



January 2018



Indicators



We've Been There.

We know that buying or selling a home is a big decision. We know that people are not a “deal” – we are all individuals. While you may be contemplating a transaction, we are serious about our relationship with you. At Rick Ahmann and Associates, we are experts in real estate and we offer our knowledge and skills to empower you in your decision process. We do this because it's how we would want an agent to treat us!



Values Strong! Inventory in short supply.

2017 was steady in terms of the number of homes sold in the Helena area. With that said, sales prices were generally higher. In some instances, there has even been signs of a “Seattle-like” market with multiple offers on homes, sales in the first days on market, etc. We still have not reached a market like the days of old (2006-2007) when it comes to the number of homes selling each year. This is in relationship to a solid rise in the number of homes sold in each of the past 4 years. Timing, as they say, is everything and it appears that consumers have taken to heart that now is a good time to sell and to buy real estate in the Helena market!

1061 Home sales* were trans-

acted in the Helena area in 2017 which was almost exactly the same as 2016. You only have to go back to 2011 to see how far we have really come as buyers are more emboldened. Back in that market year, a mere 688 homes actually sold with most of that activity in the second half of that year. It's been a steady rise in numbers and values ever since.

As of today's date, there are 634 residential listings in our MLS system. It is worth noting that when excluding “Out-of-area” listings, that number drops nearly in half. Our MLS includes properties from all over Montana, just as our MLS membership is all over Montana. The “Local” market area has just 326 active listings *

today and 1/4 of those (79) are under pending contract! Nearly all of the sales activity for the MLS takes place within a relatively small radius of Helena. That's just food for thought as you might hear differing impressions of the market from other brokers.

As always, remember that real estate is local—and we mean neighborhood local. If in doubt, call us. We'll be happy to share some market intelligence specific to your home!

Rick Ahmann, Broker, CRS



Why our commentary?

Well, because people want to know! I am amazed at how many times as I am out and about I am asked, “How is the market?” People are naturally curious about real estate. My training and years of experience have taught me to respond by saying, “The market is great. All I need is more good listings”. Although true, probably not

the answer people are looking for. I hope to provide you with a little ammunition for your next family gathering or cocktail party.

Please remember these are only my own insights. They may vary from what another broker thinks, or more importantly, from your particular situation.

These insights are carefully researched using the Helena MLS database. Always feel free to call with specific questions, or to use our one-of-a-kind tools which can be found at www.MoveToHelena.com.

More than anything, I hope you find this information relevant and useful!

* Local MLS areas 1-16, 24, 31, 34. Excludes outlying areas and “out of area” markets



Mountain inspired Craftsman home located on 25 acres Northwest of Helena. This home SOLD in 2017.

We Work as a Team.

Unlike others in the real estate industry, at Rick Ahmann and Associates, we work together instead of in competition with each other. Ours is a collaborative and supportive work approach centered on positive client experiences.

First, we listen carefully to our clients to make sure we are offering exactly what they need. Next, we work within our team to create a plan that utilizes the talents of our team members to work towards your goals.

We know that one person just simply cannot have all the answers, and when we work together, the end result is markedly better for all our customers.



Helena Market Insights - 12 Months ending December 31, 2017

We've definitely come a long way in the Helena market. While upwardly exploding values are the norm in Bozeman and Missoula, ours is a more steady pace. What matters most to you and I in Helena is our local market right here and how your location might see ups or downs from time to time. With that in mind, I'd like to share some local residential market statistics and a little insight with you.

For the 12 months ending in December of 2017, Helena residential market figures showed just how competitive this market is. There are pockets in neighborhoods in the Upper West side, South Central area, South of Broadway and in the Upper East side that continue to out perform every other neighborhood. Close proximity to centers of employment complimented by trail access and short distances from the downtown core continue to be highly sought after. As a matter of fact, the in-town neighborhoods as a whole account for 40% of our market's activity! If your home is in town, it deserves a close look to determine value!

The story of the year? That has to do with the inventory situation. Newly listed homes in the 4th quarter is showing a continued decline just like it has over the past 4 years. The decrease in New Listings has moved the market slightly out of balance as is demonstrated by a 98.5% SOLD Price to Ask-

ing Price ratio and a continued decline in the number of days on market.

