

August 2010 Housing Statistics: The Tax Credit Impact on the Market

Looks like the worst of the ‘tax credit hangover’ may be behind us, as prices are ever so slowly increasing and sales are also increasing – which is unusual for the period between July and August, when sales typically decrease. Obviously, the anemic sales from June to July helped July to August look better, but at this point, we’ll take all the good news we can get. And, for the first time in a few years, new home inventory actually increased, which could also spell the beginning of a slow turnaround for new home sales. With interest rates at historic lows, home prices below ‘normal’ market, and high inventory, now is definitely the time to buy; however, employment and confidence are still the key ingredients to a housing comeback and those two issues remain unresolved. But still, I’m encouraged by the trend I see at this time.

Average Sales Price The average new home price this month (\$313,007) is 2% higher than the same as one year ago (\$305,462). There were price increases that occurred in Cass and Platte counties. The average existing home price this month (\$152,944) is down less than 1% from one year ago (\$153,590). All but four counties (Jackson, Leavenworth, Miami and Wyandotte) experienced an increase in average sales price for existing homes from the same month last year. The average price for combined new and existing homes in the region this month was \$163,842, which was also less than 1% lower than the average sales price of \$164,871 for combined sales prices in August 2009. Cass, Johnson and Platte each experienced a small increase in the average sales price for new & existing combined from the same month last year.

Home Sales New home sales this month of 131 represents a 30 % decrease from one year ago when there were 186 new home sales in August; however, new home sales increased this month 28% from the past month when there were 102 new home sales. Existing home sales in August decreased 24% from one year ago when there were 2,170 sales, but they were up 7% from last month’s sales of 1,537 compared to this month’s sales of 1,642. Combined home sales of existing and new homes were 1,773 for August, which is up 8% from the total of 1,639 sales from a month ago. This month’s combined total sales were down 25% from one year ago when there were 2,356 sales.

Inventory New home inventory this month was 1,602 is the first increase in a few years, compared to 1,557 new homes on the market last month. However, the new home inventory for the region is still 32% lower than it was a year ago at this time when there were 2,341 new homes on the market. Existing inventory this month of 16,794 is 5% higher compared to 15,935 one month ago. The existing inventory this month is 21% higher than it was a year ago when the existing inventory was 13,918. New & existing inventory combined was 18,396 this month compared to 17,492 last month representing a 5% increase in the past month. One year ago the inventory was 16,249 which represents a 13% increase in total inventory over the past year.

Kansas City Region Supply of Homes on the Market The Supply calculation is determined by taking the “Inventory” and dividing it by the “12 month average of the number of Sales.” Generally speaking, a 5-6 month supply of homes on the market equates to a “balanced” market. When the supply exceeds 6 months, the market begins to favor buyers, and when the supply is less than 5 months the market tends to favor sellers. Supply for combined new and existing homes rose slightly to 8.7 month’s of supply in August from a 8.1 month’s of supply in July. The existing home supply was also 8.7 months for August slightly up from 8.1 months last month. The new homes supply in August 2010 was 8.7 months, up slightly from 8.2 months in July. Supply has continued to decline or remain constant since August 2009. There is a slight buyer’s edge present in the new home market, the existing home and combined markets.