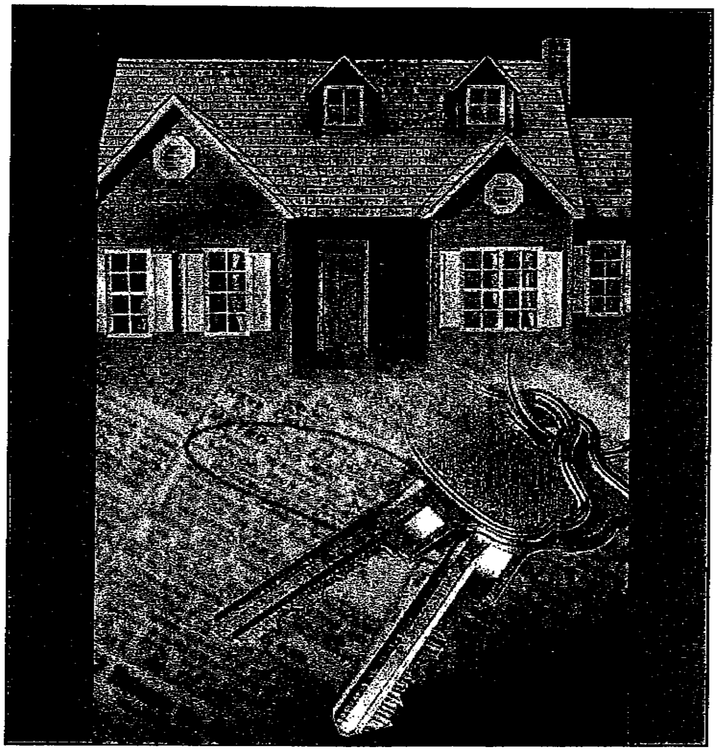
Keeping you in touch with local Real Estate...

# Kansas City Area Residential Real Estate Market Report 2007



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Moore Value
Moore Service
Moore Results!

In a year that saw the rise of the i-phone and the fall of Britney Spears, the biggest story of the year seemed to be the housing market. You couldn't turn on the T.V. or open a newspaper without seeing something about real estate, usually negative. Unfortunately, the media generally focused on the National Real Estate market; however, all real estate is local. There were parts of the country that were hit hard like Michigan, Florida, California, but for the most part, the Midwest faired pretty well.

To ensure family, friends and clients are as informed as possible about the largest investment they have, their homes, I have put together this market summary report. The report highlights the most relative trends and statistics about our local market in an easy to understand format. All of the information came from third party, verified sources and was compiled into this easy to understand report.

We separated the information by KS & MO, but if you would like neighborhood specific information about homes in your area, please let us know and we will be glad to provide you with that information.

**Report Includes**

Forecast

## The Forecast

Lawrence Yun, Vice President, NAR Research

The weakness in the U.S. economy in the fourth quarter of 2007 was affirmed by very soft job figures for December. Only 18,000 net new payroll jobs were added during the month compared to 119,000 monthly job gains for the rest of 2007 and 189,000 (monthly) in 2006. The unemployment rate rose to 5.0%, its highest level in two years, after having treaded at around 4.5% in the first half of 2007.

Current housing market conditions remain weak. The national existing home sales have been right at or near 5 million for the past three months, possibly hinting at stabilization and a formation of a bottom. But the current annualized sales pace would only match the 1998 annual figures (10 years ago) and are down 20% from a year ago and down 30% from the peak year of 2005. The current level of activity is far below that of even the pre-boom year of 2001.

New home construction and new home sales have contracted even more. Recent new single-family housing starts have been in the range of 800,000 to 900,000 and new home sales have fallen well below 700,000. Those figures are down by roughly 50% from their respective peak annual figures in 2005. Though the cutbacks are hampering the economy, they have brought down housing inventory. Housing supply is one of those figures that is usually not in the headlines, but new home inventory has been trending down for more than a year. There were 570,000 new homes for sale in the summer of 2007. There were 509,000 at end of November.

The near-term forecast continues to point toward weak conditions. NAR's pending home sales index remains soft, though it has been essentially flat for ~~the past four months. Will housing demand~~ return solidly by spring of 2008 -- even after we account for the normal higher sales activity in the spring months? It is a bit uncertain. On the one hand we have a sizable pent-up demand from 4 million job gains in the past two years. On the other hand, we have buyers waiting it out, hoping for lower home prices and lower interest rates. Because of this push and pull on the consumer psyche the forecast has become more uncertain. Improved financial capacity and improved housing affordability will be enticing for some consumers. Yet, other consumers will continue to wait out to see the bottom in housing before making the move.

