

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

The effects of the homebuyer tax credit are reflected again in the July 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 (\$331,567) is 7% higher than the same as one year ago (\$308,161). There were price increases that occurred in Clay/Ray, Johnson and Wyandotte counties. The average existing home price this month (\$157,488) is down 2% from one year ago (\$161,536). All but three counties (Clay/Ray, Jackson 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 \$167,460, which is 4% lower than the average sales price of \$174,691 for combined sales prices in July 2009. All counties except for Johnson and Miami experienced a small decrease in the average sales price for new & existing combined from the same month last year.

Home Sales New home sales this month of 102 represents a 61 % decrease from one year ago when there were 262 new home sales in July. New home sales decreased this month 67% from the past month when there were 308 new home sales. Existing home sales in July decreased 39% from one year ago when there were 2,516 sales. They were down 33% from last month's sales of 2,291 compared to this month's sales of 1,537. Combined home sales of existing and new homes were 1,639 for July, which is down 37% from the total of 2,599 sales from a month ago. This month's combined total sales were also down 41% from one year ago when there were 2,778 sales.

Inventory New Home inventory this month was 1,557 new homes compared to 1,624 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 2,486 new homes on the market. Existing inventory this month of 15,935 is only 1% higher compared to 15,839 one month ago. The existing inventory this month is 14% higher than it was a year ago when the existing inventory was 13,932. New & existing inventory combined was 17,492 this month compared to 17,463 last month representing virtually no increase in the past month. One year ago the inventory was 16,418 which represents a 7% 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 rose slightly to 8.1 month's of supply in July from a 7.7 month's of supply in June. The existing home supply was 8.1 months for July slightly up from 7.7 months last month. The new homes supply in July 2010 was 8.2 months, up slightly from 8.0 months in June. Supply has continued to decline or remain constant since July 2009. There is a slight buyer's edge present in the new home market, the existing home and combined markets.