

# HOUSING REPORT

WASHTENAW | FEBRUARY 2018



Washtenaw County

## Importance of an Early Start in 2018

Demand for quality homes remains strong, and the January average sale price was 11% above that of a year ago for single family homes and 25% for condos. Closed sales, however, have dropped in 4 out of the last 5 months for both single family homes and condos—in part due to seasonality and in part because of depleted inventory.

Initial Inventory			
	Jan 1, '17	Jan 1, '18	
Washtenaw Single Family	583	449	-23%
Washtenaw Condo	135	101	-25%
Oakland	2985	2839	-5%
Macomb	1695	1554	-8%
Wayne	3586	3527	-2%
Livingston	523	427	-18%
St Clair	562	440	-22%

January initial inventory levels in Washtenaw County were down compared to a year ago by 23% for single family homes and 25% for condos. that make up the Southeast Region were 6% lower than December and 4% lower than a year ago.

Local demand remains strong. Many buyers who didn't find what they were looking for last year will be engaging in the market early in 2018. But a shortage of inventory will continue to restrict sales as it has been doing throughout both Michigan and the United States.

It is remarkable, and proof of healthy demand, that Washetenaw County sales have been as strong as they have been despite inventory shortages that have been going on for years. Even with the 20 to 25% lower

inventory levels, the number of homes and condos sold last year was down by only 1%.

The combination of rising prices and rising interest rates are providing a one-two punch to affordability. Since most buyers qualify based on the monthly payment they can afford, rising interest rates have a negative effect in that as they rise, the extra interest paid leaves less for principal and lowers the amount the buyer can borrow. Higher interest rates also lessen selling prices for sellers who often get hit a second time because most sellers also become buyers when it's time to find their replacement homes.

Both buyers and sellers who plan to be involved in the 2018 real estate market should do what they can to get an early start. Starting early will help buyers get through their "learning curve" of securing financing and becoming familiar with the inventory in time to grab one of the early prime-catch listings before buyer competition heats up. Early buyers will also be able to afford more home by beating both price increases and rising interest rates.

Sellers who get a jump on their competition will maximize their opportunity to expose their homes to the greatest mass of buyers and will have a chance to sell before rising interest rates take a bite out of their equity/profits. The sellers who also need to buy a replacement home will also gain the early buyer advantages on that side of their transaction.

Over time, rising interest rates and depleted inventories may cool down what is expected to be a strong 2018 market. Both buyers and sellers who get an early start this year will likely come out ahead.



Washtenaw County

# Summary



**Inventory**—Inventory dropped 7% in January compared to the prior month, but was just below where it was a year ago.

**Closed Units**—There were 81 fewer January closed sales than the prior month and 14 fewer than in January 2017. New January pendings were also down so there will likely be another month of declining sales before closing numbers begin to rise.

**Values**—Both year-to-date average sale price and price per square foot were up. The \$325k average sale price was up \$33k (11%) compared to a year ago and price per square foot was up 9%.

**Summary**—Inventory will continue to remain tight and values will continue to increase. Rising interest rates may affect both buyers and sellers as higher rates limit affordability and purchasing power.

**Inventory**—Limited inventory continues to be an issue. It has been dropping over the past several years and was down 18% compared to the same time last year.

**Closed Units**—January sales (48 units) were down 17% from January 2017.

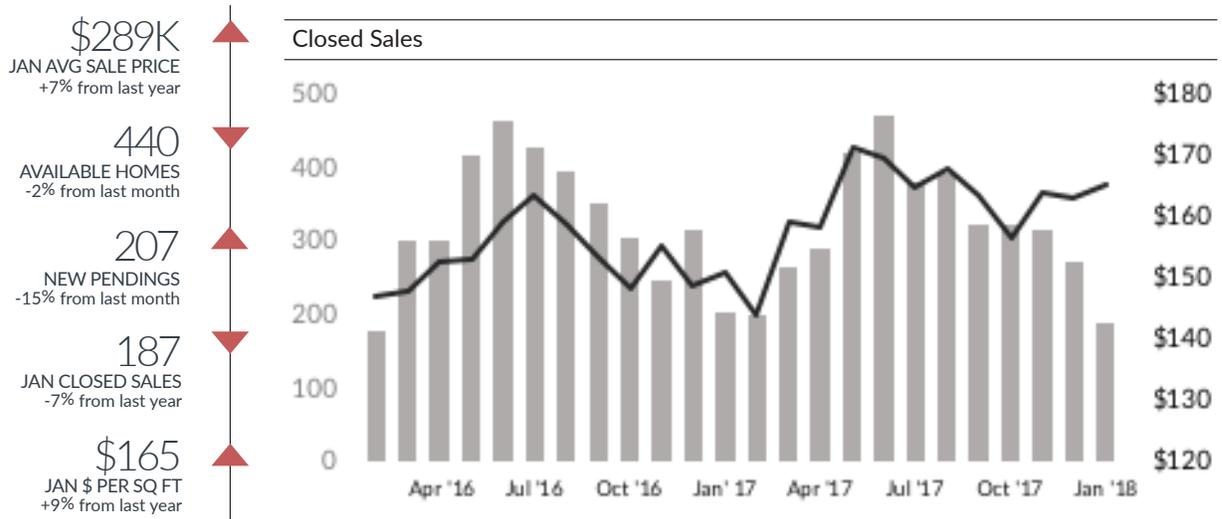
**Values**— The \$257k January average sale price jumped 25% from a year ago and price per square foot was up 34%. The jump was in large part due to a large number of high-end sales in the mix. Eight of the 48 January sales were priced over \$400k.

