



MARKET UPDATE

June 2012

Missoula, MT

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

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Missoula Area LOCAL MARKET OVERVIEW

Single Family Homes

Missoula Market Profile	June 2012	Change from Last Month	Absorption Rate
Median Sold Price	\$216,500	↓	<i>According to NAR a normal market is 6 months inventory</i> Single Family Homes Last Month (June) 8.3 Under \$150,000 2.4 \$150,000 - 250,000 6.5 \$250,000 - 350,000 7.6 \$350,000-500,000 10.6 \$500,000 UP 29.4
Average List-to-Sold Price	91%	↓	
Absorption Rate	8.3	↓	
Sold	93	↑	
Sold - Last 12 Months	717	↑	
Sold Year-to-Date	367	↑	
% of homes sold under \$300,000 (1Yr)	78%	↔	
% of homes sold under \$300,000 (1month)	73%	↓	
Average DOM	114	↑	
# of Homes on Market	616	↑	
# Under Contract	101	↓	
Change from Same Month Last Year (# Sold)	27.4%	↑	

HIGHLIGHTS:

Supply and Demand:

In terms of supply and demand, the market is the healthiest it has been in the last few years, with homes under \$250,000 hovering around the 6-month absorption line.

With both inventory and days-on-market both trending lower, we anticipate median sales price and list-to-sales price to improve as a result, indicating an improving market. The absorption rates for homes priced between \$250,000 and \$400,000 continue to improve.

Price Range:

In the last year, homes selling for \$300K and under comprised approximately 80.1% of total homes sold. This month, homes selling for \$300K and less represented 75.6% of total homes sold, indicating a slight shift in sales to homes priced higher than \$300K. (These figures are not inclusive of homes sold with acreage.)

Days on Market:

In June 2012, there were 616 homes on the market for an average of 114 days, not including relisting. (It is important to note that the average days on market (DOM) figure is slightly skewed because every time a property is relisted, the DOM resets to zero.)

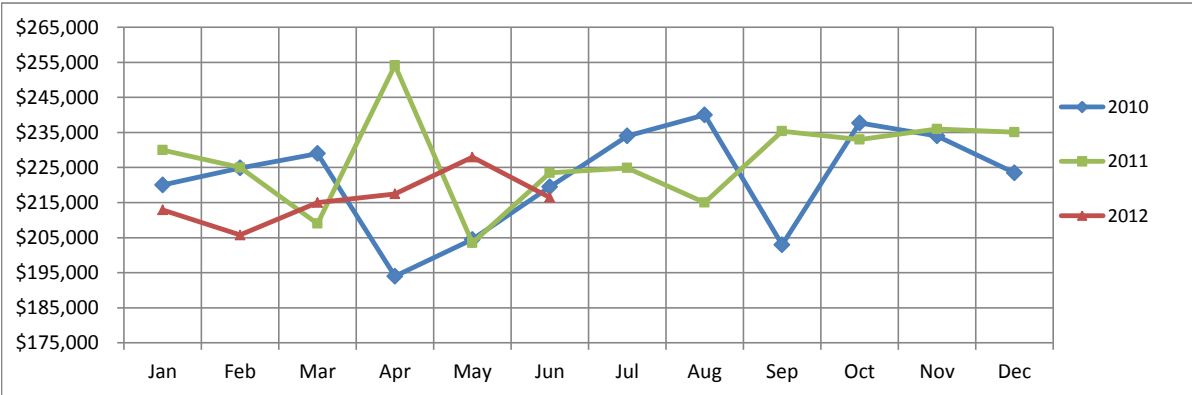
Foreclosure / Bank Owned:

In the city of Missoula, bank owned (REO) and short sale properties account for less than 10% of our active market. As of the date of this report, the MLS is reporting 25 possible short sales and 16 bank owned properties out of 616 total listings.