As to the Heartland MLS serving region, home sales fell 9% in 2007 even though the region added 26,600 jobs in the past 24 months. With the stimulative packages of tax cuts and lower interest rates underway, the economy will avoid recession. The higher loan limit on FHA and GSE loans will further permit more people to access low interest rate loans. It is possible there could be a quick turnaround to the housing market. A market timing strategy nearly always brings regrets -- bought too early or bought too late. But people who are purchasing for a non-flipping reason of five or more years can be nearly guaranteed that they will come out ahead. But, no one should over-extend herself to become a homeowner. It is in no one's interest to see rising and then falling homeownership rate. It is SUSTAINTABLE homeownership that benefits all.

# Keeping you in touch with local Real Estate…

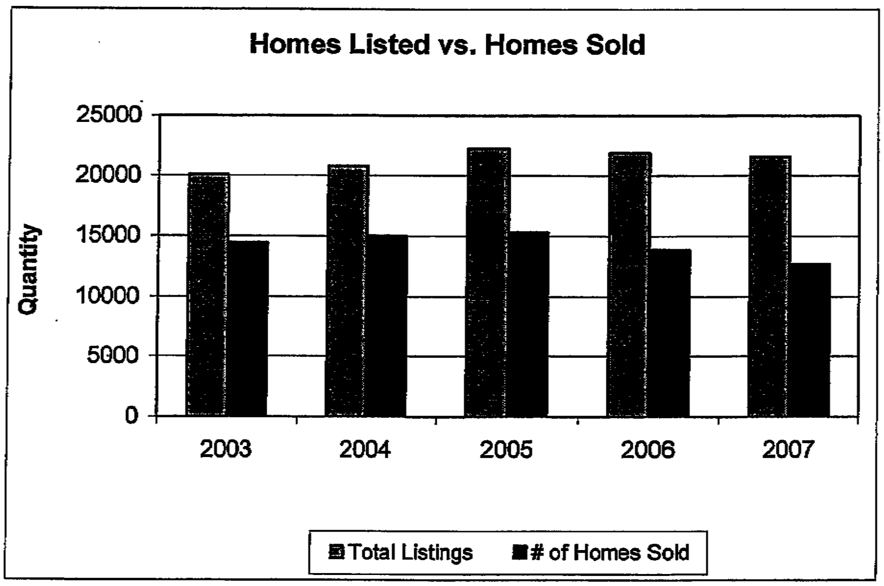
## Economic Monitor

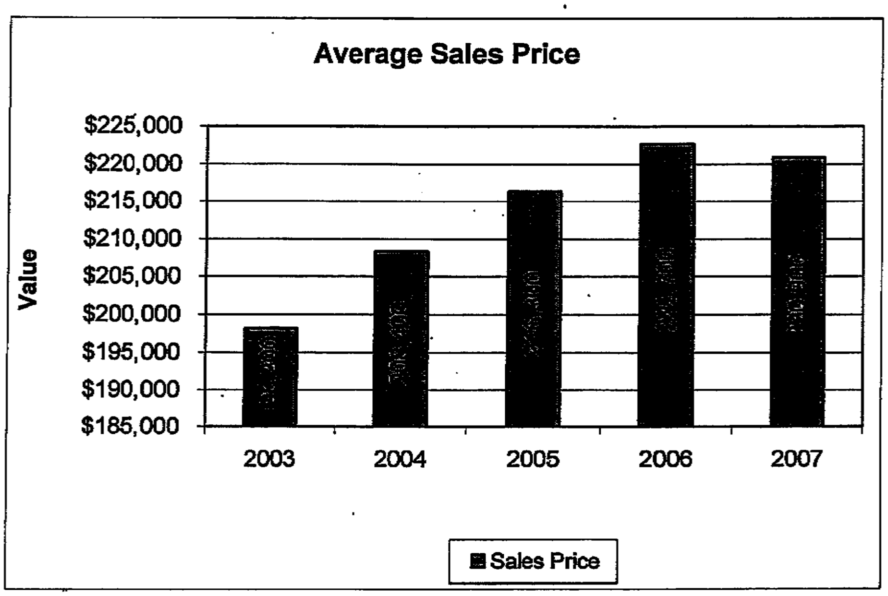
*This table reflects data available through January 18, 2008.*