Again, location plays a key role as some neighborhoods have exhibited better than average results in this market like the Upper Eastside and South Central areas with 210 transactions in the 12 month period. Others, like the Montana City/Clancy areas have seen increased activity after suffering through difficulty as these are largely more expensive homes that had sold at more discounted prices. This area had 77 transactions in 2017 at a whopping \$380k average sales price!

Compared to last year, Helena's average sales price was up slightly at \$251,300 compared to the previous average of \$240,800 in 2016. However, while the average is up, don't take that as an indicator for your particular home. Location makes all of the difference! Some locales are up almost 15%!

Inventory has fallen with 634 active listings as of today, which reflect a further decrease compared to the same time last year. Our "local" inventory (excluding "Out-of-area" listings) is a mere 326 homes, with 25% of those already having a contract in place.

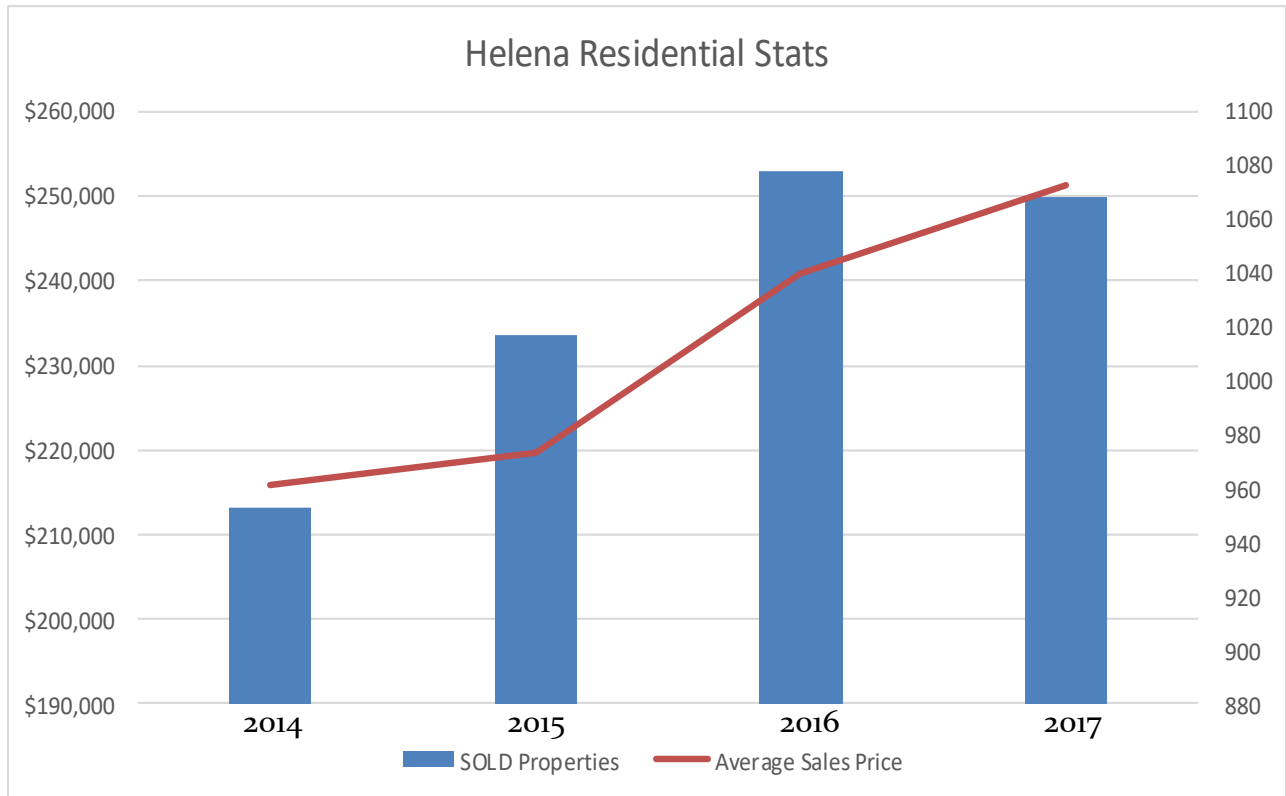
The somewhat weak spot in the Helena housing market continues to be the sale of more expensive properties. Inventory of \$500k plus homes

in the areas now stands at 36 homes, while there have only been 31 sales in this price range in the past year. In other words, we have just over a 1 year supply. There is room in the market for well presented and properly priced homes in this price point. These homes are selling at 95%+ of their asking price. Timing might be right and we can help you to decide.