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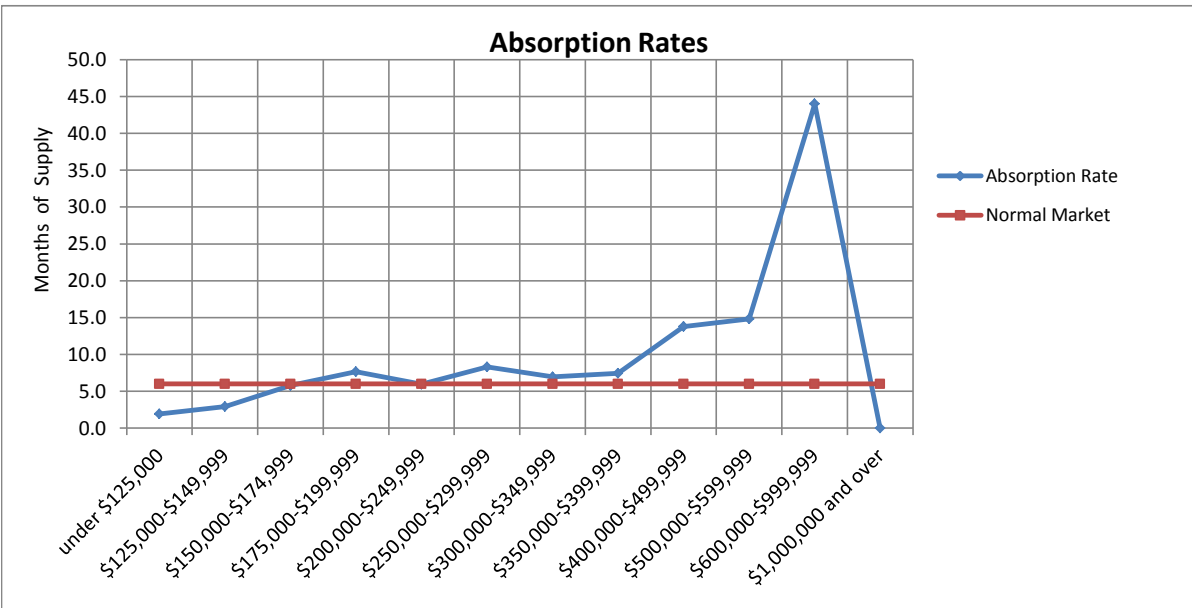
Median Sold Price:

While 2012 monthly median sold home prices were generally lower than 2010 and 2011 levels for the first quarter of the year, they have begun to rebound since April. In June, the median sold price was comparable to the last two years, coming in at \$216,500 compared to \$223,450 in 2011 and \$219,500 in 2010.



Absorption Rate:

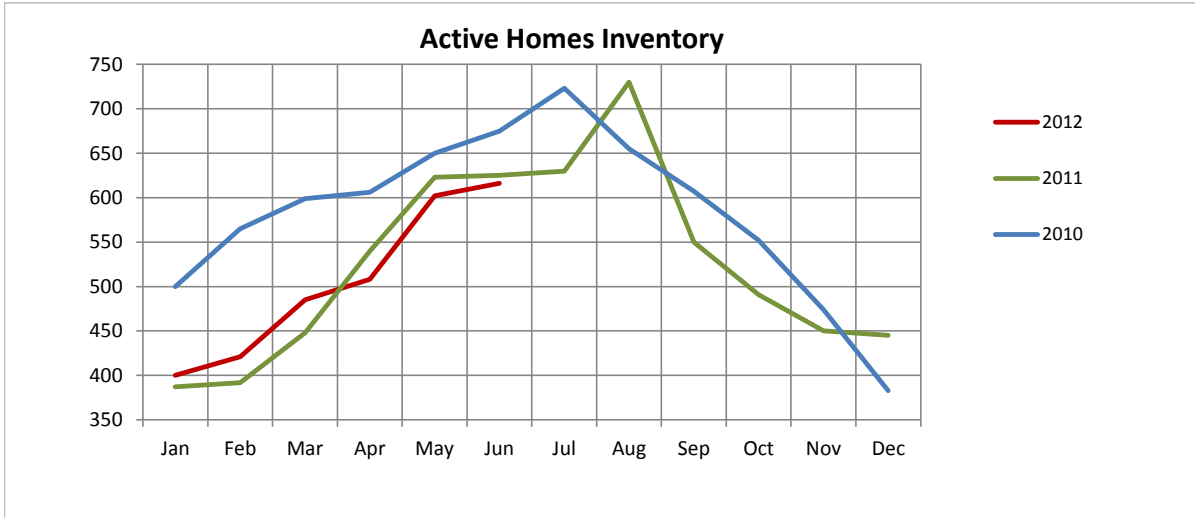
Absorption rate is the rate at which homes sell in an area; the lower the absorption rate, the faster homes are selling. Assuming a "normal" market absorption rate of 6.0 months, Missoula's overall housing market is more to the buyer's advantage than to the seller's, with an average supply of 8.3 months in June. Homes priced under \$250,000 generally outperformed a normal market, whereas homes priced over \$400,000 performed significantly below a normal market. Homes between \$250,000 and \$400,000 only slightly underperformed a normal market but were below an absorption rate of 10 months.



