

HOUSING REPORT

WASHTENAW | MARCH 2018



Washtenaw County

Double Digit Price Increases?

Demand for quality properties remains strong across the board. Inventory shortages, which have been significant in the entry and middle price ranges, are throwing some twists into the numbers.

March 1st Available Inventory			
	2017	2018	
Washtenaw Single Family	391	371	-5%
Washtenaw Condos	111	77	-31%
Oakland	2,910	2,472	-15%
Macomb	1,695	1,347	-21%
Wayne	3,407	3,095	-9%
Livingston	503	410	-18%
St Clair	519	387	-25%

Heading into March, inventory levels were down compared to previous years. Available Washtenaw County single family homes were down by 5% and condos were down by 31%. The greatest deficiencies were in entry and middle markets where there were typically 1-2 months of available inventory. Supply levels for the upper-end markets have been more normal (above 15 months at the end of February).

As a result of the entry and mid-level shortages, proportionally fewer entry and mid-level homes have been selling. With a greater percentage of upper-end properties in the closed sale mix, average prices were artificially inflated.

Year-to-date average price and price per square foot for upper-level condos and single family homes have fallen. Ironically, because there have been proportionally more of these properties selling overall, both average sales price and price per square are up significantly—13% and 11% for single family, and 23% and 18% for condos.

Realistically, values for both Washtenaw County single family homes and condos are up about 7% from this time last year—a little less for high-end condos.

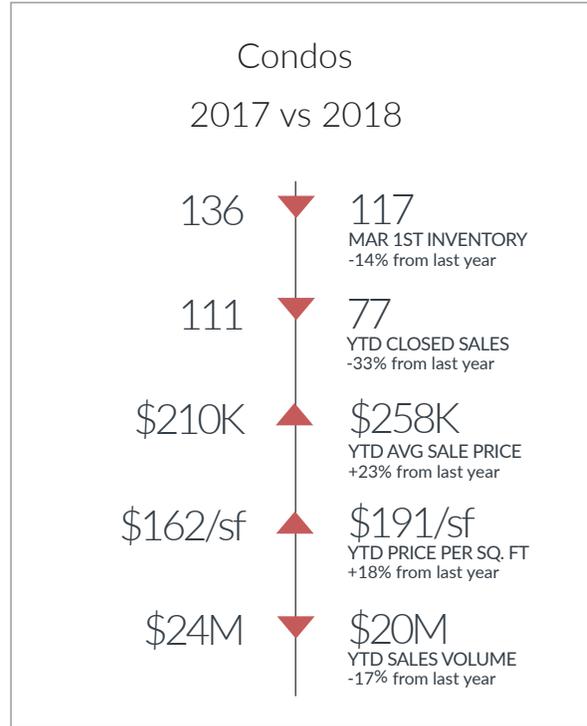
Supply and demand rule real estate. With fairly steady demand at all levels, the shortage of supply at the entry and mid-market levels is causing those prices to increase. Over the past few months, the upper-end markets have had an oversupply which has led to at least a temporary drop in price per square foot.

Looking forward, expect tight inventories and strong buyer competition to push prices higher in the mid and lower price ranges. Keep an eye on upper-end supply. If it continues to rise, values (which in 2017 increased at the same rate as mid and lower level markets) could flatten out. Rising interest rates will have a negative impact on both buyers and sellers.

Interest rates are expected to continue rising. Both buyers and sellers who plan to move in 2018 should engage as early as possible to ensure the best outcome.

Washtenaw County

Summary



Inventory—Inventory dropped from the prior month and was 21% lower than a year ago. Supply levels varied from 1 month for entry-level to 15 months for high-end homes.

Closed Units—Depleted inventories have been restricting sales. Closed sales have declined in 5 of the past 6 months. Some of that is due to seasonality, but year-to-date sales are down 5%.

Values—Both average sale price and price per square foot were up 13% and 11% respectively. Those increases are misleading and probably twice the amount those values have really increased—with 15 months of high-end and only 1 month of low-end, there are fewer homes in the low and middle price ranges selling. That inflates both average sale price and price per square foot.

