2009 Year-end review for the Single Family Real Estate Market in Columbia, MO.

By Bob Lawler

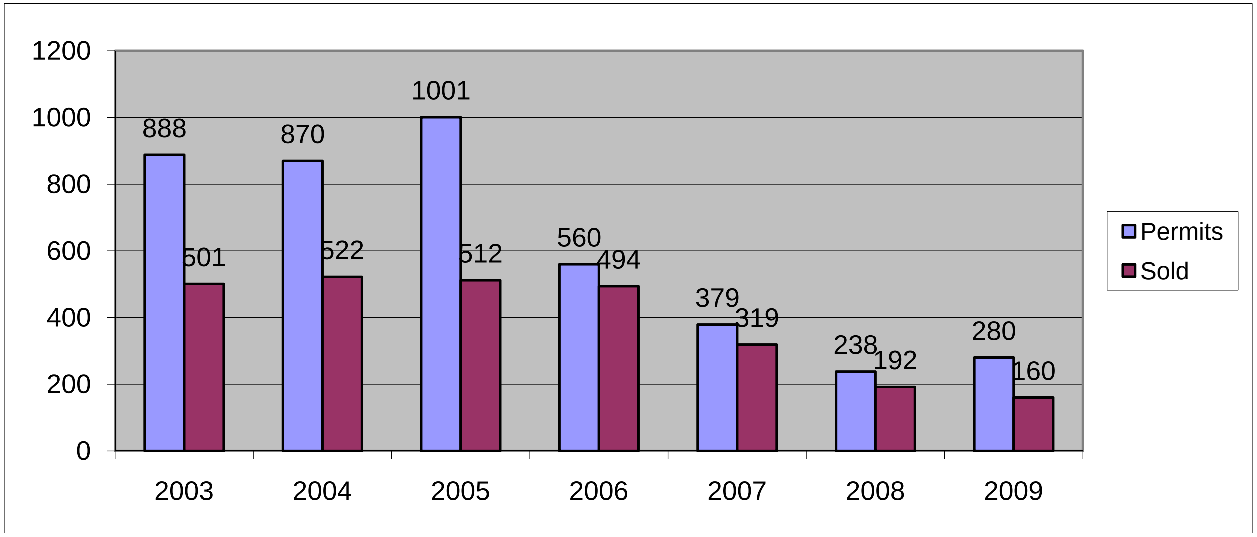
Included in this edition is a review of the 2009 Columbia single family real estate market.

- New Construction Sales and Permit Activity (City of Columbia)
- Existing Single family home sales – New and Existing
- Pending Statistics
- Summary

Note: This report is for informational purposes only and intended for real estate professionals and/or investors. It is not an appraisal and not to be relied on for real estate investing. Information is not guaranteed. Please send comments or feedback to bob@rhlawler.com or call Bob at 573-268-3520.

New Construction Sales and Permit Activity (City of Columbia)

Permit activity in 2009 was up over 2008 by nearly 18%. There were fewer listed sales in 2009 than 2008 as builders focused on custom homes and did not take the risk of speculating in an uncertain market.



(Note: The city reported a higher number of permits issued in Sept 2007. The city report includes a student housing project with detached homes. Since these are not homes competing in the single family market, they were excluded from the results.)