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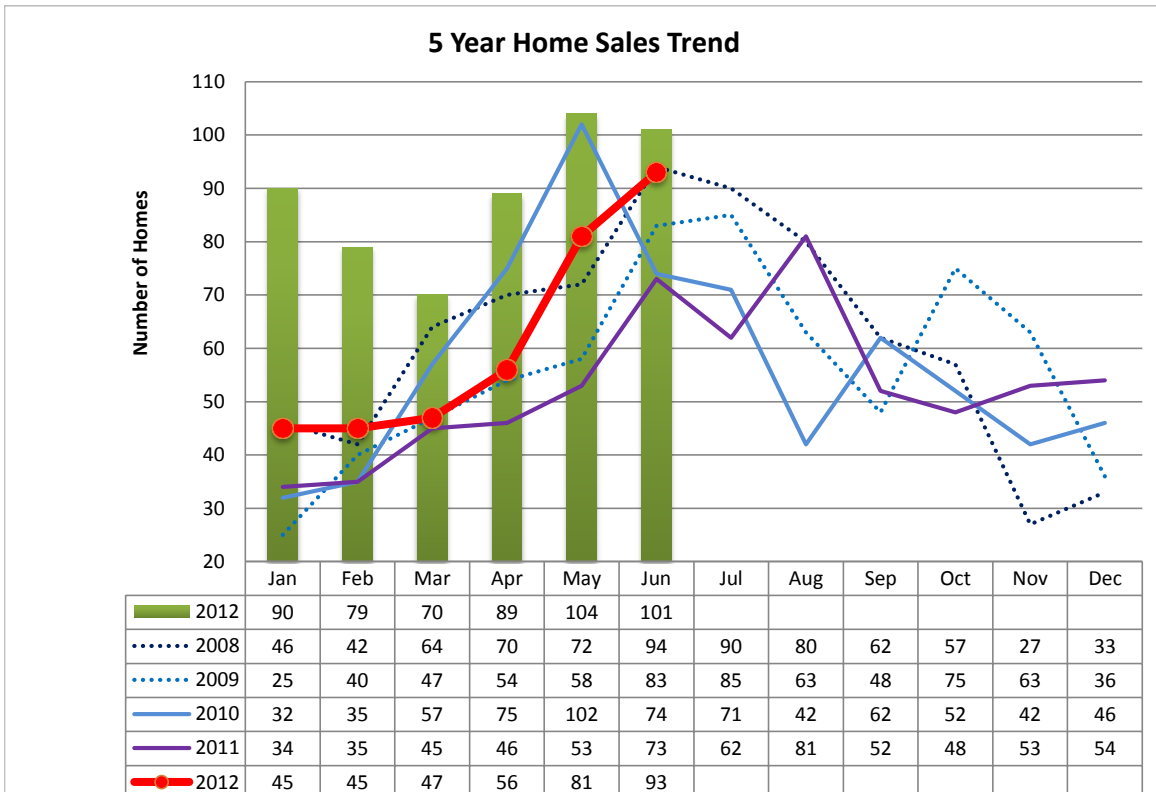
Inventory of Homes Listed for Sale:

The following chart presents the total inventory of homes listed for sale, by month, since January 2010. While 2012 levels have been lagging behind 2010 and 2011 since April, the inventory of homes for sale has been increasing over the last 2 months, as is typical for Missoula during the spring/summer sales season.



