

# HOUSING REPORT

WASHTENAW | DECEMBER 2017



Washtenaw County

# Should Buyers Really Wait Until Spring?

## 5 Reasons to Buy This Winter

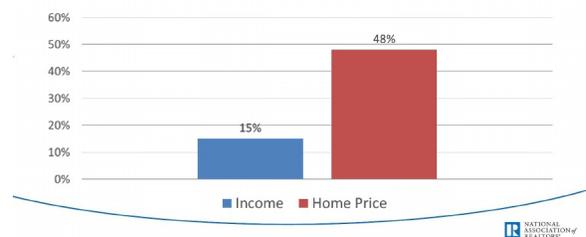
The myth that home-buyers are supposed to wait until spring is so common that it must be wired into our DNA. Sellers have life events that cause them to move all 12 months of the year— job transfers, expanding and contracting families due to births and kids moving out. New listings and good deals are available 12 months a year. Here are five factors to consider before putting off buying until spring—especially this year.

**1. Less Buyer Competition**—Through the winter, there will be less buyer competition for available homes. New winter listings that are in extraordinary condition will continue to fetch premium prices, but winter buyers will have a better chance of landing them without getting caught in the middle of a mob of multiple offers.

For the past two years, there has been a shortage of inventory that will continue through 2018. This spring, however, there will be more new buyers than new listings.

**2. Millennials**—Millennials have become the largest demographic group of buyers. In addition to the typically seasonal rush, the spring of 2018 will usher in the largest new class of millennials buyers. Many previously delayed purchasing their first home a few extra years as they paid down their student loans.

**3. Winter Bargains**—Many winter sellers who have had their homes on the market for a few months may be flexible with negotiations. Some may have started with their price too high. With fewer active winter buyers, each buyer becomes a little more special. Great year-end winter bargains will be available for buyers who know to look for them.



**4. Housing Affordability**—Since 2011, housing affordability has been dropping. Average income has risen 15% while the average home price has risen 48%. Home prices will continue to rise faster than income. For those that can, buying sooner makes more sense than buying later.

**5. Interest rates are rising**—Interest rates are higher today than they were two months ago. They are predicted to be higher in the spring than they are now. Since most buyers finance their homes, their monthly payment is a more relevant number than even the sales price. A small increase in interest rate can be equivalent to a large increase in price.

In a typical year, there are several advantages to off-season buying. This year, rising interest rates coupled with the imbalance of supply and expected spring demand tip the scale further toward buying now.

Most new buyers also face a learning curve as they get familiar with available listings and situated with their financing. By starting early, buyers will ensure themselves a better shot at securing a prize purchase over the winter or early spring.

Washtenaw County

# Summary



**Inventory**—Inventory is declining. It fell from 683 available units on November 1st to 612 on December 1st. It is down 19% compared to this time last year.

**Closed Units**—The 3,555 year-to-date closed sales number is exactly even with last year. November sales were up slightly compared to October.

**Values**—Both year-to-date average sale price and price per square foot are up 6%. They dropped slightly in November, due to slightly depleted inventory.

**Summary**—Moving into 2018, inventory will continue to remain tight and values will continue to increase. Rising interest rates may affect both buyers and sellers as limited purchasing power affects the number of buyers that can afford a home at a given price.

**Inventory**—Inventory continues to decline. It dropped 20% in the past month and 50% since December 1st last year.

**Closed Units**—The 984 number of year-to-date sales is even with last year. November sales figure were up nine units from the prior month and 10 higher than November 2016.

**Values**—Year-to-date average sale price is up 9%. But both the average sale price and price per square foot slipped in November compared to the prior month and November 2016.

**Summary**—Expect tight inventory and rising values. Growing demand will out-pace supply through the end of 2017 and into 2018 in all but higher-end markets.

