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MARKET UPDATE



HOMES SOLD

YTD September

2017: 1,093

2016: 995

2015: 958

AVG DOM

YTD September

2017: 106

2016: 116

2015: 110

MEDIAN PRICE

At End of September

2017: \$261,750

2016: \$270,000

2015: \$246,500

Missoula Residential Real Estate Market September 2017

*Autumn carries more gold in its pocket
than all the other seasons.*
Jim Bishop

Demand for single-family homes continued to climb throughout the first nine months of this year, resulting in more sales in 2017 than during the same timeframe in 2016. At the end of September there had been 1,093 homes sold year-to-date, compared to 995 homes sold year-to-date last year. Most of the homes sold were in the \$200,000 to \$299,000 price range.

A significant portion of the increase in home sales compared to last year was attributable to new construction or to-be-built homes. Of the 1,093 homes sold so far this year, about 90 percent were existing home sales and a full 10 percent of the homes sold were new construction or to-be-built homes. As a comparison, only about 3.3 percent of home sales in the first nine months of 2016 were new construction or to-be-built homes. After

subtracting new construction and to-be-built sales, there were 982 existing home sales through September 2017 versus 962 existing home sales through September 2016, which is an increase of 20 existing home sales, year-over-year.

Over the last couple of years there has been a shortage of single-family homes for sale in Missoula. This year has been no exception. The number of homes available for purchase over the first nine months of the year remained relatively flat compared to last year. New construction has been increasing over the last couple of years and during the first nine months of this year there were 183 new, single-family residential construction permits issued.

This is the same number of permits issued in the first nine months of last year.

Despite an increase in the number of home sales and flat inventory, the median home price experienced a slight decrease in the month of September after four months of continued increases. At the end of the month of September the median home price was \$261,750, a 3.1 percent decrease from August and a 3.1 percent decrease from September of last year. While it is welcome news, the slight decline in median price in September was due in large part to the seasonal decline usually seen at this time of the year.





SOLD HOMES HISTORY

MONTH	Total Homes Sold				
	2017	% change (LM)	% change (LY)	2016	2015
Jan	84	(2.3%)	18.3%	71	52
Feb	63	(25.0%)	16.7%	54	46
Mar	92	46.0%	33.3%	69	83
Apr	86	(6.5%)	(19.6%)	107	107
May	127	47.7%	(0.8%)	128	110
Jun	186	46.5%	22.4%	152	162
Jul	145	(22.0%)	9.8%	132	151
Aug	162	11.7%	4.5%	155	132
Sep	148	(8.6%)	16.5%	127	115
Oct				111	114
Nov				100	107
Dec				86	74
YTD	1,093			995	958

% change
from prior
year

9.8%

3.9%

	Median Sold Price			
	2017	% change (LM)	% change (LY)	2016 2015
	\$262,450	4.0%	16.5%	\$225,200 \$213,500
	\$247,000	(5.9%)	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
	\$268,000	2.7%	5.1%	\$255,000 \$245,375
	\$276,750	3.3%	7.5%	\$257,500 \$245,000
	\$272,000	(1.7%)	1.5%	\$268,000 \$247,775
	\$270,000	(0.7%)	3.0%	\$262,175 \$244,750
	\$261,750	(3.1%)	(3.1%)	\$270,000 \$246,500
				\$275,000 \$249,450
				\$265,000 \$237,000
				\$252,450 \$212,500
\$267,776				\$254,841 \$240,387