Summary—Expect inventory to remain tight in all but the high-end price ranges. Over time, rising prices and interest rates will lessen affordability for those who wait.

Inventory—While March 1st inventory was up from the prior month, it was down 14% compared to a year ago. Low and mid-priced inventory has been tight but higher priced units have been more readily available.

Closed Units—Both closed sales and new pendings dropped in February. Year-to-date, sales are down 33%.

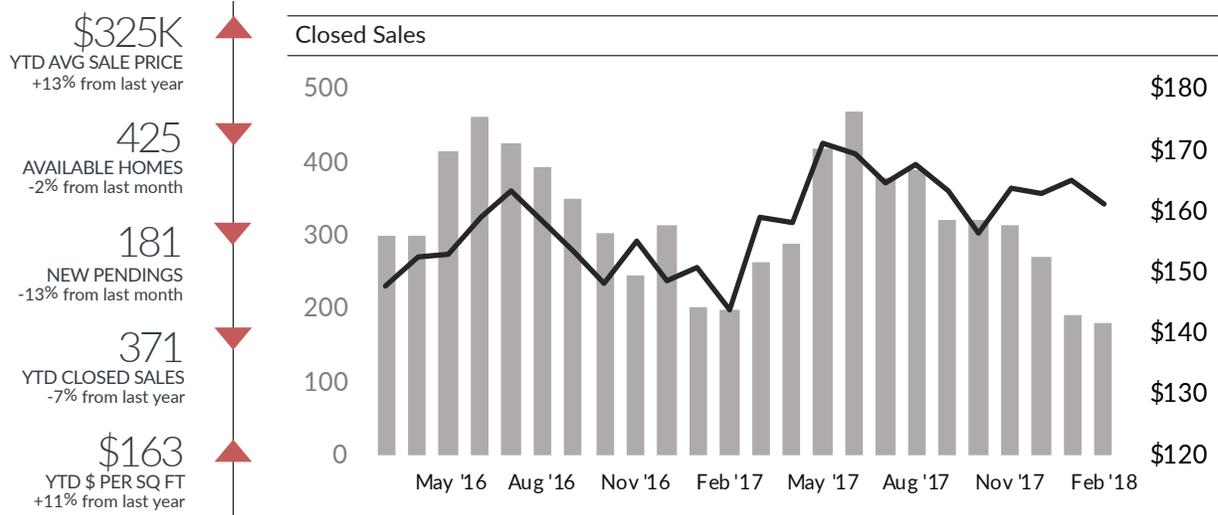
Values—Average sale price and price per square foot were up 23% and 18%. Those numbers are artificially inflated. February had a five month supply of entry level condos and a 17 month supply of high-end units. The imbalance resulted in proportionally high-end properties selling. This drove up the overall average sale price and price per square foot—even though year-to-date price per square foot for over-\$700k properties declined by 16%.

Summary—Expect tight inventory at low and moderate price level with excess high-end inventory.



Washtenaw County

Single Family Homes



Summary

Inventory levels, which have been dropping over the past several years, were 24% lower in February than they were a year ago. Year-to-date (YTD) closed sales were down 7% compared to last year, and market activity continued to fall off with new pendings declining in both January and February. The \$325k YTD average sale price was up 13% from last year and price per square foot was up 11%. Look for a continuation of seasonally low inventories, strong demand and rising prices and interest rates. Rising rates give both buyers and sellers a reason to jump into the market sooner rather than later.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	425	-3%	181	-13%	2.3	10%
\$10k - 200k	58	-24%	48	-24%	1.2	0%
\$200k - 400k	128	-2%	82	-8%	1.6	7%
\$400k - 800k	163	0%	46	0%	3.5	0%
\$800k +	76	7%	5	-44%	15.2	93%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	371	-7%	\$163	11%
\$10k - 200k	105	-20%	\$108	7%
\$200k - 400k	171	-11%	\$152	5%
\$400k - 800k	80	25%	\$199	11%
\$800k +	15	50%	\$210	-5%

