



WILLIAMS & ASSOCIATES

Missoula Residential Real Estate - LOCAL MARKET OVERVIEW

Single Family Homes	JUNE 2015	Compared to same month last year	YTD June	Compared to same period last year	Absorption Rate
					According to NAR a normal market is 6-months of inventory
# of Homes on Market at end of period	402	↓	402	↓	
# Under Contract at end of period	206	↑	206	↑	
Homes Sold	138	↑	459	↑	JUNE 2015
Average Sold Price	\$273,470	↑	\$279,412	↑	Months of Inventory: 3.8
Median Sold Price	\$250,850	↑	\$247,792	↓	\$0 - \$149,999 2.5
Average DOM	99	↑	114	↑	\$150,000 - \$249,999 2.2
Average List-to-Sold Price	98%	↔	97%	↔	\$250,000 - \$349,999 4.7
% Homes Sold under \$350,000	84%		81%		\$350,000-\$499,999 8.3
% Homes Sold under \$350,000 - Last 12 Months	81%		81%		\$500,000 and up 11.4
Homes Sold - Last 12 Months	999		999		

MARKET OVERVIEW - JUNE 2015

We have seen the normal seasonal increase in the number of homes actively listed and homes sold over the last few months; in terms of sales, the market appears to be outpacing last year and is comparable to number of sales in 2013 when inventory was higher. This leads us to believe there are still plenty of active buyers in the market to absorb any additional homes that may come on the market in the coming months.

The Missoula residential real estate market closed out the month of June with a total of 138 sales, the highest number of home sales realized in any given month over the last several years. The number of homes sold in the first half of this year totaled 459, compared to 386 homes sold in 2014 and 468 homes sold in 2013.

Approximately 84 per cent of homes sold in June closed for \$349,000 or less and the overall average sold price was about \$273,470. Homes that closed in June were on the market for an average of 99 days before the sale was finalized.

At the end of the June 2015 there were 206 homes under contract and 402 homes actively listed for sale.

Seller Recommendation: With low inventory levels we recommend putting/keeping your home on the market, especially since there are currently plenty of buyers in the market to absorb any increase in inventory. However, while it seems it is still a seller's market and average sold prices could increase a little during this time, it remains very important to list your home with a reasonable and competitive price.

Buyer Recommendation: Be prepared to pay 97-98 per cent of asking price, on average. Despite the low inventory of homes on the market, there are buyers out in the market looking to buy and those sellers who have their homes listed at a competitive price continue to entertain multiple offers and are selling very close to asking price. Prior to beginning or resuming your search we recommend that you be prepared with a loan pre-approval letter and are ready to look at and make an offer on the good homes immediately to avoid possible multiple offer situations.

HIGHLIGHTS

Supply & Demand

The inventory of homes listed for sale in Missoula increased each month since the beginning of the year and at the end of June there were 402 homes actively listed for sale. There were 138 homes sold throughout the month; at the end of June there were approximately 206 homes under contract.

Despite the fact that current active listings are slightly behind last year's volume, sales figures have outpaced last year each month since the beginning of the year, telling us that there are still plenty of buyers in the market. June sales were up by about 60.5 per cent (52 sales) from last month and up by 10.4 per cent (13 sales) from the same month last year. Due to steady demand sellers garnered about 98 per cent of asking price in June.

Overall, for the six months ended June 30, 2015 there have been 459 sales, which is 73 more homes sold (about 19 per cent) than what was sold over the same timeframe in 2014.

Price Range

Approximately 26.4 per cent of inventory turned over in June, with most of the sales activity (roughly 84 per cent) in the under \$350,000 price range.

