

Montana Department of Revenue
Property Reassessment Work Sessions in 18 Montana Communities
Summary of Comments
May – July, 2008
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The following is the summation of the comments generated in eighteen meetings of local experts in the housing field. Obviously all real estate is local and unique, but the following are the themes identified statewide.

Overall the trends that emerged are:

1. Values appreciated considerably, but leveled off in 2007 to more realistic numbers.
Prices are stabilizing, not shooting up or down significantly; instead there is a return to consistency.
2. There are fewer sales; sales volume has slowed.
3. There are fewer out-of-state buyers, particularly in the higher end homes. Buyers can't sell their homes as readily in their home state to buy here. They are also going to other states versus coming here.
4. There is a very low inventory of lower priced homes, but there is still high demand. The need for affordable homes is universal state-wide. They sell quickly and very little building takes place in this price range.
5. Medium-priced homes values are holding steady.
6. There are significantly less speculative homes being built. Custom homes are the norm on the high end.
7. The high end of the market is in a holding pattern with buyers and sellers both in a wait and see mode.
8. Builders are still busy in the big cities.
9. The rising cost of gasoline is causing in-fill and revitalization of city centers, and less desire to commute from some outlying areas.
10. Asking price versus sales price is pretty consistent. It is over 95%, for instance, in Miles City, Sidney, Havre, and Helena.

11. Foreclosures are not occurring with any significant change. Most communities reported no change: Hamilton, Thompson Falls, Miles City, and Havre. A few said they were slightly higher: Butte, and Great Falls.
12. Unrealistic sellers *and* buyers are affecting the market. "Sellers and buyers both have it wrong. Sellers want high, unrealistic prices, while buyers want deals."
13. In many meetings, the participants identified unique local circumstances, such as environmental waste issues, infrastructure and traffic issues, flood plain changes, and other conditions. These discussions were helpful in alerting the Department to special local issues critical in the evaluation of property values.

On the low-value end of the market:

1. More concessions by sellers are taking place.
2. There is high demand for this value range, and it is not always being met because of high land prices and the increasing cost of construction.
3. There is a big gap between the high demand and limited supply for this price range.
4. Homes in this price range typically sell more quickly than any other price range.

In the mid-value price range:

1. A few markets are still appreciating, with values increasing.
2. The bulk of the buyers want homes in this price range.
3. The price is very location-sensitive.
4. There are more concessions than in recent years.

In the high-value range:

1. Days on the market are considerably longer.
2. There are many more concessions and price reductions.
3. There are significantly less transactions taking place.
4. Prices are stable in some markets, lowering in others, with price adjustments taking place.

In our bigger communities:

1. The number of transactions are down
2. The low-value range of homes are in huge demand, with low inventories.
3. The days on market are stable and short.
4. The median sales price is holding steady.
5. In-fill, remodeling and moving in from the suburbs is occurring.

In our smaller communities:

1. There is more normal appreciating taking place, in a range of 0 to 5%.
2. There is a decrease in value in some markets, but not all.
3. Inventory is stacking up; sales volume has slowed.
4. Homes for sales stay on the market for longer numbers of days.
5. There is a lack of available contractors.
6. There is a bigger difference between asking and sales prices.
7. They are seeing people move from bigger cities in Montana, with Bozeman and Kalispell mentioned the most frequently.
8. More family and friend purchases are taking place, without the involvement of realtors or advertising.

Location of Housing Market Meetings