| Monthly Indicator | Recent Statistics | Likely Direction Over the Next Six Months | Forecast |
|---|---|---|---|
| **Existing Home Sales** registered 5.0 million seasonally adjusted annualized units in November – a slight 0.4% increase from October's pace but 20.0% lower than the pace in November of 2006. The median price of an existing single-family home was $210,200 – the first monthly price increase since June. The inventory of existing homes available for sale eased to a 10.3 month supply. | Nov 07 5,000<br>Oct 07 4,980<br>Nov 06 6,250 | ↔ | Even sales over the near term and then beginning to rise measurably |
| **New Home Sales** declined 9% in November to a seasonally adjusted annual rate of 647,000. The pace was 34.4% off that of November of 2006 and the lowest level since the mid-1990s. The inventory of new homes available for sale at the end of November was at a 9.3 months supply. The good news is that inventory is likely past its peak, and most of the measurable declines in sales have already occurred. | Nov 07 647<br>Oct 07 711<br>Nov 06 987 | ↓ | Most of the big declines already taken place, but there could be few more rounds of modest declines |
| **Housing Starts** posted a seasonally adjusted annual rate of 1.19 million units – 3.7% off October's level and 24.2% below that of November 2006. Looking even further back, the latest data represents a 48% decline from the pace in January 2006. Housing permits, generally a reliable future indicator housing starts, fell 1.5% to 1.15 million. Declines are needed due to high inventory. More cutbacks are encouraged to better help stabilize the housing market. | Nov 07 1,187<br>Oct 07 1,232<br>Nov 06 1,565 | ↓ | New home inventory has been falling but more is required |
| **Housing Affordability** dipped ever so slightly in November. NAR's Housing Affordability Index stood at 119.3 for the month, off from October's revised reading of 119.4. The lower average 30-year mortgage rate was offset by an increase in the median price of an existing single-family home. Even so, affordability conditions are better compared to a year ago, when the index was 110.7. | Nov 07 119.3<br>Oct 07 119.4<br>Nov 06 110.7 | ↑ | Rising wages and low interest rates push up affordability |
| **Mortgage Rates** The 30-year fixed mortgage rate trended lower in December to an average of 6.10%. That is the lowest rate since the peak of the housing boom in October 2005. Low mortgage rates are being influenced by continuous rate cuts by the Federal Reserve. Still, Wall Street is expecting further rate cuts early this year to curb a growing fear of recession. | Dec 07 6.10%<br>Nov 07 6.21%<br>Dec 06 6.14% | ↔ | Interest rates will remain at near historic lows through the first half of 2008 |
| **Employment** Job creation was very weak in December, with 18,000 net new jobs added to the economy. About 150,000 new jobs would be considered healthy. The good news: November's employment figure was revised upward to 115,000 and over the past 12 months 1.3 million jobs have been created. The unemployment rate ticked up to 5%, but is still near historic lows. | Dec 07 18<br>Nov 07 110<br>12-month total 1.3 million | ↔ | Job gains, though modest, will continue — sustained net job cuts are unlikely |
| **Economic Growth** Real gross domestic product – GDP – grew 4.9% in the third quarter of 2007. This is the third and final "estimate" of GDP growth based on more complete data. Growth in exports, personal consumption expenditures (PCE), private inventory investment, non-residential structures, federal government spending, equipment and software, and state and local government spending helped offset negative growth in residential fixed investment. | 2007:III 4.9%<br>2007:II 3.8%<br>2006:III 1.1% | ↔ | Very slow growth in the first half of 2008 but no economic recession |

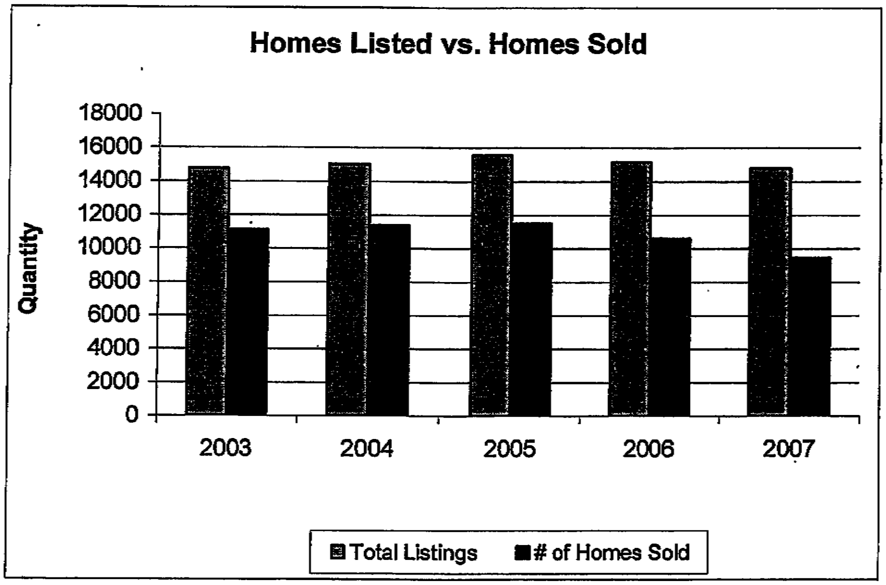
**Notes: All rate are seasonally adjusted. New home sales, existing home sales, and housing starts are shown in thousands. Employment growth is shown as month-to-month change in thousands. Inflation is shown as the month-to-month change in the Consumer Price Index. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics, Freddie Mac, and the Mortgage Bankers Association**