Data source: Realtor MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

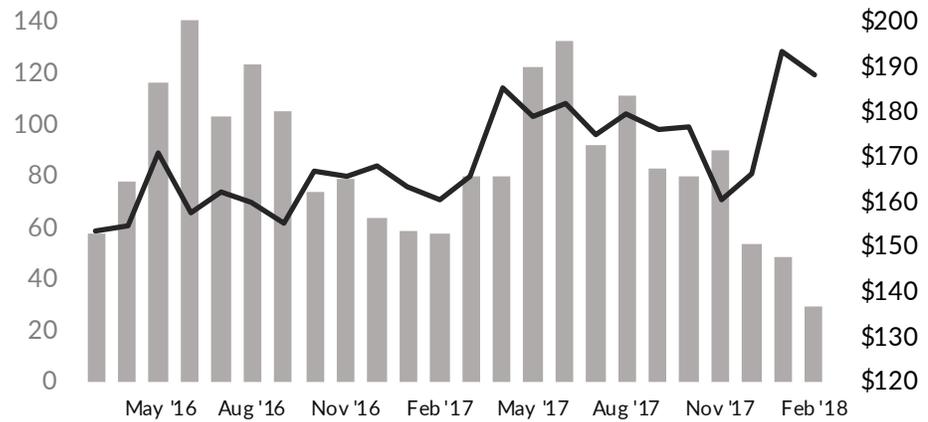


Washtenaw County

Condos



Closed Sales



Summary

February inventory levels were up compared to January, but low compared to previous years. The combination of low inventory and strong demand continues to drive prices up. Year-to-date average sale price (\$258k) was 23% higher and price per square foot was up 18% compared to a year ago. Some of those big increases were artificially inflated simply because proportionally more high-end properties were in the sales mix. Even with fewer available high-end properties, there were 12 YTD sales over \$400k compared to 5 last year. Values for most properties are probably up about 8% for properties worth less than \$225. Values for closed properties over \$225k have either dropped or stayed the same, likely do to poor condition.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	117	14%	36	-37%	3.3	80%
\$10-150k	8	0%	8	14%	1.0	-13%
\$150-225k	38	3%	11	-35%	3.5	59%
\$225-400k	37	28%	15	-38%	2.5	104%
\$400k+	34	17%	2	-78%	17.0	428%

YTD Closed Activity

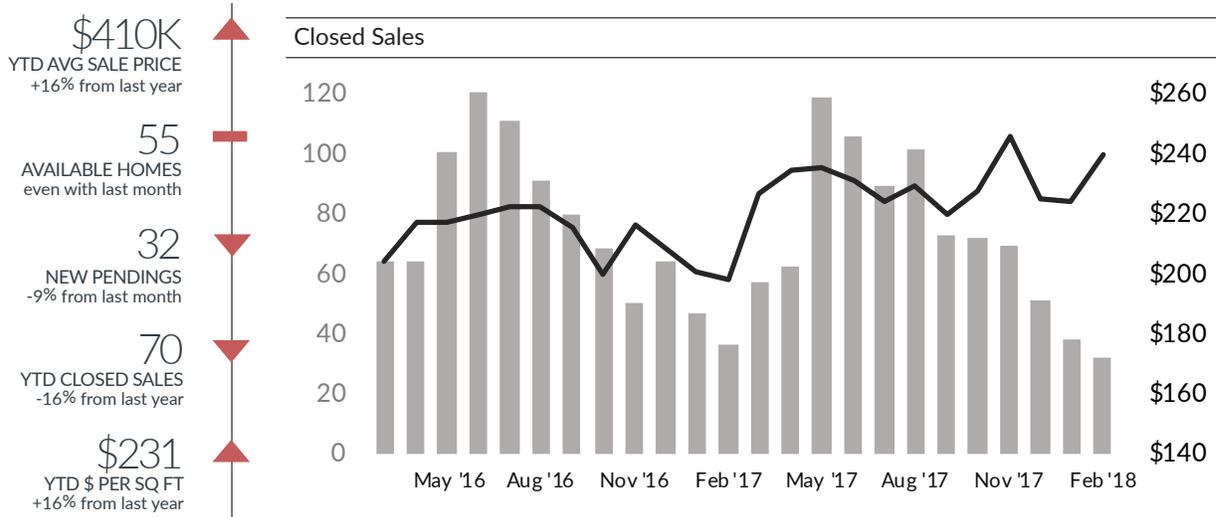
	YTD Closed	Change	YTD \$/SF	Change
All	77	-33%	\$191	18%
\$10-150k	17	-53%	\$108	9%
\$150-225k	22	-39%	\$157	7%
\$225-400k	26	-32%	\$188	1%
\$400k+	12	140%	\$300	-16%

Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.



Ann Arbor

Single Family Homes



Summary

Largely due to seasonality and depleted inventory, closed sales have been down 5 consecutive months, but the steady buyer competition continues to elevate values. Year-to-date, average sale price (\$410k) and average price per square foot were both up 16%. The rising price and interest rate combination is lowering buyer purchasing power. Buyers who are looking to move in 2018 should jump on the market as soon as possible.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	55	0%	32	-9%	1.7	9%
\$10k - 200k	3	-25%	5	0%	0.6	-25%
\$200k - 400k	14	0%	12	-33%	1.2	50%
\$400k - 800k	21	5%	15	50%	1.4	-30%
\$800k +	17	0%	0	-100%	-	-

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	70	-16%	\$231	16%
\$10k - 200k	7	-13%	\$153	1%
\$200k - 400k	32	-37%	\$217	16%
\$400k - 800k	27	23%	\$247	15%
\$800k +	4	100%	\$247	-5%

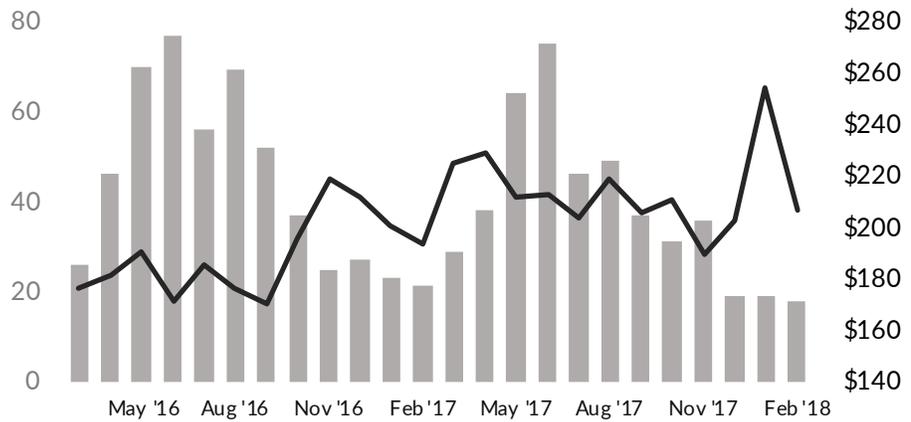
Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

Ann Arbor

Condos



Closed Sales



Summary

The number of units sold has stayed level over the past 3 months. Year-to-date sales had 37 sold condos compared to 44 at the same time last year. Both average sale price and price per square foot were up 23% and 17% respectively. Those big increases were the result of fewer low-end and more upper-end sales. Inventory in the lower and middle price ranges has been so depleted that more than half of available listings were priced over \$400k. Sales in the over-\$400k market increased, while they were down in all other price ranges. Price per square foot has dropped 22% for condos priced over \$400k YTD.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	51	13%	15	-38%	3.4	81%
\$10-150k	4	-33%	3	50%	1.3	-56%
\$150-225k	12	9%	4	-20%	3.0	36%
\$225-400k	6	200%	6	-40%	1.0	400%
\$400k+	29	12%	2	-71%	14.5	290%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	37	-16%	\$230	17%
\$10-150k	8	-33%	\$121	-2%
\$150-225k	7	-46%	\$204	25%
\$225-400k	13	-13%	\$191	-3%
\$400k+	9	125%	\$335	-22%

Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