By and large, our market continues to show signs of continued strength. The stability of the local job market and local economy are certainly the most likely reasons. Slow and steady has been the mark of Helena real estate for years and that continues to be the trend.

Where is the roadblock for 2017? That's easy. It's in building sites. After a down market 6-8 years ago, there is no ready pipeline of available lots. This will create a real challenge for a market that requires 500+ units of new housing to be built every year just to keep pace with modest growth.

For more information on the Helena market and to drill down on your specific neighborhood, try our enhanced tools at www.MoveToHelena.com. We spent significant energy developing these tools and know you will enjoy it!



Flannery Herbert, REALTOR
Buyer Agent Extraordinaire

Maureen LaChere, REALTOR
The Match-Maker

Amy Kruse, REALTOR
The-one-who-makes-it-all-go!

Debbie Starr
Pincher of Pennies, Keeper of Books

Rick Ahmann, Broker
Chief Cook (and Baker)



Relationships

For our team, real estate is about a lot more than the transaction. Almost all of our business comes as an opportunity to serve our friends and neighbors. We are deeply engaged in the lives and dreams of the clients we are fortunate to serve. If you are after a different kind of real estate experience, feel free to contact us. Whether your interests are in Helena, MT, real estate - further out in Montana, or even elsewhere, we hope you will reach out to us. Together, we promise to plan a way forward - and to put our relationship with you first.

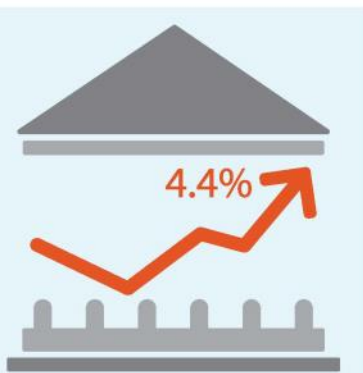
2018 HOUSING FORECAST

It's the time of the year when I look deep into my crystal ball to see what's on the horizon for the upcoming year. 2017 was a stellar year for housing across the country, but can we expect that to continue in 2018? Here are my thoughts:

MILLENNIAL HOME BUYERS

Last year, I predicted that the big story for 2017 would be millennial buyers and it appears I was a little too bullish. In 2017, first-time buyers made up about 34% of all home purchases—below the 40% that is expected in a normalized market. Although they are buying, it is not across all regions of the country, rather they are currently attracted to less expensive markets such as North Dakota, Ohio, and Maryland.

This year, the number of millennial buyers should expand further and be one of the biggest influencers in the U.S. housing market. I also believe that they will begin buying in more expensive markets.



INTEREST RATES

Interest rates continue to baffle forecasters. The anticipated rise that many of us have been predicting for several years has yet to materialize. As it stands right now, my forecast is for interest rates to rise modestly to an average of 4.4% for a conventional 30-year fixed-rate mortgage—still remarkably low when compared to historic averages.



NEW HOME SALES

New home sales should rise by around 8% to 655,000 units, with prices increasing by 4.1%. While housing starts—and therefore sales—will rise next year, they will still remain well below the long-term average due to escalating land, labor, materials, and regulatory costs. I do hold out hope that home builders will be able to help meet the high demand we're expecting from first-time buyers, but in many markets it's very difficult for them to do so due to rising construction costs.



EXISTING HOME SALES

In 2018 we should expect existing home sales to increase by 3.7%—or 5.62 million housing units. In many areas, demand will continue to exceed supply, but a modest increase in inventory will help take some heat off the market. Because of this, home prices are likely to rise by 4.4%.

HOUSING BUBBLE

I continue to be concerned about housing affordability. Home prices have been rising across much of the country at unsustainable rates and, although I still contend that we are not in "bubble" territory, it does represent a substantial impediment to the long-term health of the housing market. But if home price growth begins to taper, as I predict it will in 2018, that should provide some relief in many markets where there are concerns about a housing bubble.



MATTHEW GARDNER

As Chief Economist for Windermere Real Estate, Matthew Gardner is responsible for analyzing and interpreting economic data and its impact on the real estate market on both a local and national level. Matthew has over 27 years of professional experience both in the U.S. and U.K.



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