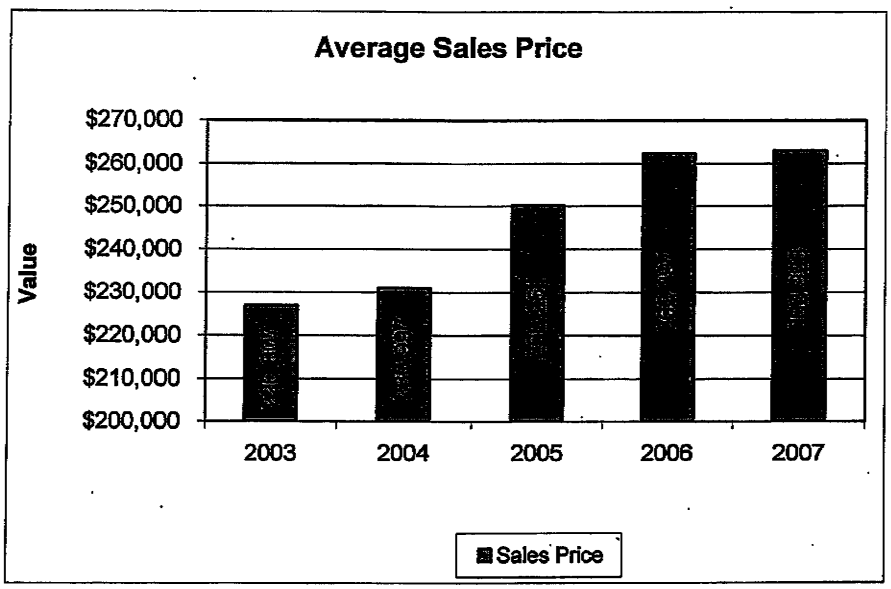
| KANSAS | | | | | | | |
|---|---|---|---|---|---|---|---|
| Year | Total Listings | # of Homes Sold | % change | Sales Price to Original List Price Ratio | Avg Sales Price | % change | % sold in 30 days or less |
| 2003 | 20053 | 14400 | NA | 97% | $ 198,200 | NA | 43% |
| 2004 | 20773 | 14990 | 3.9% | 98% | $ 208,400 | 4.9% | 43% |
| 2005 | 22238 | 15304 | 2.1% | 97% | $ 216,300 | 3.7% | 43% |
| 2006 | 21868 | 13850 | -10.5% | 96% | $ 222,700 | 2.9% | 40% |
| 2007 | 21548 | 12698 | -9.1% | 92% | $ 220,900 | -0.8% | 36% |

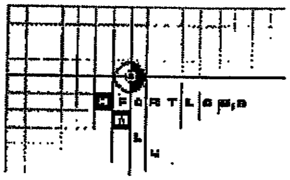


| JOHNSON COUNTY | | | | | | | |
|---|---|---|---|---|---|---|---|
| Year | Total Listings | # of Homes Sold | % change | Sales Price to Original List Price Ratio | Avg Sales Price | % change | Avg Days on Market |
| 2003 | 14757 | 11113 | NA | 97.5% | $ 226,807 | NA | 56 |
| 2004 | 15002 | 11378 | 2.3% | 101.8% | $ 230,997 | 1.8% | 53 |
| 2005 | 15544 | 11513 | 1.2% | 98.4% | $ 250,251 | 7.7% | 54 |
| 2006 | 15142 | 10608 | -8.5% | 99.9% | $ 262,397 | 4.6% | 52 |
| 2007 | 14785 | 9469 | -12.0% | 96.1% | $ 262,923 | 0.2% | 47 |





