
Jul		108	97		98%	98%
Aug		150	97		99%	98%
Sep		101	101		97%	98%
Oct		106	111		99%	97%
Nov		93	122		97%	97%
Dec		118	126		99%	98%

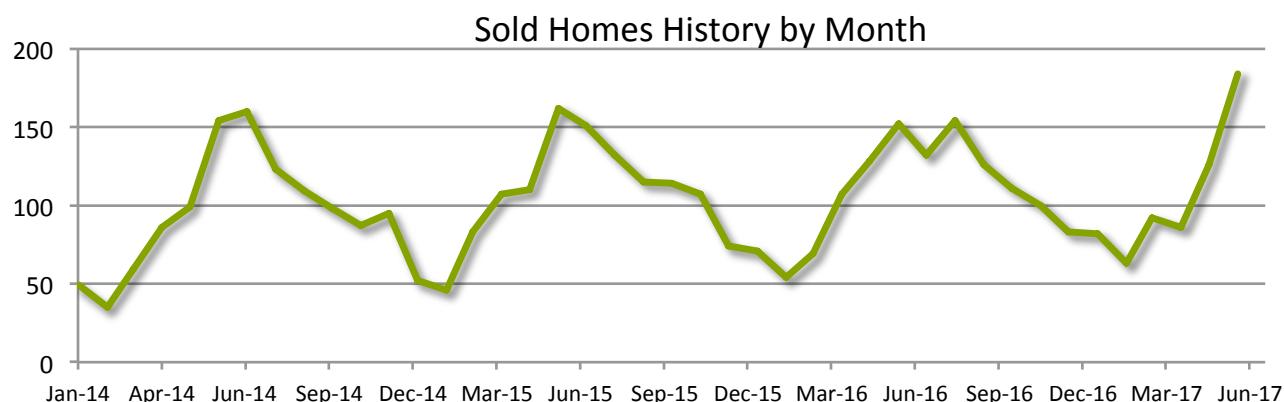
HOME SALES TREND

The following chart presents home sales by month from 2014 through June 2017. By showing the years on top of one another, the chart demonstrates the seasonality of home sales, with the most sales happening during the summer months and the fewest sales happening in February of each year.

The vertical bars represent the number of homes under contract at the end of each month for the current year.

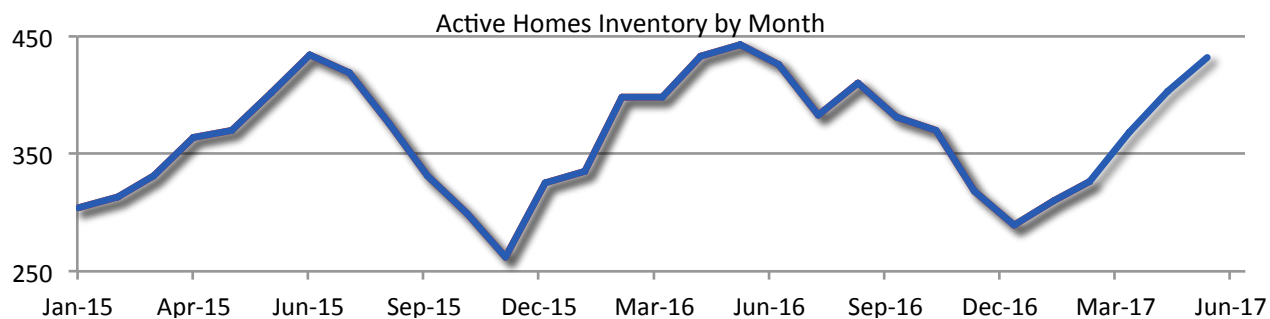


The following chart shows the number of homes sold from the chart above, presented in a continuous line from January 2014 through June 2017.





