

# HOUSING REPORT

WASHTENAW | 2017 YEAR-END



2017 YEAR-END  
HOUSING REPORT

Washtenaw County

# 2017 Summary

There was little difference in how single family home and condo markets performed in 2017. Both were driven by strong buyer demand.

Although supply levels were typically 20-25% lower than the previous year, both home and condo sales were only down 1% from the previous year.

Single family home values rose by 6% while condos appreciated 8%.



The Michigan Theater, Ann Arbor, Michigan

Single Family	2016	2017	2016	2017	Condos
CLOSED SALES	3,869	↓ 3,829	1,048	↓ 1,036	CLOSED SALES
-1% from last year					-1% from last year
AVG. SALE PRICE	\$294K	↑ \$313K	\$207K	↑ \$222K	AVG. SALE PRICE
+6% from last year					+6% from last year
PRICE PER SQ. FT	\$153/SF	↑ \$162/SF	\$161/SF	↑ \$174/SF	PRICE PER SQ. FT
+6% from last year					+6% from last year
CLOSED VOLUME	\$1.1B	↑ \$1.2B	\$217M	↑ \$231M	CLOSED VOLUME
+5% from last year					+7% from last year



## Washtenaw County

# What to Expect in 2018?

### 1. Tight inventory levels

The shrinking inventory levels that we've seen over the past few years will continue through 2018. Washtenaw County inventory levels were typically 20% lower in 2017 than they were in 2016. Heading into 2018, January 1st inventory was down by 23% compared to last year. While record-low inventory levels cannot continue forever, expect them to be tight as we move through the year.

### 2. Sales will drop slightly

Despite significantly lower inventories in 2017, the number of Washtenaw County sales was only down 1%. The same depleted inventory issues that bottle-necked sales in 2017 will likely continue to do so in 2018, despite relatively strong demand.

### 3. Strong buyer demand

Demand will remain strong as record numbers of millennial buyers look for their first homes this year. Many have waited a few extra years as they paid down their student loans, but they are now the largest demographic segment of purchasers. Many buyers who didn't find what they were looking for in 2017 will also be giving it another shot this year.

### 4. Rising interest rates

Experts have been predicting rising interest rates for years. In the Fall of 2017, those predictions finally began to play out. Rates are expected to continue to rise in 2018.

Because most buyers finance their home with mortgages, the amount a typical buyer can afford to spend is limited more directly by their monthly payment than by the price. A small shift in interest may be equivalent to a significant increase in price.

### 5. Continued but slowing price appreciation

Continued strong demand combined with limited inventory levels will continue to elevate prices. Rising

interest rates and depleted inventory quality, however, will counteract that demand and may slow price growth.

### 6. Higher-priced home sales may slow

Home prices have been rising faster than income levels. In recent years, more homes than buyers have moved from the upper-middle price ranges into the luxury price markets. While demand for and values of high-end Washtenaw County homes grew in 2017, those homes often took longer to sell. As 2018 progresses, the rate of appreciation for higher-end homes may slow as it has already begun to do in adjacent Southeast Michigan markets.

### 7. Condition will be key

Across all price ranges and markets, well-maintained and premium quality homes will continue to sell quickly with multiple offers. Homes in sub-par condition will continue to sell for less and take longer to move.

### Opportunities

Both potential buyers and sellers will do well to get an early start in 2018.

**Buyers:** This year, rising interest rates coupled with the expected imbalance of supply and demand tip the scale further toward getting an early start. Most new buyers face a learning curve as they get familiar with available listings and their financing. By starting early, buyers will be ahead of their competition when some of the prime listings hit the market early in the season.

**Sellers:** Rising interest rates affect both buyers and sellers. Paying more interest takes a bite out of how much buyers can afford to pay for their homes. This reduces the seller's bottom line. Sellers who get an early start this year will ensure exposure to the biggest mass of early hungry buyers and reduce that risk of catching a flatter late-season market if interest rates do cool it down.