Days on Market (DOM)

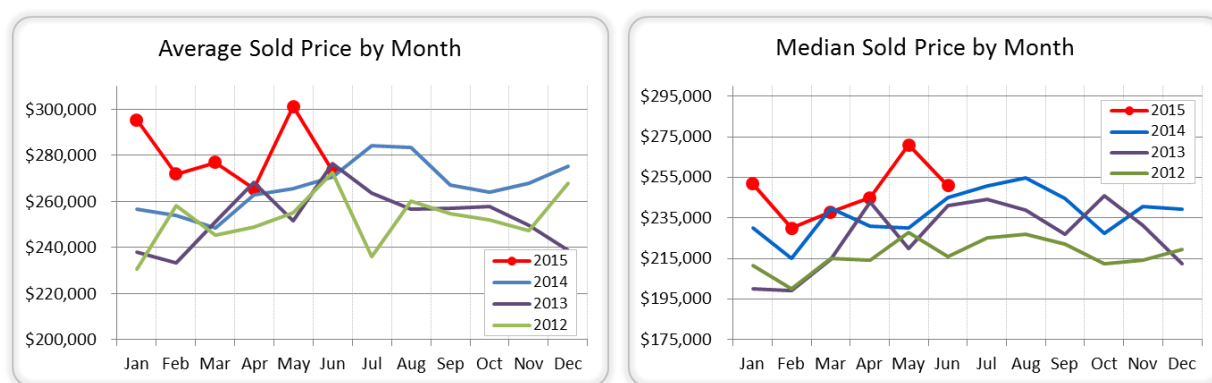
Homes sold in June were on the market for an average of 99 days compared to 104 days in June of last year. On average, homes sold faster in the second quarter than in the first quarter of the year. Year-to-date days on market averaged 114.

Foreclosure/Bank Owned (REO)

Short sale and REO properties accounted for only about 2 per cent of the active residential listings this month. At the end of June, the MLS was reporting four active short sales and six bank-owned properties out of a total of 402 single-family listings.

Average/Median Sold Price

Average sold price in June was \$273,470 and median sold price was \$250,850. Average sold price is up roughly 1.0 per cent from the same month last year. Median sold price for June is slightly higher than it was in the same month last year by about 2.4 per cent. The following graph shows average/median sold price trends since January 2012.



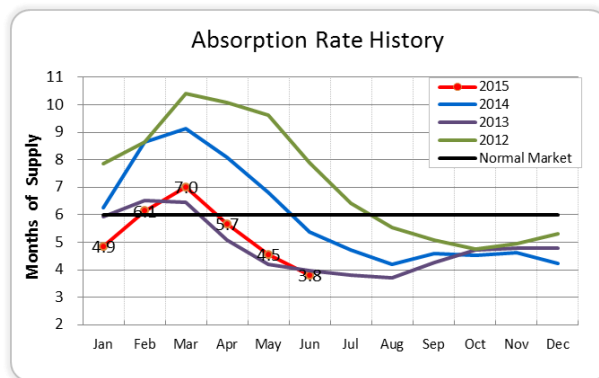
Source: Williams & Associates, Missoula MLS

Absorption Rate

For the entire second quarter, the Missoula market performed at a faster pace than a normal market, and in June it produced an overall absorption rate of 3.8 months. The last time we saw absorption rates at this level was in 2012.

The health of any real estate market can be measured 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 six months of inventory – whereas anything over 6 months indicates a buyer's market and anything under 6 months indicates a seller's market. For the purposes of this discussion we are utilizing a 3-month average for sales.

Missoula's overall absorption rate history for the last four years is presented in the following graph.



Source: Williams & Associates, Missoula MLS

Absorption Rate by Price Range

Inventory and absorption rates are 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, our market will continue to strengthen. If there is a substantial increase in homes that are not absorbed by the number of buyers in the market, expect our market to soften until they are absorbed by the buyers.

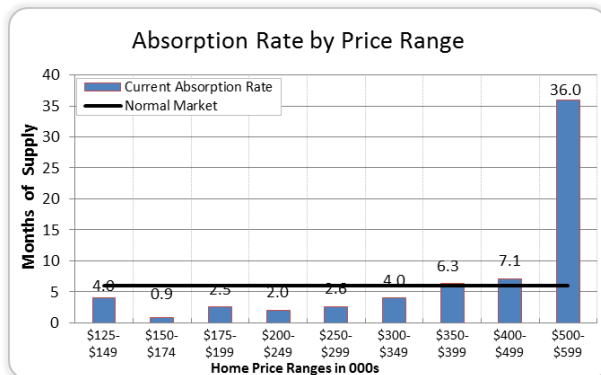
The following table calculates absorption rate by price range, based on the last three months of sales.