ACTIVE & UNDER CONTRACT HISTORY



Month	TOTAL ACTIVE HOMES				
	2017	% change (LM)	% change (LY)	2016	2015
Jan	289	(9.1%)	(11.1%)	325	304
Feb	310	7.3%	(7.5%)	335	313
Mar	326	5.2%	(18.1%)	398	331
Apr	368	12.9%	(7.5%)	398	364
May	403	9.5%	(6.9%)	433	370
Jun	432	7.2%	(2.5%)	443	402
Jul				426	434
Aug				383	419
Sep				410	376
Oct				381	331
Nov				370	299
Dec				318	262

Month	TOTAL UNDER CONTRACT				
	2017 UC	% change (LM)	% change (LY)	2016	2015
Jan	80	(14.0%)	(11.1%)	90	74
Feb	108	35.0%	(16.3%)	115	129
Mar	118	9.3%	(27.2%)	126	162
Apr	158	33.9%	(22.2%)	144	203
May	182	15.2%	(17.3%)	157	220
Jun	190	4.4%	(7.8%)	144	206
Jul				118	174
Aug				140	169
Sep				129	184
Oct				112	153
Nov				80	99
Dec				93	86

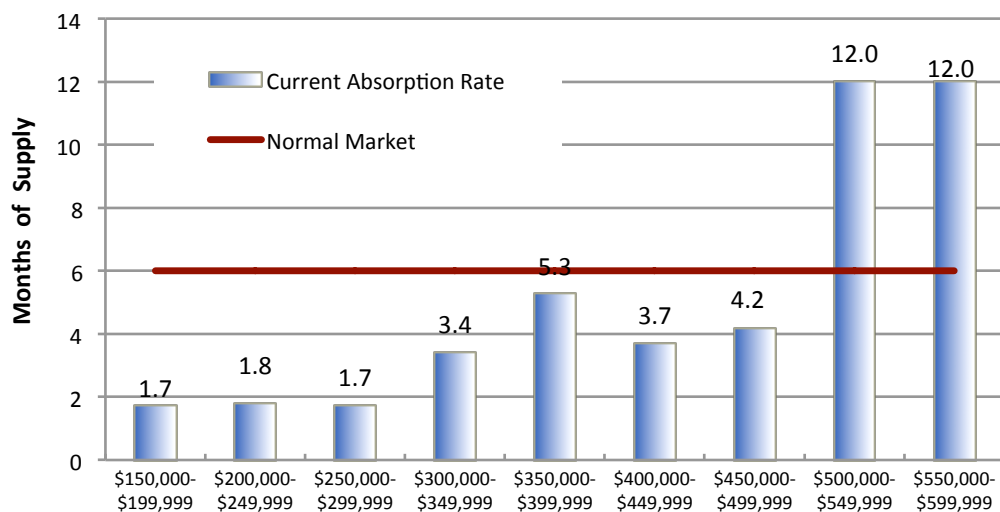
Activity by Price Range

TOTAL SINGLE FAMILY HOMES	SOLD Last 3 Months	Average SOLD per Month	% SOLD Every 30 Days	SOLD This Month	UNDER CONTRACT	ACTIVE Homes	CURRENT SUPPLY # of months
under \$100,000	0	0.0	0.0%	0	1	2	0.0
\$100,000-\$149,999	19	6.3	52.8%	11	7	12	1.9
\$150,000-\$199,999	39	13.0	59.1%	20	28	22	1.7
\$200,000-\$249,999	104	34.7	55.9%	38	44	62	1.8
\$250,000-\$299,999	81	27.0	58.7%	42	38	46	1.7
\$300,000-\$349,999	53	17.7	29.4%	23	24	60	3.4
\$350,000-\$399,999	36	12.0	19.0%	18	17	63	5.3
\$400,000-\$449,999	22	7.3	27.2%	9	7	27	3.7
\$450,000-\$499,999	18	6.0	24.0%	9	8	25	4.2
\$500,000-\$549,999	4	1.3	8.3%	2	3	16	12.0
\$550,000-\$599,999	6	2.0	8.3%	4	4	24	12.0
\$600,000-\$999,999	10	3.3	6.3%	4	9	53	15.9
\$1,000,000 and over	4	1.3	6.7%	4	0	20	15.0
Total	396	132.0	30.6%	184	190	432	3.3

Absorption rate is a way to measure how fast the homes are turning over in the market. Over the last three months, an average of 132 homes were absorbed (sold) each month. The month of June saw approximately 31 percent of listing inventory turn over, with most of the sales activity (roughly 78 percent) below \$350,000. The price ranges that had the most properties pending sale at the end of June were the \$200,000 to \$249,999 segment, with 44 homes under contract, and the \$250,000 to \$299,000 segment, with 38 homes under contract.