**Local Report**

# Johnson County, KS

| Buyer's Market | 1 | 2 | 3 | 4 | 5 | Seller's Market |
|---|---|---|---|---|---|---|

## Labor Market :

In the first two months of the fourth quarter, 1,505 jobs were added to the payrolls of Johnson County. As a result of these new jobs, the average monthly unemployment rate fell from 4.4% during the third quarter to 3.6% for October and November. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

## Housing Market :

| | Q3' 07 | Q4' 07 | Q1' 08 (Forecast) |
|---|---|---|---|
| Average Price | $273,300 | $275,000 | ↑ |
| # Homes on the Market * | 4,662 | 3,789 | ↓ |
| # Homes Sold ** | 2,266 | 1,627 | ↔ |
| # New Homes Built *** | 448 | 241 | ↔ |
| Avg # of Days on Market | 70 | 82 | ↑ |

* Available as of Dec. 31, 2007.
** May not add to total of zip codes.
*** During the first two months of 4th quarter.

## Data by Zip Codes for Q4 2007

| Zip Code | Average Price | Price Change *** | Total # Homes Sold (Quarter) | % Change in # Homes Sold *** | Average Days on Market | % of Asking Price (Sold/ List Price) |
|---|---|---|---|---|---|---|
| 66018 | $249,400 | 36.58% | 9 | 50.00% | 122 | 98.2% |
| 66021 | $159,900 | 31.71% | 7 | -30.00% | 106 | 98.0% |
| 66030 | $182,500 | 3.58% | 85 | -24.78% | 132 | 98.5% |
| 66061 | $245,600 | 6.64% | 239 | 3.91% | 108 | 99.5% |
| 66062 | $259,100 | 10.07% | 261 | -20.91% | 78 | 99.5% |
| 66083 | $226,400 | 39.93% | 22 | -4.35% | 50 | 99.0% |
| 66085 | $416,600 | -4.95% | 29 | 11.54% | 94 | 98.0% |
| 66202 | $162,500 | 8.41% | 44 | 2.33% | 64 | 97.3% |
| 66203 | $139,600 | -8.88% | 51 | -12.07% | 58 | 96.9% |

*** % Change of current quarter compared to the same quarter to year ago.

**Local Report**

# Johnson County, KS

## Data by Zip Codes for Q4 2007

| Zip Code | Average Price | Price Change *** | Total # Homes Sold (Quarter) | % Change in # Homes Sold *** | Average Days on Market | % of Asking Price (Sold/ List Price) |
|---|---|---|---|---|---|---|
| 66204 | $135,400 | -8.20% | 63 | 10.53% | 58 | 97.8% |
| 66205 | $208,600 | -4.40% | 54 | -20.59% | 69 | 96.0% |
| 66206 | $421,700 | 22.48% | 33 | -34.00% | 68 | 96.0% |
| 66207 | $244,000 | -17.87% | 39 | -20.41% | 58 | 96.9% |
| 66208 | $290,000 | 7.01% | 71 | 18.39% | 61 | 95.1% |
| 66209 | $363,100 | -1.92% | 31 | -49.18% | 87 | 95.3% |
| 66210 | $236,500 | 6.01% | 30 | -16.67% | 67 | 97.4% |
| 66211 | $749,900 | -1.11% | 8 | -20.00% | 74 | 86.4% |
| 66212 | $174,400 | -0.97% | 44 | -41.33% | 65 | 97.5% |
| 66213 | $287,600 | -5.39% | 55 | -15.38% | 86 | 97.2% |
| 66214 | $173,100 | -5.15% | 19 | -5.00% | 51 | 98.7% |
| 66215 | $196,700 | 0.61% | 35 | -27.08% | 74 | 97.7% |
| 66216 | $224,700 | 3.31% | 64 | 8.47% | 66 | 96.9% |
| 66217 | $340,000 | 1.04% | 4 | -71.43% | 40 | 90.2% |
| 66218 | $267,900 | 10.34% | 40 | 8.11% | 87 | 99.9% |
| 66219 | $257,800 | 6.75% | 19 | 18.75% | 64 | 97.8% |
| 66220 | $460,700 | -12.88% | 29 | -30.95% | 103 | 97.6% |
| 66221 | $494,900 | -2.02% | 61 | 5.17% | 94 | 97.5% |
| 66223 | $311,600 | 14.51% | 44 | -42.86% | 69 | 96.8% |
| 66224 | $727,700 | 17.71% | 44 | -22.81% | 101 | 97.0% |
| 66225 | $750,000 | [illegible] | 1 | [illegible] | 245 | 88.8% |
| 66226 | $268,300 | -5.69% | 43 | -29.51% | 89 | 98.6% |
| 66227 | $314,400 | -5.47% | 45 | 21.62% | 79 | 98.0% |
| OTHER | $485,500 | 61.24% | 4 | -55.56% | 26 | 106.4% |

