



For Immediate Release

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St. Louis housing market rebounds as median sales price and home sales jump 6 percent amid tightening inventory

Move-up millennials seen as future factor to reduce pressure, create space for more homebuyers

St. Louis – August 22, 2017 – After a highly unusual June – with the median sales price uncharacteristically flat and an atypical drop in sales volume – the St. Louis housing market appears back on track, according to the latest numbers in the July St. Louis REALTORS® Housing Report.

July MLS sales data – as reported via MARIS (Mid America Regional Information Systems) – reflects strong sales growth amid tightening housing inventory.

“The flat median sales price we saw in June, during the height of the summer selling season, was certainly a bit surprising,” says St. Louis REALTORS® president Barry Upchurch. “The good news is what we saw in June appears to have been a market anomaly rather than a trend, as our median sales price and sales volume in July were up 6 percent compared to the same period a year ago.”

The median home sales price, covering MLS sales data for St. Louis city and county combined, increased from \$179,000 in July 2016 to \$189,900 this year, and the number of St. Louis homes sold in July increased from 1,826 last year to 1,933 in 2017.

At the same time, July data support a tightening housing inventory as active listings were down 5 percent to 7,015 compared to 7,397 for the same month last year. Days on market dropped dramatically from 150 in July 2016 to 92 days in July 2017, and inventory for St. Louis city and county combined stands at a 3.6-month supply, compared to 4.1-month supply in July 2016.

Economists cite 6.5 months' supply as the ideal balance between supply and demand. A 3.6-month supply denotes tight inventory and is considered a strong seller's market.

With good sales growth and high demand, what does a continued tightening inventory mean for the future?

Upchurch explains: "When you take a deeper look at sales within each pricing category, many home sales were in the mid-to-upper categories – \$200,000 and above. That means a large number of lower-priced homes – which includes the first-time buyer market – were sold during the first six months of the year. The result is there are not as many homes available from which to choose within that particular housing category, and in turn more sales are taking place in the upper-market segments."

John Gormley, St. Louis REALTORS® CEO, confirms: "The pricing cohorts for July reflect that homes sold in the under \$200,000 category dipped below 50 percent – something we've not seen in our market lately. That dip underscores two things. First, the fact that many first-time-buyers in 2017 have already taken advantage of low interest rates and have invested in homes and their futures right here in St. Louis earlier in the year. Secondly, and as a result, there has definitely been a tightening of inventory within the first-time buyer market segment. The good news is there are still some great opportunities available within that market area; however, there are certainly fewer homes from which to choose."

Upchurch adds: "With such low housing inventory in St. Louis – and for that matter nationwide – what we need is a way to effectively loosen up and reduce pressure on our tightening first-time buyer market. And according to a recent survey conducted by realtor.com, I think a market shift is about to take place that might help with this."

According to the realtor.com survey, 35 percent of homeowners are planning to sell their homes next year, and more than half of those are millennials. As millennials begin to outgrow their first homes, they are poised to enter the move-up market – a fact that is predicted to significantly affect the housing market nationwide.

Upchurch agrees: "Certainly we know many millennials delayed starting a family and hit the 'housing pause button,' preferring to rent rather than buy. As a result, there was a larger-than-

expected increase in the number of opportunities in the first-time buyer market. Millennials have since purchased homes and filled that void. After a few years and now with growing families, they need more space and they are ready to move up and purchase larger homes with more amenities.

“Soon – likely within the next year – we could be seeing a wave of millennials ready to sell their first homes,” Upchurch continues. “When that happens, it will create much-needed space within our tight market.”

That space could be significant since, according to a recent survey by apartment listing company ABODO, millennials make up 40.2 percent of all homeowners in St. Louis, and that number is expected to grow.

“There’s no doubt,” contends Gormley, “that St. Louis is a mecca for millennials.” In fact, *The Economist* recently reported that St. Louis is the fourth-most popular destination in the country for this generation. Gormley says there are a variety of reasons for St. Louis’ popularity among millennials and other generations as well. According to WalletHub, St. Louis is the seventh-best city in which to start a business. And, according to Charity Navigator, St. Louis ranks No. 3 on the list of the 30 most charitable cities in the U.S.

“Gormley adds: “If millennials – as predicted – become move-up buyers, it will definitely loosen up inventory, particularly in the first-time-buyer category – offering the next generation the opportunity to realize the American dream of homeownership in St. Louis.”

The bottom line? “We continue to have a strong and growing housing market in St. Louis,” Gormley says, “and folks of all ages, from all walks of life ... will continue to be an integral part of that picture. Homeowners love our city for all it has to offer – from its great affordability, to exceptional lifestyle and excellent job opportunities.”

About the St. Louis Association of REALTORS® Housing Report

St. Louis REALTORS® releases a new Housing Report around the middle of each month analyzing MLS sales data from the previous month with year-over-year comparisons. Data used in these reports are courtesy of MARIS (Mid America Regional Information Systems) Multiple

Listing Service.

About the St. Louis Association of REALTORS®

With more than 8,000 members, St. Louis REALTORS® is the largest local REALTOR® organization in Missouri and the voice for real estate in greater St. Louis. The association helps members navigate a changing market, engage in the community, protect private-property rights, convert information to knowledge and provide superior tools.

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