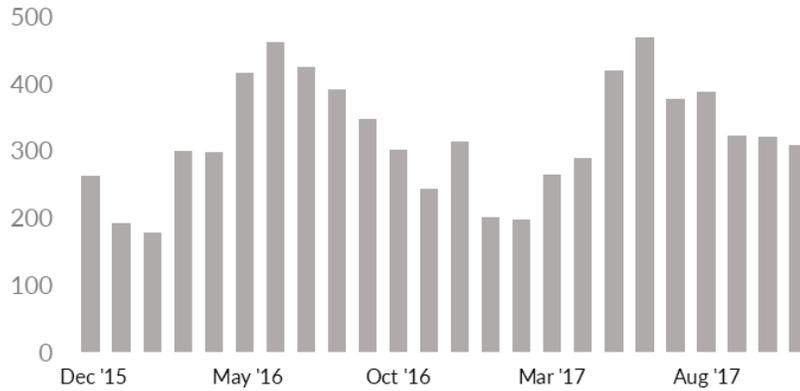


# Washtenaw County

Single Family Homes



Closed Sales



## Summary

Despite inventory being down all year and 19% lower than it was at this time last year, the 308 number of closed November sales was 64 more than the same month a year ago. Year-to-date the number of homes sold is even with last year, but average sale price and price per square foot are both up 6%. Looking ahead, there may be a temporary activity dip due to depleted inventory. Expect continued low inventory and gently rising prices in 2018. Sellers of homes priced over \$800k will continue to face tough competition. They are backed up with over 13 months of supply.

## Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	612	-21%	228	-31%	2.7	15%
\$10-200k	101	-5%	66	-24%	1.5	26%
\$200-400k	200	-31%	101	-38%	2.0	11%
\$400-800k	229	-15%	55	-30%	4.2	22%
\$800k +	82	-26%	6	100%	13.7	-63%

## YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	3,555	0%	\$162	6%
\$10k - 200k	947	-19%	\$105	5%
\$200k - 400k	1,781	7%	\$154	3%
\$400k - 800k	732	17%	\$193	1%
\$800k +	95	12%	\$252	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.

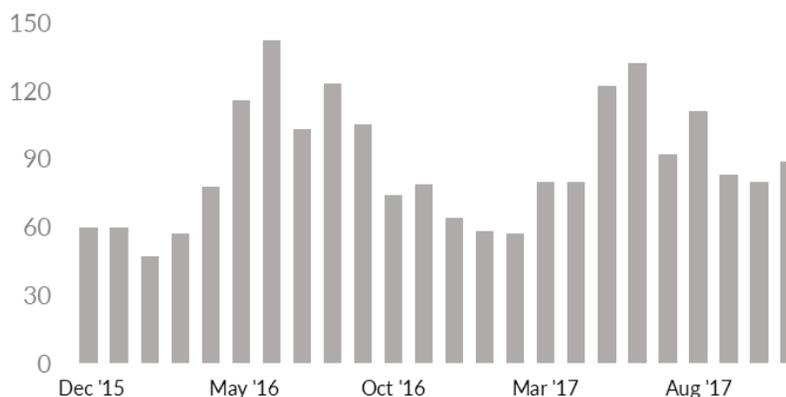


# Washtenaw County

## Condos



Closed Sales



### Summary

Despite current inventory being half of what it was a year ago (113 compared to 230), year-to-date sales are exactly even—984 closed sales through November 30th. Average sale price is up 9% from last year. The number of November closed sales rose slightly compared to the prior month, but prices gently dipped as available inventory contained fewer homes in above-average condition. While condos priced under \$400k are flying off the shelves, there is an eight month supply of over-\$400k units. Expect continuing tight inventory and rising prices through 2018.

### Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	113	-20%	79	10%	1.4	-27%
\$10-150k	5	-58%	22	57%	0.2	-73%
\$150-225k	32	-3%	31	19%	1.0	-19%
\$225-400k	35	-33%	21	0%	1.7	-33%
\$400k +	41	-7%	5	-55%	8.2	105%

### YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	984	0%	\$174	8%
\$10-150k	246	-8%	\$108	1%
\$150-225k	383	-11%	\$153	5%
\$225-400k	281	20%	\$186	4%
\$400k +	74	32%	\$331	9%

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.