*** % Change of current quarter compared to the same quarter to year ago.

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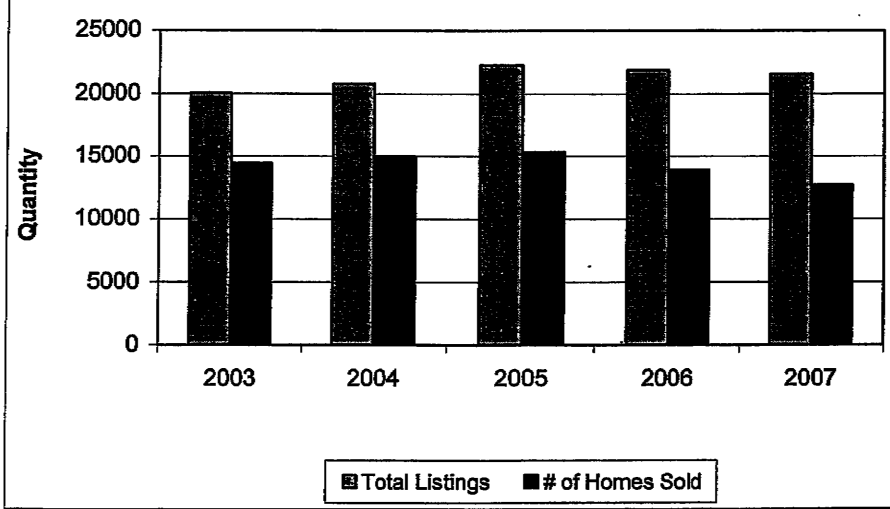
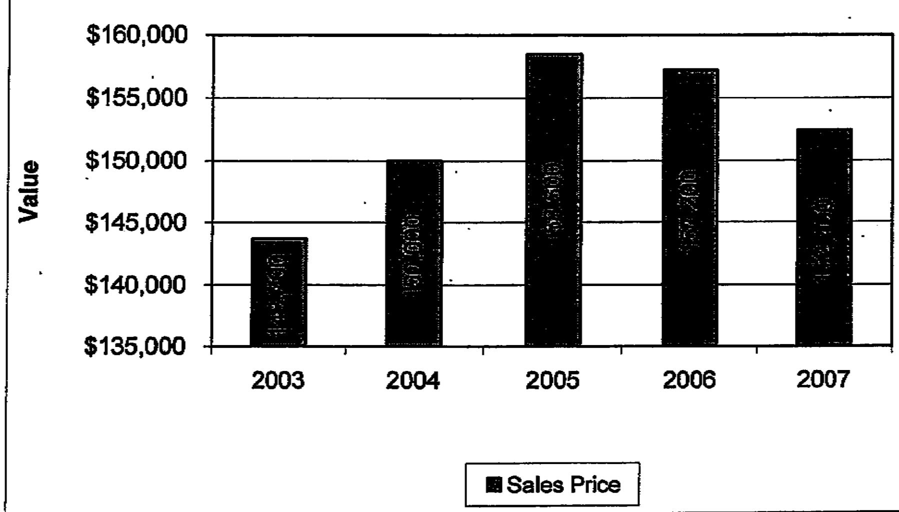
| MISSOURI | | | | | | | |
|---|---|---|---|---|---|---|---|
| Year | Total Listings | # of Homes Sold | % change | Sales Price to Original List Price Ratio | Avg Sales Price | % change | % sold in 30 days or less |
| 2003 | 30587 | 20136 | NA | 95% | $ 143,700 | NA | 40% |
| 2004 | 33336 | 21704 | 7.2% | 96% | $ 150,000 | 4.2% | 37% |
| 2005 | 37993 | 22501 | 3.5% | 96% | $ 158,500 | 5.4% | 38% |
| 2006 | 38579 | 21586 | -4.2% | 95% | $ 157,200 | -0.8% | 32% |
| 2007 | 38826 | 19513 | -10.6% | 93% | $ 152,400 | -3.1% | 31% |

**Homes Listed vs. Homes Sold**




**Average Sales Price**



# Interest Rates