

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

The effects of the homebuyer tax credit are reflected again in the June report, and this will continue for a few more months until the market stabilizes to a more 'normal' standard. Homebuyers who took advantage of the tax credit and were under contract by April 30 have until September 30 to close on those purchases. Watch for fluctuations in the market until the Fall and then watch for sales and prices to increase ever so slowly, but steadily. As new home inventory continues to fall, prices of new homes will rise more quickly than prices of existing home (classis 'supply & demand'). Unemployment is one vital ingredient in the formula, and NAR has predicted a slight decrease in 2011, which will help sales and prices of existing homes. Interest rates are still at historic lows, but are expected to rise in 2011, and as that occurs it may also encourage some buyers to 'get off the fence'. Predictions are for some better news for the housing market in 2011, although, no significant increase in price or sales is expected.

Average Sales Price The average new home price this month (\$296,768) is slightly lower than the same as one year ago (\$302,628). There were price increases that occurred in Cass, Clay/Ray, Jackson and Platte counties; and decreases in new home prices in Johnson, Leavenworth, Miami and Wyandotte counties. The average existing home price this month (\$167,487) is up 4% from one year ago (\$160,734). All counties, except Cass, 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 is \$181,861, which is 5% higher than the average sales price of \$173,445 for combined sales prices in June 2009. All counties, except for Cass (only -1%), 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 308 represents a 23 % increase from one year ago when there were 251 new home sales in June. New home sales increased this month 31% from the past month when there were 236 new home sales. Existing home sales in June decreased 5% from one year ago when there were 2,420 sales. They were down 13% from last month's sales of 2,642 compared to this month's sales of 2,291, most likely due to the end of the homebuyer tax credit program. Combined home sales of existing and new homes were 2,599 for June, which is down 10% from the total of 2,878 sales from a month ago but only down 3% from one year ago when there were 2,671 sales.

Inventory New Home inventory this month was 1,624 new homes compared to 1,638 new homes on the market last month. The new home inventory for the region is 37% lower than it was a year ago at this time when there were 2,587 new homes on the market. Existing inventory this month of 15,839 is 3% higher compared to 15,367 one month ago. The existing inventory this month is 13% higher than it was a year ago when the existing inventory was 14,049. New & existing inventory combined was 17,463 this month compared to 17,005 last month representing a 3% increase in the past month. One year ago the inventory was 16,637 which represents a 5% 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 7.7 month's of supply in June from a 7.5 month's of supply in May. The existing home supply was also 7.7 months for June slightly up from 7.4 months last month. The new homes supply in June 2010 was 8 months, down slightly from 8.3 months in May. The good news is that supply has continued to decline and is lower than June 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.