**Summary**—Expect tight inventory and rising values. There will probably be one more month of declining sales before the closed numbers start picking up. Growing demand will out-pace supply in most price ranges. Upper-end condos will probably continue to take longer to sell, although January kicked off the year with a large number of high-end sales.



# Washtenaw County

## Single Family Homes



### Summary

Inventory levels, which have been dropping over the past several years, were 21% lower in January than they were a year ago. January closed sales were down 7% compared to last year, and market activity fell off slightly with a 15% decline in new pendings compared to December. There were 3% fewer new pendings than January of 2017. The \$289k average sale price was up 7% from last year and price per square foot was up 9%. Look for a continuation of seasonally low inventories, strong demand and rising prices especially in the first half of 2018. Buyers and sellers should get an early start.

### Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	440	-2%	207	-15%	2.1	15%
\$10k - 200k	76	9%	63	-6%	1.2	15%
\$200k - 400k	130	-1%	89	-26%	1.5	35%
\$400k - 800k	163	-8%	46	5%	3.5	-12%
\$800k +	71	1%	9	-18%	7.9	24%

### YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	187	-7%	\$165	9%
\$10k - 200k	61	-2%	\$110	11%
\$200k - 400k	76	-23%	\$153	3%
\$400k - 800k	43	19%	\$196	7%
\$800k +	7	75%	\$251	14%

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

Inventory levels continue to drop compared to previous years. They were 18% lower in January than a year ago. The 48 January closed sales figure was down from 58 the same month a year ago, but 8 of those 48 were high-end sales priced over \$400k—compared to only 3 of the 58 last year. Those high-end January sales drove up year-over-year average values and price per square foot by 25% and 18% respectively. A high number of January pendings will also lead to increasing numbers of closed sales in coming months. Demand is strong, but inventory shortages will restrict sales and push prices higher.

## Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	103	2%	57	30%	1.8	-21%
\$10-150k	8	60%	7	-46%	1.1	197%
\$150-225k	37	12%	17	13%	2.2	-1%
\$225-400k	29	-9%	24	71%	1.2	-47%
\$400k+	29	-6%	9	350%	3.2	-79%

## YTD Closed Activity

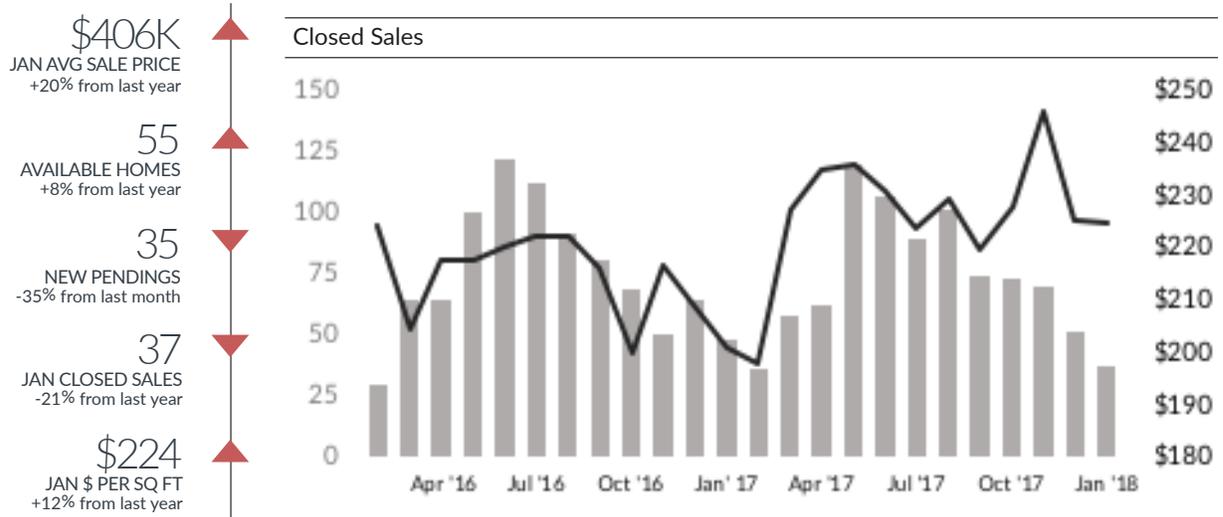
	YTD Closed	Change	YTD \$/SF	Change
All	48	-17%	\$193	18%
\$10-150k	13	-38%	\$106	14%
\$150-225k	12	-20%	\$164	9%
\$225-400k	15	-21%	\$189	-2%
\$400k+	8	167%	\$298	-11%