# Washtenaw County

Single Family Homes

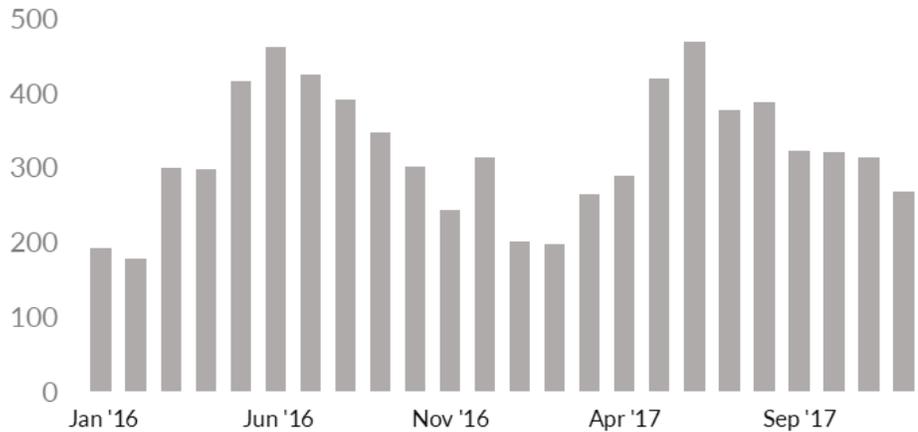
449  
JAN 1ST INVENTORY  
-23% from last year

3,829  
2017 CLOSED SALES  
-1% from last year

\$313K  
2017 AVG SALE PRICE  
+6% from last year

\$1.2B  
2017 DOLLAR VOLUME  
+5% from last month

Closed Sales



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	662	1,177	1,088	902	3,829
		-1%	0%	-7%	5%	-1%
	\$/SF	\$152	\$167	\$165	\$161	\$162
		5%	8%	4%	7%	6%
Avg Sale Price		\$294K	\$327K	\$320K	\$298K	\$313K
		5%	10%	6%	4%	6%
\$10-200k	Units	217	273	261	272	1023
		-18%	-26%	-28%	1%	-19%
	\$/SF	\$101	\$106	\$108	\$107	\$106
		5%	7%	1%	8%	5%
\$200-400k	Units	319	605	564	435	1923
		13%	9%	-1%	0%	4%
	\$/SF	\$148	\$159	\$156	\$151	\$155
		1%	5%	3%	3%	3%
\$400-800k	Units	104	267	233	174	778
		-1%	20%	13%	29%	16%
	\$/SF	\$185	\$196	\$193	\$197	\$194
		3%	0%	-1%	6%	1%
\$800k+	Units	22	32	30	21	105
		22%	14%	7%	11%	13%
	\$/SF	\$232	\$245	\$260	\$282	\$253
		1%	7%	-1%	20%	6%

## Summary

Despite tight inventories through the year, values (both average sale price and price per square foot) were up 6% in 2017.

With 3,829 homes sold and \$1.2 billion in sales, units were just below even, but dollar volume was up 5% compared to 2016.

The mix of 2017 sales contained more high-end and fewer entry-level sales.

The combination of limited inventory with both rising prices and interest rates will provide an incentive for buyers to purchase early in 2018.

Data Source: Realcomp MLS using combined Great Lakes Repository Data.  
Percent changes are year-over-year.



# Washtenaw County

## Condos

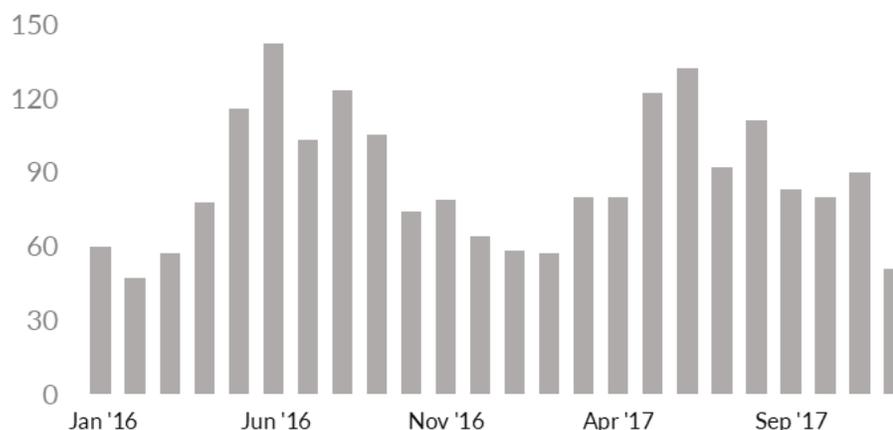
101  
JAN 1ST INVENTORY  
-25% from last year