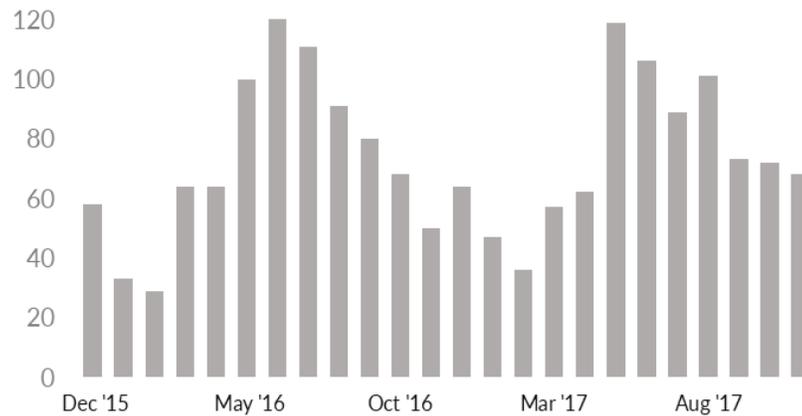


# Ann Arbor

## Single Family Homes



Closed Sales



### Summary

The number of available Ann Arbor listings (83) is less than half of the 176 that were available at this time last year. Despite lack of inventory, year-to-date sales are up slightly compared to last year. Values have increased 9% in the past year. Both average sale price and average price per square foot were up in November compared to the prior month. While sales will temporarily fall off due to the lack of inventory, demand will continue to outweigh supply through the winter. However, with 9 months of supply of over-\$800k listings, higher-end sellers will compete hard to attract fewer buyers.

### Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	83	-16%	44	-41%	1.9	43%
\$10-200k	5	-29%	1	-86%	5.0	400%
\$200-400k	25	-7%	22	-51%	1.1	89%
\$400-800k	35	-17%	19	6%	1.8	-21%
\$800k +	18	-22%	2	-60%	9.0	96%

### YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	830	2%	\$227	6%
\$10-200k	55	-43%	\$150	-3%
\$200-400k	474	0%	\$211	5%
\$400-800k	259	24%	\$239	2%
\$800k +	42	24%	\$287	6%

Data source: Realtor.com 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.

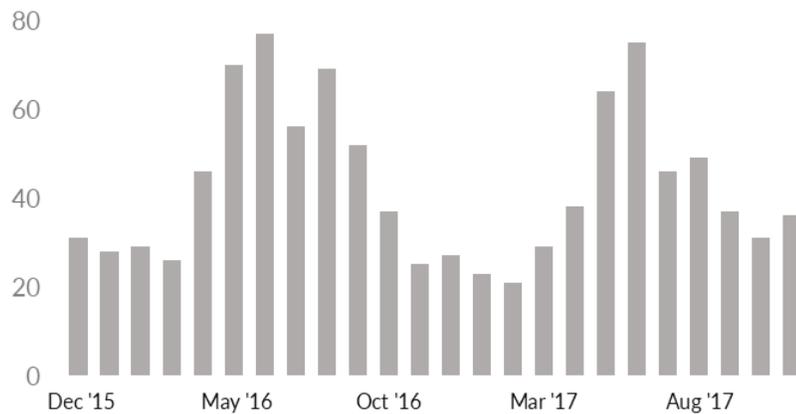


# Ann Arbor

## Condos



Closed Sales



### Summary

Year-to-date, the number of sales is down 13%. Average sale price and price per square foot are 15% higher than they were a year ago. November had more sales than October, but values slipped slightly due to depleted inventory. Late in the year, there are fewer prime properties available—the ones that sell for the highest prices. Moving forward, expect tight inventories and continued rising prices in 2018. Over time, increasing interest rates may reduce affordability—both buying and selling sooner makes sense.

### Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	65	0%	35	9%	1.9	-9%
\$10-150k	2	-33%	8	60%	0.3	-58%
\$150-225k	10	-9%	12	33%	0.8	-32%
\$225-400k	10	-33%	10	-17%	1.0	-20%
\$400k +	43	19%	5	-17%	8.6	43%

### YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	449	-13%	\$209	15%
\$10-150k	87	-34%	\$139	5%
\$150-225k	152	-26%	\$174	10%
\$225-400k	155	13%	\$191	6%
\$400k +	55	34%	\$373	9%

Data source: Realtor.com 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.