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 \$125,000	3	1.0	50.0%	2	0	2	2.0
\$125,000-\$149,999	6	2.0	25.0%	4	7	8	4.0
\$150,000-\$174,999	21	7.0	116.7%	12	8	6	0.9
\$175,000-\$199,999	31	10.3	39.7%	14	23	26	2.5
\$200,000-\$249,999	92	30.7	49.5%	35	46	62	2.0
\$250,000-\$299,999	66	22.0	37.9%	28	46	58	2.6
\$300,000-\$349,999	45	15.0	25.0%	21	29	60	4.0
\$350,000-\$399,999	22	7.3	15.9%	8	17	46	6.3
\$400,000-\$499,999	22	7.3	14.1%	10	18	52	7.1
\$500,000-\$599,999	2	0.7	2.8%	1	3	24	36.0
\$600,000-\$999,999	8	2.7	6.5%	3	7	41	15.4
\$1,000,000 and over	0	0.0	0.0%	0	2	17	0.0
Total	318	106.0	26.4%	138	206	402	3.8

Source: Missoula MLS, Williams & Associates

A low absorption rate in your price range may indicate an opportunity to list your home at a higher price and, conversely, a higher absorption rate in your price range may put downward pressure on your market value. The following graph demonstrates absorption rate by price range. Absorption rates below the 6-month line show which homes are selling faster than a normal 6-month market and rates above the 6-month line are selling slower.

With absorption rates ranging between one month and four months, homes in Missoula priced at or below \$300,000 are being absorbed at a much faster rate than 6 months.

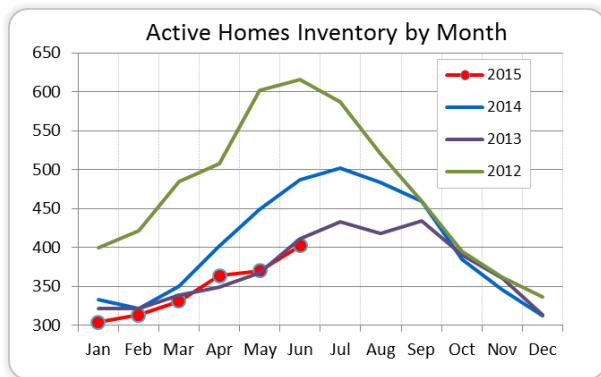


Source: Williams & Associates, Missoula MLS

Inventory of Homes Listed for Sale

Active homes inventory is running behind last year's level and look more like inventory levels in 2013. We saw the typical seasonal decline in inventory over the winter months and have been watching it slowly increase since the beginning of the year. Though we are behind last year in terms of active listings, based on our evaluation of the absorption rate and the continued interest we are seeing from buyers in the market, we believe there are plenty of buyers in the Missoula residential market to absorb any additional inventory that may come on the market in July and August.