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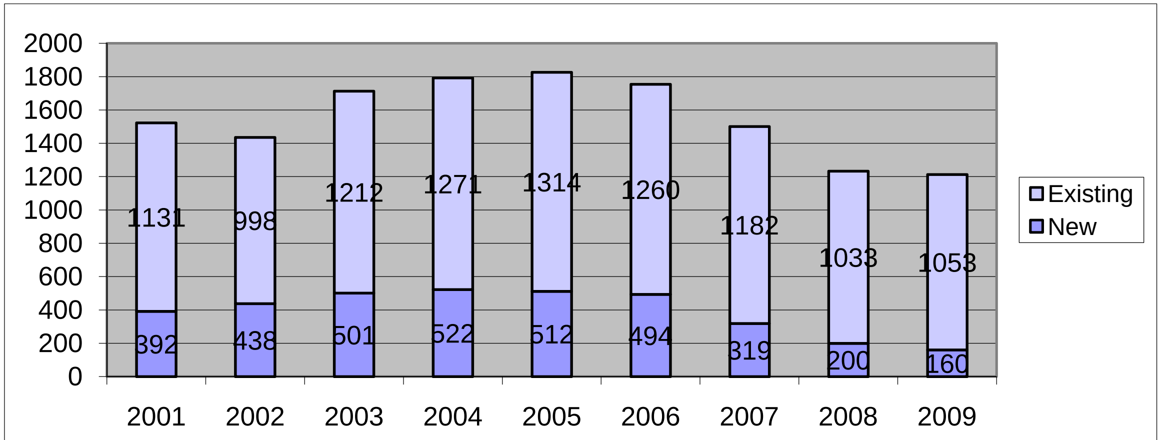
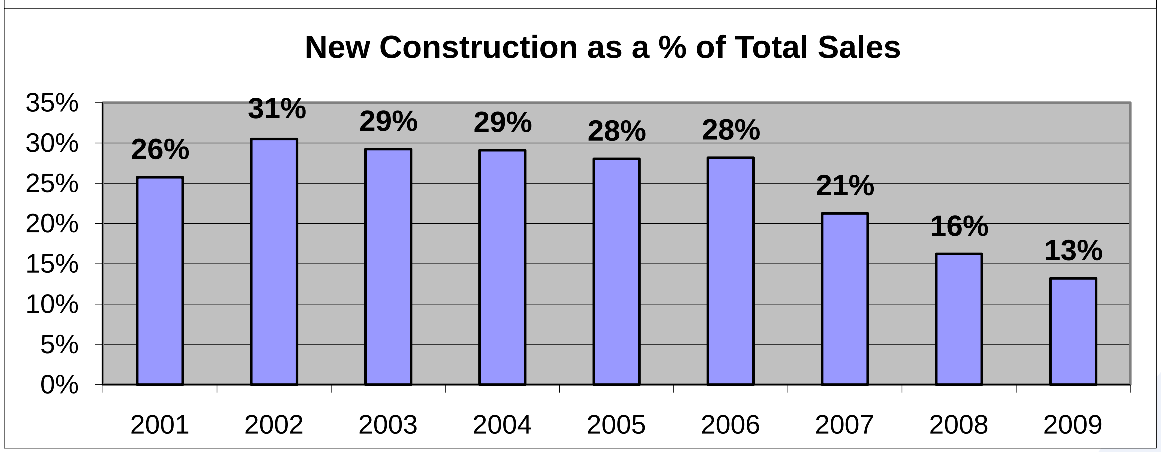
New Construction Market Share





The above charts show the decline in market share of new construction as a percent of total sales in the Columbia market. In addition to lower demand, low availability of construction financing and fewer builders in the market have reduced the market share of new construction to less than half of the levels established over the first part of the decade. The decline began when construction costs made it difficult to build a home in the price range of first time home buyers and exceeded the price of comparable existing homes. A larger number of homes sold directly by the builder as have also lowered this figure.

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Single Family New Construction

The following chart shows new single family construction activity within the city limits of Columbia. The SOLD data is the number of homes sold through the Columbia MLS from 1/1/2009 to 12/31/2009; ACTIVE data is the number of homes in that price range currently listed in the Columbia Board of Realtors MLS database as of 1/7/2010. Supply is the number of months it will take to sell the existing supply of homes based on the prior 12 months of sales.

	NE			NW			SE			SW		
Price Range	SOLD	ACTIVE	Supply	SOLD	ACTIVE	Supply	SOLD	ACTIVE	Supply	SOLD	ACTIVE	Supply
$0-$124,999	3	5	20.00	2	1	6.00	0	0	0.00	0	0	0.00
$125,000-$149,999	15	8	6.40	14	8	6.86	4	1	3.00	0	0	0.00
$150,000-$174,999	7	1	1.71	7	3	5.14	5	1	2.40	7	3	5.14
$175,000-$199,999	6	3	6.00	4	2	6.00	9	0	0.00	19	8	5.05
$200,000-$249,999	2	1	**	2	3	18.00	0	5	**	17	10	7.06
$250,000-$299,999	1	0	**	1	0	**	3	2	8.00	9	7	9.33
$300,000-$349,999	0	0	**	0	0	**	3	2	8.00	9	7	9.33
$350,000-$399,999	0	0	**	0	0	**	0	0	**	3	3	12.00
$400,000-$449,999	0	0	**	0	0	**	0	3	**	2	2	12.00
$450,000-$499,999	0	0	**	0	0	**	0	1	**	0	0	**
$500,000-$749,999	0	0	**	0	0	**	1	0	**	3	2	8.00
$750,000-$999,999	0	0	**	0	0	**	0	0	**	1	1	**
$1,000,000+	0	0	**	0	0	**	0	0	**	0	0	**
Totals	34	18	6.35	30	17	6.80	25	15	7.20	70	43	7.37

** indicates there were not enough sales to determine a market

Single Family New Construction – Summary

New construction sales and inventory were stable with a low supply of homes in the Columbia city limits. The first time homebuyer credit was used for 30 of the 159 new construction sales, or about 19%, with sales prices ranging from $114,000 to $273,000. The following charts compare the periods of 2008 to 2009.