According to the National Association of Realtors, six months of inventory (homes listed for sale) is considered a balanced market, where numbers over six represent a buyers' market and those under six a sellers' market. Though lower priced homes sold at a much faster pace than higher priced homes, overall, homes in Missoula continued to be absorbed at a faster pace than in a balanced market.

Absorption by Price Range



The inventory of homes for sale has not kept up with demand and, at the end of June, most price ranges in Missoula had fewer than six months of inventory available.

The graph to the left shows the number of months of inventory available in each price range between \$150,000 and \$599,000 at the end of June 2017.

NEW SINGLE FAMILY CONSTRUCTION PERMITS

During the first six months of the year there were 135 single-family, new construction permits issued in the city of Missoula, which is a 20.5 percent increase over the number of single-family construction permits issued in the first six months of last year.

During the first six months of this year there were also fourteen duplex construction permits issued compared to four duplex permits issued during the first half of 2016. For multi-family residential properties (properties with more than three living units) there were eleven new permits issued for a total of 256 living units. Ten of the new multi-family units were created through a commercial re-model project.

Overall, it appears new residential construction is picking up in terms of both single- and multi-family housing. This could be a sign that we will see more new construction in the coming year, helping to increase residential inventory.

SINGLE FAMILY - NEW CONSTRUCTION PERMITS ISSUED					
MONTH	2017	% change (last month)	% change (last year)	2016	2015
Jan	9	12.5%	12.5%	8	4
Feb	19	111.1%	90.0%	10	6
Mar	26	36.8%	13.0%	23	19
Apr	37	42.3%	94.7%	19	19
May	23	(37.8%)	(34.3%)	35	22
Jun	21	(8.7%)	23.5%	17	21
Jul				24	17
Aug				28	13
Sep				19	14
Oct				15	20
Nov				17	9
Dec				8	10
TOTAL YTD	135			112	91
% change from prior year	20.5%			23.1%	

Source: Missoula City Building Department

Overall Short Term Market Outlook

The residential real estate market in Missoula has been and continues to be a sellers' market. It is likely that it will remain a sellers' market throughout the summer of 2017 and possibly throughout the remainder of the year. In terms of sales, homes priced below \$350,000 will continue to see the fastest pace of sales and sales of some of the slightly higher priced homes also picking up the pace compared to the last couple of years.

Seller Recommendation:

There is a severe shortage of homes in certain price ranges and many buyers out in the market are unable to find a home that suits their needs, wants and budget.

We recommend that sellers either keep their homes listed or put their homes on the market now if they are ready to sell. Homeowners who competitively price their homes may entertain multiple offers; sellers are currently getting about 98 - 99 percent of asking price.

Buyer Recommendation:

Though inventory levels have been increasing each month since February, there is still a shortage of homes on the market; there is not enough supply to meet buyer demand. You should be prepared to pay close asking price for a reasonably priced home.

Prior to beginning your search you should meet with your lender and be prepared with a loan pre-approval letter. You will want to be ready to make an offer immediately to avoid a possible multiple-offer scenario.

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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 1st 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.

It is important to note that this is a snapshot of information and that 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 and regulatory changes, and acts of nature – which are qualitative by nature, and are not used in our projections. Possession of this report does not carry with it the right of publication or the right to use the name of Williams & Associates in any manner without first obtaining the prior written consent of Williams & Associates. No abstracting, excerpting, or summarizing of this report may be made without first obtaining prior written consent of Williams & Associates.