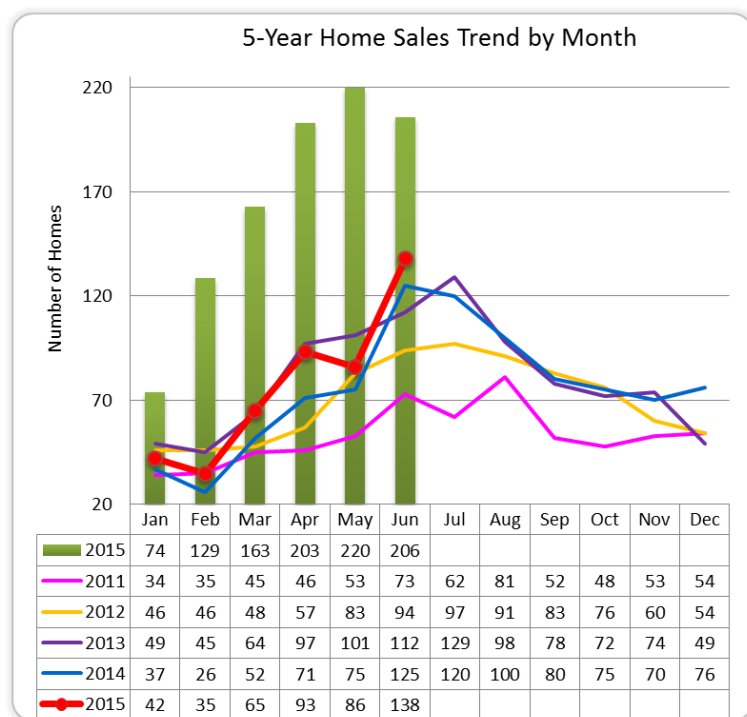
Active homes inventory for since 2012 are presented in the following table.



Source: Williams & Associates, Missoula MLS

5-Year Home Sales by Month

The number of home sales in Missoula increased to a total of 138 in June and there were 206 properties under contract at the end of the month. The following chart provides a monthly snapshot of total homes sold since January 2011. (Green columns represent Under Contract properties for the current year.)



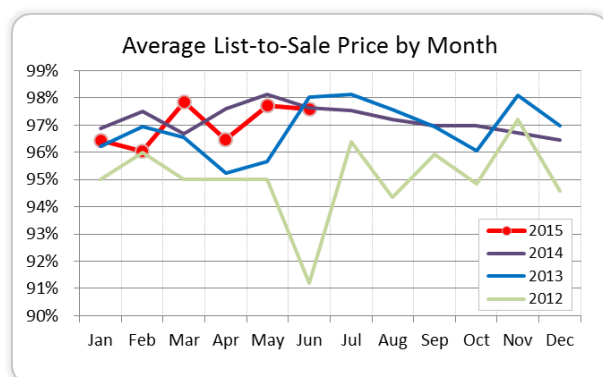
Source: Williams & Associates, Missoula MLS

Average List-to-Sale Price

List-to-sales price, the ratio of the price at which a home sells to the price at which it was listed, signifies pricing trends in the market. When inventory increases, average list-to-sales prices generally decrease due to added competition in the market. When lower list-to-sales prices are seen, usually in the summer months, it can be attributed to high absorption rates, primarily because during these months there are more homes on the market, meaning more competition. In that scenario, motivated sellers might have to take less for their home in order to beat out the competition.

For the last year, list-to-sales price has been better than in prior years - hovering between 96 and 98 per cent. List-to-sale price this June averaged about 98 per cent.

The following graph provides the average list-to-sale price, by month, for the last few years:



Source: Williams & Associates, Missoula MLS

Overall Short-Term Market Outlook

After reviewing Missoula's residential real estate market performance of the first six months of the year, we believe we will continue to witness a seller's market throughout the remainder of the summer months, possibly into early fall. While inventory levels are behind last year's levels, year-to-date sales are outpacing last year by nearly 19 per cent and homes are selling about nearly two weeks faster, on average.

Inventory may increase but we do believe, based on absorption rates, there are buyers out there to absorb it. Qualified buyers are looking to purchase a reasonably priced home; sellers whose homes are competitively priced may entertain multiple offers and are getting very close to asking price or more. Sellers are currently closing the sale at an average of 96/98 per cent of asking price.