Single Family New Construction of 2008 vs. 2009 summary by area:

NE		
	2008	2009
Sold	31	34
Active	16	18
Supply	6.19	6.35

NW		
	2008	2009
Sold	34	30
Active	24	17
Supply	8.47	6.8

SE		
	2008	2009
Sold	31	25
Active	19	15
Supply	7.35	7.2

SW		
	2008	2009
Sold	94	70
Active	50	43
Supply	6.38	7.37

New construction inventories are stable and have ranged between 6.5 and 7.5 months of supply over the past 4 years as builders have been able to adjust to lower demand. The supply of new construction homes has dropped dramatically from January 2008 when there were 172 active listings vs. 93 as of January 2009.

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Existing Home Inventory

The following chart shows existing inventory of single family homes within the city limits of Columbia. The SOLD data is the number of homes sold through the Columbia MLS from 1/1/2009 to 12/31/2009; ACTIVE data is the number of homes in that price range currently listed in the Columbia Board of Realtors MLS database as of 1/7/2010. Supply is the number of months it will take to sell the existing supply of homes based on the prior 12 months of sales.

Area	NE			NW			SE			SW		
Price Range	SOLD	ACTIVE	Supply	SOLD	ACTIVE	Supply	SOLD	ACTIVE	Supply	SOLD	ACTIVE	Supply
$0-$99,999	24	13	6.50	4	6	18.00	2	2	12.00	2	3	18.00
$100,000-$124,999	65	17	3.14	35	8	2.74	6	2	4.00	20	8	4.80
$125,000-$149,999	74	31	5.03	62	12	2.32	26	17	7.85	52	10	2.31
$150,000-$174,999	39	25	7.69	35	4	1.37	20	8	4.80	82	18	2.63
$175,000-$199,999	15	8	6.40	10	6	7.20	9	1	1.33	74	23	3.73
$200,000-$249,999	10	6	7.20	3	11	44.00	8	1	1.50	79	27	4.10
$250,000-$299,999	1	3	**	0	0	**	6	3	6.00	55	24	5.24
$300,000-$349,999	0	0	**	0	1	**	1	2	**	22	19	10.36
$350,000-$399,999	0	0	**	0	0	**	1	0	0.00	17	24	16.94
$400,000-$449,999	0	0	**	0	0	**	1	1	12.00	10	6	7.20
$450,000-$499,999	0	0	**	0	0	**	1	1	**	4	8	24.00
$500,000-$749,999	0	0	**	0	0	**	1	0	0.00	6	12	24.00
$750,000-$999,999	0	0	**	0	0	**	0	0	**	0	5	**
$1,000,000+	0	0	**	0	0	**	0	1	**	0	1	**
Totals	228	103	5.42	149	48	3.87	82	39	5.71	423	188	5.33

** indicates there were not enough sales to determine a market

Area Price Range	Central SOLD	 ACTIVE	 Supply
$0-$99,999	66	35	6.36
$100,000-$124,999	32	5	1.87
$125,000-$149,999	19	8	5.05
$150,000-$174,999	20	8	4.80
$175,000-$199,999	11	5	5.45
$200,000-$249,999	9	6	8.00
$250,000-$299,999	6	6	12.00
$300,000-$349,999	5	1	2.40
$350,000-$399,999	1	1	12.00
$400,000-$449,999	0	3	**
$450,000-$499,999	1	0	**
$500,000-$749,999	0	1	**
$750,000-$999,999	0	1	**
$1,000,000+	1	0	**
Totals	171	80	5.61

The Central area remains stable with a balanced supply of homes priced under $400,000.

Central		
	2008	2009
Sold	189	171
Active	84	80
Supply	5.33	5.61

** indicates there were not enough sales to determine a market

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Existing Home Inventory - Summary

The following charts compare the periods of 10/1/2007– 9/30/2008 to 10/1/2008 – 9/30/2009:

NE		
	2008	2009
Sold	190	228
Active	136	103
Supply	8.59	5.42

Northeast – Sales in northeast Columbia were up 20% and active listings were down 24%, lowering the months supply. This area has a lot of homes that fall in to the first time home buyer market and benefited greatly from the tax credit.

NW		
	2008	2009
Sold	149	149
Active	58	48
Supply	4.67	3.87

Northwest – Sales in the northwest were steady with active inventory down 17%, slightly lowering the months supply. The area has a higher supply of homes priced over $200,000 with 12 active listings and just 3 sales in the prior 12 months.

SE		
	2008	2009
Sold	104	82
Active	40	39
Supply	4.62	5.71

Southeast – Sales were down significantly in the SE by 31% with an increase of 26% in active listings, substantially raising the months supply.