1,036  
2017 CLOSED SALES  
-1% from last year

\$223K  
2017 AVG SALE PRICE  
+8% from last year

\$231M  
2017 DOLLAR VOLUME  
+7% from last month

Closed Sales



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	195	334	286	221	1,036
		19%	-1%	-14%	2%	-1%
	\$/SF	\$163	\$182	\$177	\$168	\$174
		3%	12%	11%	1%	8%
Avg Sale Price		\$214K	\$223K	\$228K	\$224K	\$223K
		4%	10%	13%	2%	8%
\$10-150k	Units	57	82	67	54	260
		10%	-8%	-26%	2%	-8%
\$/SF		\$96	\$120	\$108	\$109	\$109
		-8%	12%	-3%	15%	3%
\$150-225k	Units	72	129	116	89	406
		1%	-9%	-19%	-6%	-10%
\$/SF		\$148	\$158	\$153	\$150	\$153
		3%	7%	4%	2%	4%
\$225-400k	Units	57	100	75	63	295
		78%	15%	-9%	21%	17%
\$/SF		\$182	\$194	\$184	\$183	\$187
		6%	9%	4%	-3%	4%
\$400k+	Units	9	23	28	15	75
		0%	28%	87%	-12%	27%
\$/SF		\$378	\$367	\$322	\$282	\$332
		13%	21%	6%	-4%	9%

### Summary

Despite tight inventories through the year, values were up 8% in 2017.

With 1,036 condos sold and \$231 million in sales, the number of units sold was just below even, but dollar volume was up 7% compared to 2016.

The mix of 2017 sales contained more high-end and fewer entry-level sales. The number of under-\$225k condo sales dropped 10% while the number of over-\$400k sales was up 27%.

The combination of limited inventory with both rising prices and interest rates will provide an incentive for buyers to purchase early in 2018.

Data Source: Realcomp MLS using combined Great Lakes Repository Data. Percent changes are year-over-year.



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# Ann Arbor

## Single Family Homes

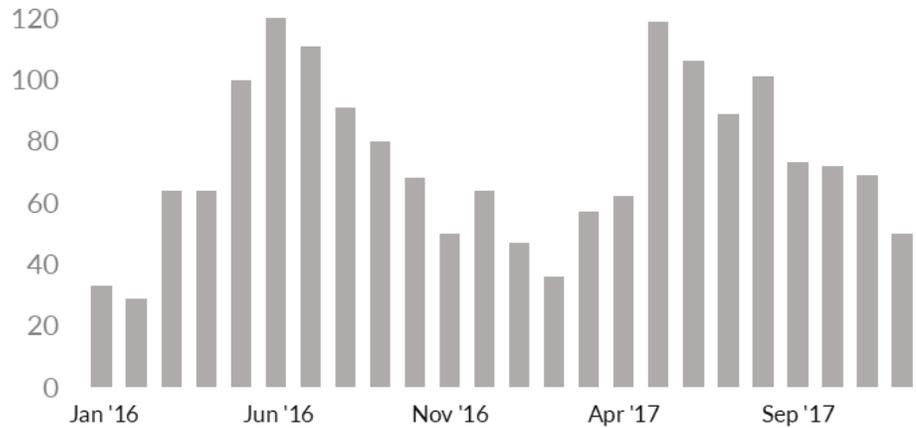
51  
JAN. 1ST INVENTORY  
-19% from last year

881  
2017 CLOSED SALES  
+1% from last year

\$400K  
2017 AVG SALE PRICE  
+8% from last year

\$352M  
DOLLAR VOLUME  
+9% from last year

Closed Sales



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	140	287	263	191	881
		11%	1%	-7%	5%	1%
	\$/SF	\$211	\$233	\$224	\$233	\$227
		3%	7%	2%	12%	6%
	Avg Sale Price	\$382K	\$416K	\$404K	\$384K	\$400K
		3%	13%	8%	4%	8%
\$10-200k	Units	14	13	16	19	62
		-30%	-61%	-45%	27%	-36%
	\$/SF	\$143	\$142	\$161	\$154	\$150
		4%	-6%	-6%	-7%	-4%
\$200-400k	Units	84	163	150	105	502
		15%	1%	-10%	-12%	-3%
	\$/SF	\$194	\$224	\$209	\$206	\$210
		-2%	11%	2%	7%	5%
\$400-800k	Units	34	96	84	58	272
		36%	19%	14%	45%	24%
	\$/SF	\$228	\$237	\$231	\$261	\$239
		4%	-2%	-1%	16%	2%
\$800k+	Units	8	15	13	9	45
		0%	50%	8%	13%	18%
	\$/SF	\$269	\$285	\$292	\$320	\$290
		11%	3%	2%	20%	7%

### Summary

Despite tight inventories through the year, both average sale price and price per square foot were up in 2017— 8% and 6% respectively.