SOLD HOMES HISTORY

MONTH	Total Homes Sold				
	2015	% change (LM)	% change (LY)	2014	2013
Jan	42	(44.7%)	13.5%	37	49
Feb	35	(16.7%)	34.6%	26	45
Mar	65	85.7%	25.0%	52	64
Apr	93	43.1%	31.0%	71	97
May	86	(7.5%)	14.7%	75	101
Jun	138	60.5%	10.4%	125	112
Jul				120	129
Aug				100	98
Sep				80	78
Oct				75	72
Nov				70	74
Dec				76	49
YTD Total/Avg	459			386	468

% change from
prior year

18.9%

-17.5%

Month	Avg DOM - Sold			
	2015	2014	2013	2012
Jan	143	113	121	135
Feb	137	192	132	141
Mar	110	98	145	142
Apr	97	150	119	116
May	96	102	106	107
Jun	99	104	90	114
Jul		86	98	118
Aug		101	85	116
Sep		99	92	122
Oct		113	108	130
Nov		119	110	112
Dec		121	146	109

Source: Missoula MLS, Williams & Associates

Average Sold Price				
2015	% change (LM)	% change (LY)	2014	2013
\$295,317	7.3%	15.0%	\$256,709	\$238,159
\$271,857	(7.9%)	7.1%	\$253,947	\$233,446
\$276,891	1.9%	11.4%	\$248,472	\$251,041
\$265,506	(4.1%)	1.0%	\$262,784	\$268,104
\$301,198	13.4%	13.4%	\$265,661	\$251,576
\$273,470	(9.2%)	1.0%	\$270,691	\$276,308
			\$284,167	\$263,468
			\$283,454	\$256,588
			\$267,078	\$257,124
			\$264,011	\$257,750
			\$268,050	\$249,569
			\$275,200	\$238,880
\$279,412			\$262,798	\$257,699

6.3%

2.0%

Avg List to Sale			
2015	2014	2013	2012
96%	97%	96%	95%
96%	97%	97%	96%
98%	97%	97%	95%
96%	98%	95%	95%
98%	98%	96%	95%
98%	98%	98%	91%
	98%	98%	96%
	97%	98%	94%
	97%	97%	96%
	97%	96%	95%
	97%	98%	97%
	96%	97%	95%

ACTIVE and UNDER CONTRACT HOME HISTORY

Month	TOTAL ACTIVE HOMES					TOTAL UNDER CONTRACT		
	2015	% change (LM)	% change (LY)	2014	2013	2015	2014	2013
Jan	304	(2.6%)	(9.0%)	333	322	74	85	128
Feb	313	3.0%	(2.8%)	322	322	129	110	133
Mar	331	5.8%	(5.6%)	350	339	163	131	178
Apr	364	10.0%	(10.9%)	402	349	203	155	208
May	370	1.6%	(21.5%)	449	368	220	203	228
Jun	402	8.6%	(20.7%)	487	411	206	189	195
Jul				502	433		150	155
Aug				484	418		159	134
Sep				459	434		135	128
Oct				385	391		141	116
Nov				346	360		120	84
Dec				312	313		101	76

Month	ACTIVE SHORT SALE			ACTIVE REO			% of Active Homes		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Jan	2	15	15	6	9	8	3%	7%	7%
Feb	1	12	14	0	6	8	0%	6%	7%
Mar	0	6	29	3	2	8	1%	2%	11%
Apr	3	5	28	7	4	6	3%	2%	10%
May	3	5	6	4	5	7	2%	2%	4%
Jun	4	6	7	6	5	8	2%	2%	4%
Jul		10	10		8	7		4%	4%
Aug		11	15		9	6		4%	5%
Sep		4	9		4	5		2%	3%
Oct		4	9		3	3		2%	3%
Nov		4	7		3	5		2%	3%
Dec		3	8		3	6		2%	4%

Source: Missoula MLS, Williams & Associates

DISCLAIMER

For the purposes of this report, the Missoula market area is comprised of the following MLS areas: Downtown Missoula, North Missoula, Lewis & Clark/Russell, Pattee Canyon/Farviews, East Missoula/West Riverside, South Hills, Linda Vista, Upper Miller Creek, Target Range/Orchard, Big Flat, Blue Mountain, Mullan Road West, W of N Reserve, Central Missoula, University District, McCormick Park Area, Rose Park/Slant Street, Lower Rattlesnake, Upper Rattlesnake, Bonner/Turah/Clinton, Grant Creek, and Expressway N of I-90/S of Broadway.

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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