

A Word from the Experts



Conditions Improve... Topeka Sellers Enjoy Summer Housing Market Heat

To follow up good sales conditions in 2013, Topeka continues seeing signs of hope in the housing industry in 2014.

Becky Burghart, the 2014 Topeka Area Association of REALTORS® Board of Directors President states, "The Topeka area Real Estate market is continuing to improve and is getting stronger month by month. You see it in all the real estate signs and the SOLD signs popping up across our market. This is in part because distressed homes are being purchased which improves home values. Plus, several lenders are offering grants to first time homebuyers making home ownership possible for some who would not be able to purchase under traditional loan programs. If you are a buyer or a seller, Real Estate is about Supply and Demand. Whichever the case may be, NOW is the best time in a long time to buy and sell a home."

Key Factors influencing Topeka's Balanced and Improving Market:

Price – Sale prices are essentially the

same as they were in 2006 at the height of the market. In June 2006, the median sale price of homes in the Topeka area was \$105,000, and it dipped as low as \$98,400 in 2011. The 2006 median can be compared to \$104,500 in 2012 and \$106,000 through June 2013. The median price for June 2014 has risen even higher up to \$109,000.

Supply (Inventory) - The supply of listings on the market has remained down significantly. At the end of June 2013 there were only 1,193 listings in the Topeka MLS system. Identically, at the end of June 2014 there were only 1,193 active listings. These figures are down significantly from 1,556 listings in June 2011. With more buyers in the market and fewer homes available, it means that Topeka sellers today are seeing the best market conditions in years for the second year in a row.

Demand (Rate of Sale) – We also observe how quickly homes are selling. In 2011, an average of 210 homes sold each month between January and June. In 2013, we saw an average of 243 sales per

month, a 16 percent increase. For 2014 the average sales per month is 239, a rate still 14 percent higher than the bottom of the market in 2011. The increase in Topeka home sales has proven to remain steady.

Absorption Rate – This is the measure that compares supply to rate of sale. The most commonly used indicator of whether it is a seller's market, balanced market, or buyer's market. At the end of June 2013, only a 4 months' supply of active listings remained on the market (the same level as 2006), down from 5.7 months in June 2011, a decline of nearly 30 percent. At the end of June 2014 a 3.8 months supply remained for sale on the market. The 2014 measure

is consistent with the market improvement Topeka benefited from in 2013.

What does this mean to a seller in the Topeka area? For absorption rate,

figures around 6 months' supply indicate a balanced market, while figures below that suggest better conditions for sellers in the form of less competition. Historically, a lower inventory of homes on the market combined with a greater demand for property, drives prices upward over any period of time.

"Looking at the responses from our member survey, the Topeka market appears to a good opportunity for those home owners contemplating selling. Over 84 percent of agents responding to our survey indicated that buyers they are working with have looked at all available listings and are waiting for new inventory to come on to the market. Several agents reported receiving multiple offers on as high as 30 percent of their current listings and are encouraging buyers to present their best offer up front if they are serious about the property. Interest rates continue to be attractive so it really is a good time to buy or sell," said Linda Briden.

Source: Topeka Area Association of REALTORS® Inc., July 22, 2014.



Topeka's Median Home Sale Price: Rise in Median Price Shows Sign of Full Recovery