With 881 Ann Arbor homes sold and \$352 million in sales, units were just above even, and dollar volume was up 9% compared to 2016.

The mix of 2017 sales contained more high-end and fewer entry-level sales.

The combination of limited inventory (January 1st inventory was even 19% lower than last year) with both rising prices and interest rates will provide an incentive for buyers to purchase early in 2018.

Data Source: Realcomp MLS using combined Great Lakes Repository Data.  
Percent changes are year-over-year.



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# Ann Arbor

## Condos

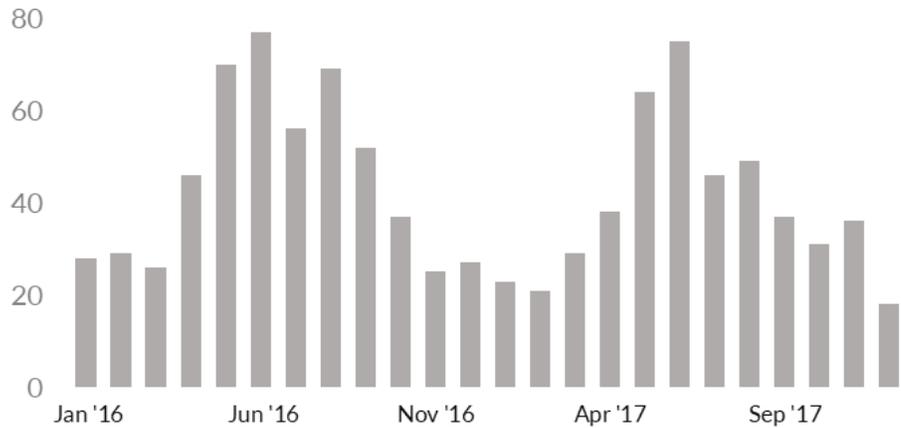
46  
JAN. 1ST INVENTORY  
-2% from last year

467  
2017 CLOSED SALES  
-14% from last year

\$259K  
2017 AVG SALE PRICE  
+14% from last year

\$121M  
2017 DOLLAR VOLUME  
-2% from last month

Closed Sales



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	73	177	132	85	467
		-12%	-8%	-25%	-4%	-14%
	\$/SF	\$208	\$216	\$210	\$199	\$210
		13%	19%	18%	-4%	14%
Avg Sale Price		270 K	250 K	265 K	261 K	259 K
		10%	14%	24%	2%	14%
\$10-150k	Units	15	35	23	18	91
		-38%	-26%	-50%	-14%	-34%
	\$/SF	\$121	\$160	\$137	\$129	\$140
		0%	25%	-3%	-2%	7%
\$150-225k	Units	25	60	46	28	159
		-17%	-22%	-38%	-18%	-26%
	\$/SF	\$176	\$177	\$178	\$163	\$174
		18%	11%	11%	-5%	9%
>\$25-400k	Units	26	63	44	28	161
		18%	15%	-4%	22%	10%
	\$/SF	\$188	\$201	\$182	\$197	\$193
		3%	10%	4%	-1%	6%
\$400k+	Units	7	19	19	11	56
		0%	36%	73%	0%	30%
	\$/SF	\$433	\$409	\$367	\$307	\$374
		20%	23%	4%	-12%	8%

### Summary

Despite tight inventories through the year, values (both average sale price and price per square foot) were up 14% in 2017.

With 447 Ann Arbor condos sold and \$121 million in sales, closed units were down 14% and dollar volume was down 2% compared to 2016.

The mix of 2017 sales contained more high-end and fewer entry-level sales. The number of under-\$225k condo sales dropped 29% while the number of over-\$400k sales was up 15%.

Data Source: Realcomp MLS using combined Great Lakes Repository Data.  
Percent changes are year-over-year.

