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Annual Missoula Housing Report Shows Market is Leveling

MISSOULA – The Missoula Organization of REALTORS® (MOR) presented their [2023 Five Valleys Housing Report](#) on Wednesday, March 15th, providing an in-depth review and key insights from the 2022 Missoula housing market. This year’s report illustrates that after two years of a steep rise in median home price, the Missoula housing market is leveling off.

2022 saw the transition from historically low mortgage interest rates (30-yr conventional 3.25%), to rates that have not been experienced since the early 2000s (30-yr conventional 6.625%). The interest rates combined with the increase in median home prices has aided in the slowed sales of homes, which was down by 12.5% in 2022, when compared with 2021.

The Absorption¹ rate was at an all-time low of 0.64 months at the end of 2021 and has rebounded to a near normal market of 2.64 months at year-end 2022. A normal range is a supply of housing to support three to nine months of demand. The estimated supply gap at year-end (using the mid-point of a normal range and current sales), is approximately 212 homes for this point in time.

Active listings increased by 182%, to 172 in December 2022, despite new listings slowing for a second year, declining 9.5% year-over-year.

The median² sales price of a Missoula home finished the year at a new high of \$520,000 (up 15.6%) from 2021, however, this is a decline from the third quarter median price of \$525,000, another indication of a leveling off.

Although Missoula city reported a record number of multi-plex permits, the Missoula rental market remained tight throughout most of 2022 averaging an annual vacancy rate of 1.2%, well below a “healthy” vacancy rate of 5% to 8%. Average rents increasing by 11.4%, with a 2-bedroom house increasing 9.7% and 2-bedroom multiplexes up 15.7%. Rent increases were beginning to slow in the second half of 2022 and average vacancies finished the fourth quarter at 2.3%.

“Homes Missoulians can afford has been and remains a topic of discussion in our community” said MOR President Carly Kelley McDonnell. “We are pleased to open this year’s presentation showcasing some of the progress our community is making to address the supply shortage. These projects include public and private developments that will supply over 400 new homes Missoulians can afford in 2023,” she continued.

MOR notes the recent projects to increase homes Missoulians can afford are strong proof points of progress. MOR remains committed to ongoing partnerships throughout our community in implementing solutions to encourage housing at all price points.

¹ Absorption rate is calculated by dividing the total number of available homes in the market by the number sold in the last month.

² “Median” describes the point at which half of the sales are above that price and half are below.

Report Data Sources; Montana Regional MLS, U of M Bureau of Business and Economic Research, the U.S. Census Bureau, the U.S. Department of Housing and Urban Development, the Montana Department of Labor and Industry, the Missoula Housing Authority, Homewood, the City of Missoula and Missoula County. The report uses the most recent available data, which is typically from 2021 but in some cases is from 2019.

The Missoula Organization of REALTORS® (MOR) is a trade association, representing 900 members in four western counties, dedicated to advocating for equal housing opportunities and private property rights. Chartered in 1947, MOR is committed to helping build a better Missoula and surrounding areas by providing superior service to members and the community.

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