5 Year Sales by Month:

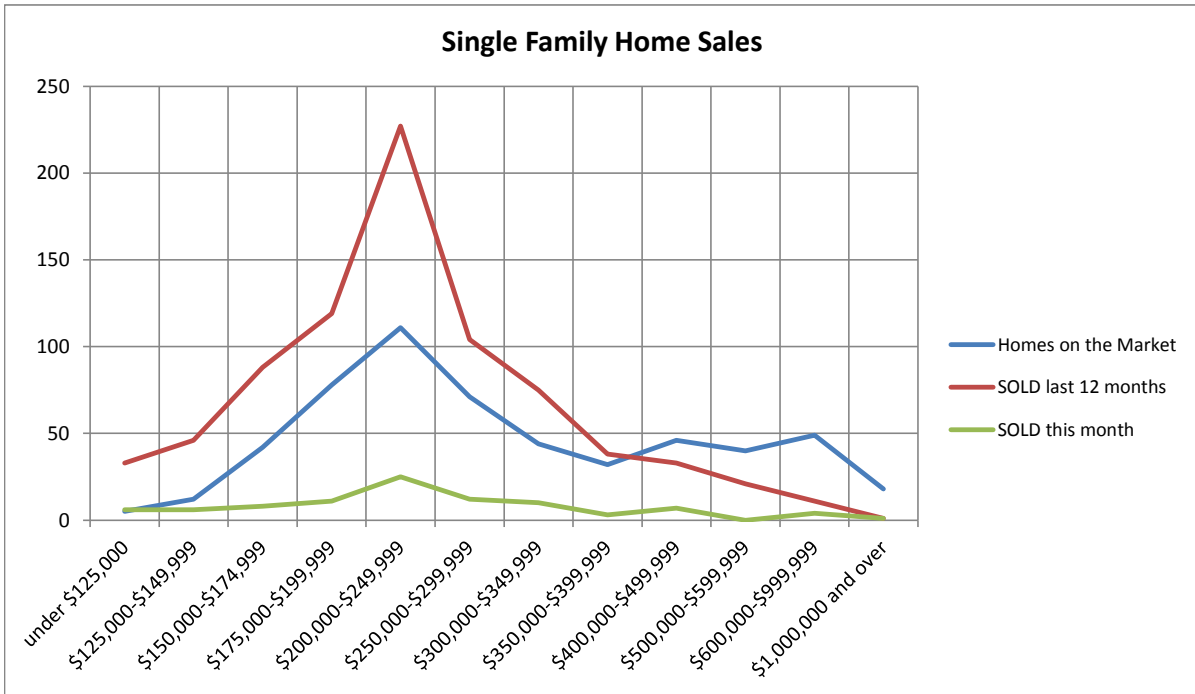
The following chart provides a snapshot of total homes sold, by month, for the last 5 years. (The green columns indicate properties under contract for the current year.) According to the MLS 93 homes were sold in June of 2012, the highest seen in the month of June since 2008 when 94 homes were sold.



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Single Family Home Sales Statistics:

The majority of Missoula homes activity is concentrated between the \$175,001 and \$350,000 price range. Over the last twelve months, homes that sold for \$350,000 and less comprised 86.9% of the total number of homes sold and for the month of June represented 83.7% of total homes sold. To illustrate which price ranges have the most activity and competition, the following chart provides the number of homes on the market and number of homes sold, by price range.



Average List-to-Sales Price:

List-to-sales price gives us an indication of the pricing trends in the market. During the first five months of 2012, homes were selling at 95 to 96 percent of list price. However, with more competition from an increased inventory of listings during the summer months, June reflects a lower list-to-sales price (91%), indicating that sellers may be motivated to sell their homes before entering the fall months when sales tend to soften.