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

January delivered fewer sales, but bigger values. January closed sales were down 21% compared to last year. The 37 closed January sales was also down from 50 in December. The \$406k average sale price, however, was up 20% from last year and average price per square foot was up 12%. Strong demand will continue to boost prices. Higher prices and interest rates will limit affordability. Buyers who get an early season start may beat the crowds and bidding wars. They will also be able to afford more with the lower rates. Rising rates may eventually soften the market as they limit how much buyers can pay.

### Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	55	8%	35	-35%	1.6	66%
\$10k - 200k	4	33%	5	-38%	0.8	113%
\$200k - 400k	14	40%	18	-33%	0.8	110%
\$400k - 800k	20	-5%	10	-29%	2.0	33%
\$800k +	17	0%	2	-60%	8.5	150%

### YTD Closed Activity

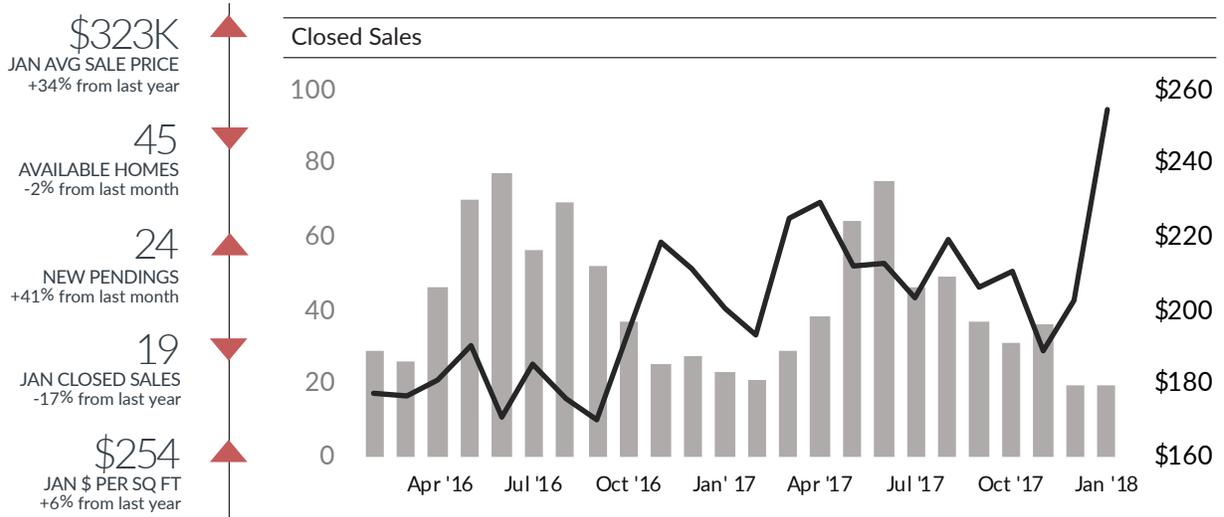
	YTD Closed	Change	YTD \$/SF	Change
All	37	-21%	\$224	12%
\$10k - 200k	4	-43%	\$144	-6%
\$200k - 400k	17	-37%	\$216	16%
\$400k - 800k	14	17%	\$225	1%
\$800k +	2	100%	\$330	15%

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



### Summary

The number of January sales (19) was even with December but down from the 23 sold in January of 2017. Average sale price was up, however, as 6 of the 19 were high-end sales priced over \$400k—compared to only 3 last year. The disproportionate number of high-end January sales drove up year-over-year average sale price by 34%. New pendings were also up in January. With 45 available listings and 24 new pendings, supply levels dropped under 2 months. The \$225-\$400k price range sizzled. Ten of the 12 available listings in that price range sold in January.

### Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	45	-2%	24	41%	1.9	-31%
\$10-150k	6	50%	2	-67%	3.0	350%
\$150-225k	11	38%	5	0%	2.2	38%
\$225-400k	2	-71%	10	150%	0.2	-89%
\$400k+	26	-4%	7	250%	3.7	-72%

### YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	19	-17%	\$254	27%
\$10-150k	5	-38%	\$123	2%
\$150-225k	3	-40%	\$254	43%
\$225-400k	5	-38%	\$196	-5%
\$400k+	6	200%	\$345	-30%

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.

