

## May 2010 Housing Statistics: The Tax Credit Impact on the Market

The Homebuyer Tax Credit extension will continue to impact the market, and this is borne out by the May market report. April saw a flurry of sales activity, as contracts needed to be 'signed, sealed and delivered' by April 30<sup>th</sup> in order for buyers to qualify for the tax credit. While Congress is considering extending the June 30<sup>th</sup> deadline for those sales to close, the current legislation says those sales need to close by June 30<sup>th</sup>. As a result, watch for May and June closed sales activity to be high compared to previous years and previous months. We'll await the July sales activity report to see what type of downturn results from the end of the tax credit. REALTORS® have reported a decrease in buyers looking at properties and writing contracts during the month of May and that will most likely translate into a decrease in reported sales beginning in July. Only time will tell how long the 'hangover' will last, but the National Association of REALTORS® 'pending sales' report will give us a view to that answer in the near future.

Average Sales Price The average new home price this month (\$285,328) is nearly the same as one year ago (\$285,067). There were price increases that occurred in Cass, Clay/Ray, Miami, Platte and Wyandotte counties. The average existing home price this month (\$157,476) is up 5% from one year ago (\$149,536). All counties except Johnson (only -1%) 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 \$167,528, which is 3% higher than the average sales price of \$162,190 for combined sales prices in May 2009. All counties except for Johnson experienced an increase in the average sales price for new & existing combined from the same month last year.

Home Sales New home sales this month of 236 represents a 3 % increase from one year ago when there were 229 new home sales in May. New home sales increased this month 20% from the past month when there were 196 new home sales. Existing home sales in May increased 28% from one year ago when there were 2,070 sales. They were up 8% from last month's sales of 2,448 compared to this month's sales of 2,642. Combined home sales of existing and new homes were 2,878 for May, which is up 9% from the total of 2,644 sales from a month ago. This month's combined total sales were also up 25% from one year ago when there were 2,299 sales.

Inventory New Home inventory this month was 1,638 new homes compared to 1,637 new homes on the market last month. The new home inventory for the region is 39% lower than it was a year ago at this time when there were 2,667 new homes on the market. Existing inventory this month of 15,367 is 3% higher compared to 14,858 one month ago. The existing inventory this month is 9% higher than it was a year ago when the existing inventory was 14,106. New & existing inventory combined was 17,005 this month compared to 16,496 last month representing a 3% increase in the past month. One year ago the inventory was 16,775 which represents a 1% 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 remained almost the same at 7.5 month's supply in May from a 7.4 month's supply in April. The existing home supply remained unchanged this month at 7.4 months which is the same as last month. The new homes supply in May 2010 was 8.3 months, again the same as April. The good news is that supply has continued to decline and is lower than April 2009. Although there is a slight buyer's edge present in the new home market, the existing home and combined totals are nearing a balanced market.