5.1%

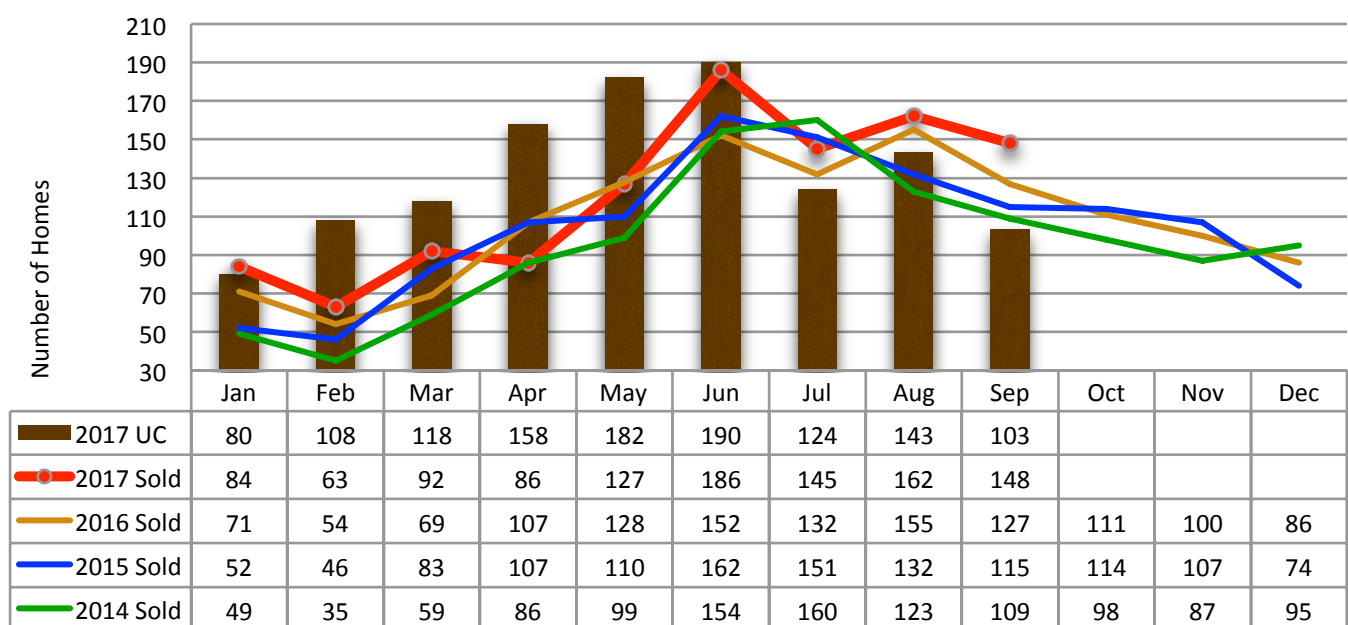
6.0%

Month	Avg DOM - Sold			Avg List to Sale Price		
	2017	2016	2015	2017	2016	2015
Jan	144	120	141	99%	98%	97%
Feb	133	105	144	101%	98%	97%
Mar	110	111	111	98%	98%	98%
Apr	110	126	108	99%	97%	96%
May	96	114	93	99%	98%	98%
Jun	83	108	98	100%	99%	98%
Jul	80	108	97	99%	98%	98%
Aug	94	150	97	99%	99%	98%
Sep	109	101	101	99%	97%	98%
Oct		107	111		99%	97%
Nov		93	122		97%	97%
Dec		122	126		99%	98%

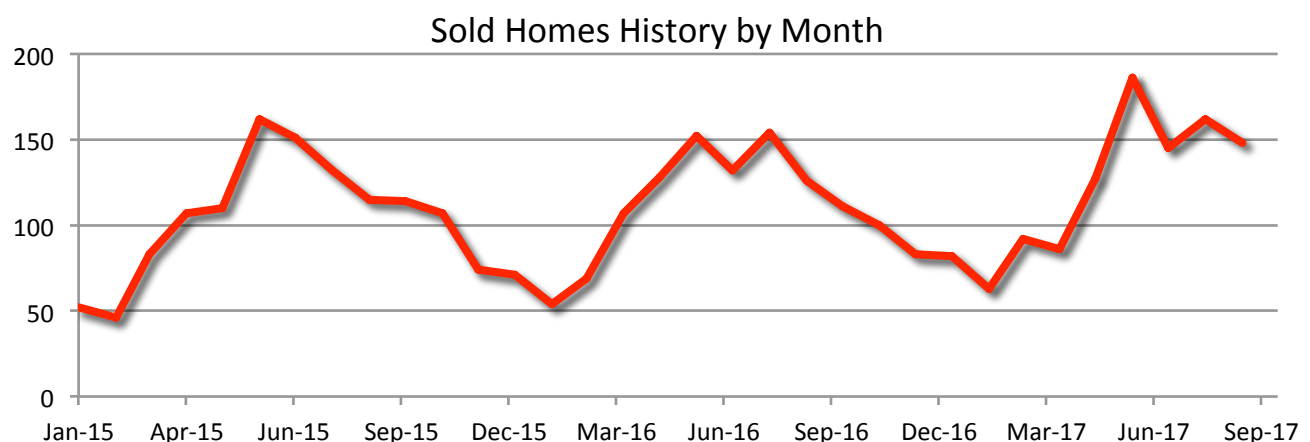
HOME SALES TREND

The following chart presents home sales by month from 2014 through September 2017. By showing the years on top of one another, the chart demonstrates the seasonality of home sales. Most sales occur during the summer months and the fewest sales happen 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.