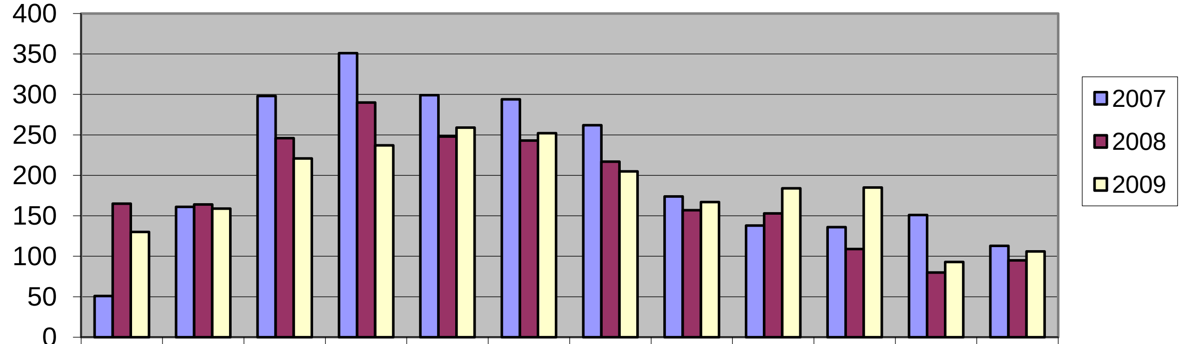
SW		
	2008	2009
Sold	396	423
Active	205	188
Supply	6.21	5.33

Southwest – The southwest sales of existing homes were up by 7% and active listings lower by 8%, lowering the months supply by about a month. The area has a higher supply of homes priced over $350,000 with 56 active listings and 37 sales, or about an 18 months supply. This is an improvement over the 3rd quarter of 2009 when there were 65 active listings and 33 sales and a months supply of 23 for homes priced over $350,000.

Pending Statistics

The chart below shows the number of listings in the entire MLS that went under contract each month. Pending sales help provide a more up to date look at the market. Total pending listings each year from 2007 to 2009 are 2428, 2167, and 2198. Without the first time home buyer incentive 2009 would have likely been much lower as stronger sales continued into September and October.

Pending listings by Month for 2007 through September 2009:



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	51	161	298	351	299	294	262	174	138	136	151	113
2008	165	164	246	290	248	243	217	157	153	109	80	95
2009	130	159	221	237	259	252	205	167	184	185	93	106

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Summary

While the effects of the first time home buyer credit are difficult to determine as it is unknown how many of those buyers would have made a purchase without the incentive., it does appear that the incentive was enough to pull the market back from the low performing period of late 2008 through early 2009. The impact could also be noted by the large decline of pending sales in November 2009 when the original expiration date of the incentive was to occur. The number of pending sales occurring in October was 185, dropping to 93 in November. Prior to the financial meltdown in 2008 the pending sales for September and October were 153 and 109 vs. 184 and 185 in 2009, or an increase of 40%. The strong ending to 2009 kept the year closer to 2008 sales numbers. During the months of November and December of 2009 the pending sales returned to numbers similar to 2008. The extension of the tax credits and expansion to some home owners will likely lead to an early 2010 spring market with slightly lower number in the latter half of 2010. A 'trickle up' effect of move up buyers spurred by tax credits could help the latter half of 2010.

Below are sales numbers for the entire Columbia MLS for 2008 vs. 2009. As expected with the first time home buyer credit the median sales price is down slightly.

	Total	Total List Volume	Median List Price	Average List Price	DOM	Total Sold Volume	Median Sold Price	Average Sold Price	List to sale %
2008	2,781	$423,811,972	$134,900	$152,395	86	$410,993,487	$132,000	$147,786	97%
2009	2,753	397,020,133	$133,000	$144,213	89	$382,547,323	$129,500	$138,956	96%
2009 vs. 2008	(28)	$ (26,791,839)	$ (1,900)	$ (8,182)	3	$ (28,446,164)	$ (2,500)	$ (8,830)	-1%
	-1%	-6%	-1%	-5%	3%	-7%	-2%	-6%	

The Columbia market has stabilized but remains somewhat vulnerable to changes in interest rates, lending rules, and the expiration of the tax credits. It seems that the market has stabilized to a point where 2010 will most likely be similar to 2009. Reduced lot values will provide an incentive for builders to start speculating and be more competitive with existing homes. Inventories of both new and existing homes are at low enough levels for home builders to regain some of the market share lost in recent years.

The market remains a good buyers' market with incentives for both first time home buyers and some existing home owners. Continued low interest rates and steady prices will build confidence in the market. The economy and jobs will play a large role in the market and will determine the ability of the market to outperform 2009. A stable 2010 will be considered a successful year.