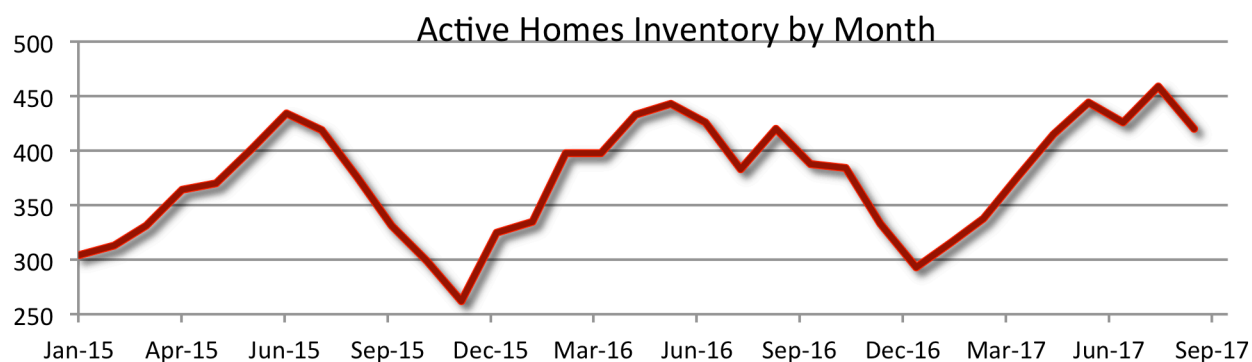


The following chart shows the number of homes sold from the chart above, presented in a continuous line from January 2014 through September 2017.





ACTIVE & UNDER CONTRACT HISTORY



Month	TOTAL ACTIVE HOMES				
	2017	% change (LM)	% change (LY)	2016	2015
Jan	293	(12.0%)	(9.8%)	325	304
Feb	316	7.8%	(5.7%)	335	313
Mar	338	7.0%	(15.1%)	398	331
Apr	377	11.5%	(5.3%)	398	364
May	415	10.1%	(4.2%)	433	370
Jun	444	7.0%	0.2%	443	402
Jul	426	(4.1%)	0.0%	426	434
Aug	459	7.7%	19.8%	383	419
Sep	420	(8.5%)	0.0%	420	376
Oct				388	331
Nov				384	299
Dec				333	262

	TOTAL UNDER CONTRACT				
	2017 UC	% change (LM)	% change (LY)	2016	2015
	80	(14.0%)	(11.1%)	90	74
	108	35.0%	(16.3%)	115	129
	118	9.3%	(27.2%)	126	162
	158	33.9%	(22.2%)	144	203
	182	15.2%	(17.3%)	157	220
	190	4.4%	(7.8%)	144	206
	124	(34.7%)	(28.7%)	121	174
	143	15.3%	(15.4%)	127	169
	103	(28.0%)	(44.0%)	129	184
				112	153
				80	99
				93	86

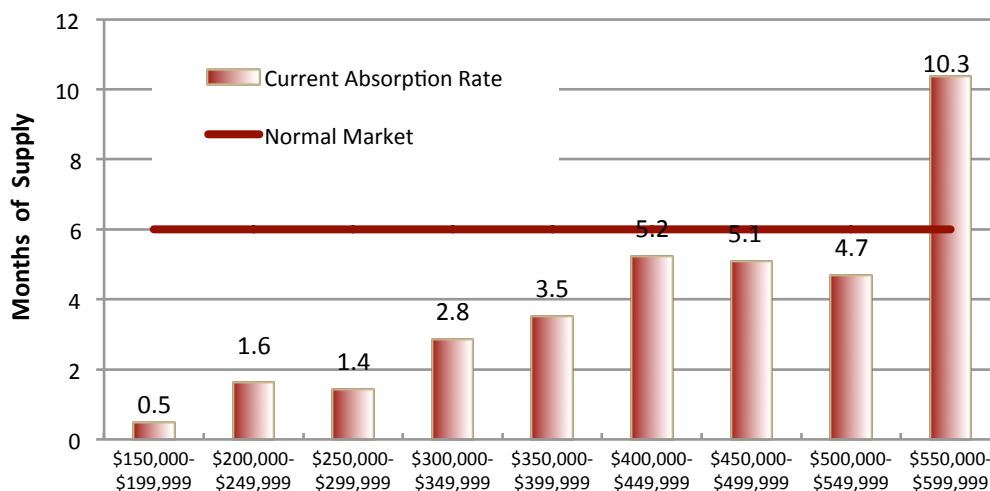
Activity by Price Range

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	2	0.7	66.7%	0	0	1	1.5
\$100,000-\$149,999	19	6.3	28.8%	4	7	22	3.5
\$150,000-\$199,999	52	17.3	216.7%	26	5	8	0.5
\$200,000-\$249,999	109	36.3	62.6%	35	21	58	1.6
\$250,000-\$299,999	109	36.3	71.2%	35	25	51	1.4
\$300,000-\$349,999	58	19.3	35.2%	12	14	55	2.8
\$350,000-\$399,999	43	14.3	28.7%	18	14	50	3.5
\$400,000-\$449,999	19	6.3	19.2%	7	5	33	5.2
\$450,000-\$499,999	16	5.3	19.8%	3	5	27	5.1
\$500,000-\$549,999	9	3.0	21.4%	5	0	14	4.7
\$550,000-\$599,999	9	3.0	9.7%	0	0	31	10.3
\$600,000-\$999,999	10	3.3	6.4%	3	6	52	15.6
\$1,000,000 and over	0	0.0	0.0%	0	1	18	0.0
Total	455	151.7	36.1%	148	103	420	2.8

Over the last three months, an average of 151.7 homes were sold each month. During the month of September approximately 36 percent of listing inventory turned over, with most of the sales activity below \$350,000. The price ranges with the most homes pending sale at the end of September were the \$250,000 to \$299,000 price range, with 25 homes under contract, and the \$200,000 to \$249,999 price range, with 21 homes under contract. In both of these price ranges there were fewer than two months of inventory (supply) of homes available for sale at the end of September.

Absorption rate is how fast the homes are turning over in the market. According to the National Association of Realtors, six months of inventory (homes listed for sale) is considered a balanced market. Numbers over six represent a buyer's market and those under six represent a seller's market. Though lower priced homes were absorbed (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 Rate by Price Range



The inventory of homes for sale did not kept up with demand and at the end of September 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 \$599,999 at the end of September 2017.

NEW SINGLE FAMILY CONSTRUCTION PERMITS

By the end of September there were 183 new single-family construction permits issued in the city of Missoula, which is the same number of single-family construction permits issued in the first nine months of last year.

During the first nine months of this year there were also sixteen duplex construction permits issued compared to six duplex permits issued during the first nine months of 2016. For multi-family residential properties (properties with more than three living units), eighteen new permits issued in the first nine months of this year, for a total of 441 new living units.

Overall, new residential construction appears to be 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 and, hopefully, start reducing median home prices in the city.

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	18	(14.3%)	(25.0%)	24	17
Aug	22	22.2%	(21.4%)	28	13
Sep	8	(63.6%)	(57.9%)	19	14
Oct				15	20
Nov				17	9
Dec				8	10
TOTAL YTD	183			183	135
% change from prior year	0.0%			35.6%	
Source: Missoula City Building Department					

Overall Short Term Market Outlook

The residential real estate market in Missoula has been and continues to be a seller's market and, based on recent inventory levels, it is likely that it will remain a seller's market throughout the rest of the year. Ultimately, 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 will likely pick 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 slightly overall, there is still a shortage of homes on the market; there is not enough supply to meet buyer demand. Buyers should be prepared to pay close asking price for a reasonably priced home.

Prior to beginning the search for a new home, Buyers should meet with their lender and be prepared with a loan pre-approval letter. Buyers 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.