HOUSING REPORT

WASHTENAW | JUNE 2018

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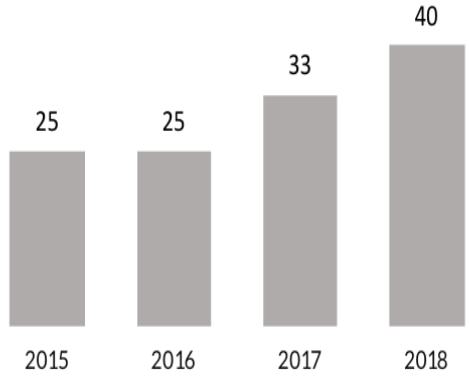
Winning The Deal

Available listings have been down over 30% from 2 years ago. The shortage of move-in-ready listings has created a feeding frenzy that heats up when sharp new listings (the kind our buyers all want) hit the market. Through May, over half of homes sold in Washtenaw County have sold in 10 days or less. Fifty-six percent of sales have been at or above asking price.

As well-appointed premium listings have become scarce in all price ranges, buyers are moving quickly with multiple and over-asking price offers.

It often takes two or three painful losing bids before buyers figure out what it takes. Here's where agent coaching becomes important. Making any offer should start with a conversation with the listing agent to uncover the seller's hot buttons. It's not always price.

Percentage of Sales Above List Price



Here are 10 tools that can be used individually or in combination to help our clients win the deal.

1. **Cash Offer**—Cash is king and eliminates potential risks perceived by seller. Not everyone has the luxury of paying cash, but don't overlook this possibility when discussing options with buyers.
2. **Escalation Clause**—This method is intended to squeeze out the competition by offering "$xxx" more than any other offer received. Be sure to include a ceiling cap, or you may run the risk of the appraisal coming in short—our next point.
3. **Appraisal Waiver**—If your client has the financial ability to put more down, the offer might include "not subject to property appraising for value." Be sure buyer and lender are on board with this prior to making such an offer.
4. **Extended/Free Seller Occupancy**—With fewer homes on the market, sellers may need time to find their next home before they can move. Offering to extend post-closing occupancy, or letting the seller stay for free might sweeten the deal.
5. **Letter from Buyer to Seller**—Building a connection and making the transaction more about the people than the money sometimes helps a buyer gain an advantage. Keep it short, stay positive, and thank the seller for considering your offer.
6. **Larger EMD**—Money talks. Increasing the EMD sends the message that your client is committed. It helps reduce the seller's risk that the transaction will fail.
7. **Inspection Waiver**—You don't need to completely waive the inspection if you arrange to have your buyer bring the inspector on the initial showing. Do an abbreviated inspection during the initial showing so it's taken care of before going under contract.
8. **Increase Down Payment**—The larger down payment reduces risk to the seller that your buyer will run into financing issues while completing the transaction.
9. **Strong Pre-Approval**—The fewer contingencies in the approval letter the stronger it will be. Some pre-approval letters have more holes than Swiss cheese. Work with your client and their lender to make sure yours doesn't.
10. **Be Likable, Professional, and Easy to Work with**—It isn't always the biggest offer that takes it. Sellers often base their decisions on perceived risk and sometimes because they like that you and your client showed respect when you took your shoes off for the showing.

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Summary

Single Family

2017 vs 2018

691	666 JUNE 1ST INVENTORY -4% from last year
1370	1263 YTD CLOSED SALES -8% from last year
$309K	$331K YTD AVG SALE PRICE +7% from last year
$159/SF	$172/SF YTD PRICE PER SQ. FT. +8% from last year
$424M	$417M YTD SALES VOLUME -1% from last year

Inventory—While June 1st inventory was up 24% from the prior month, it continues to be low compared to prior years. It was down 4% compared to the same time last year.

Closed Units—Closed sales jumped 24% in May, but were down 8% compared to last year.

Values—Both average sale price and price per square foot rose in May. Year-to-date average sale price was up 7% and price per square foot was up 8%.

Summary—Depleted inventory levels continue to challenge buyers, especially at the lower and middle price levels. Heated buyer competition for the best listings at all price levels have been leading to multiple offers. More than half of the Washtenaw County single family homes (56%) have sold at or above asking price.

Condos

2017 vs 2018

163	195 JUNE 1ST INVENTORY +20% from last year
397	311 YTD CLOSED SALES -22% from last year
$219K	$250K YTD AVG SALE PRICE +14% from last year
$172/SF	$185/SF YTD PRICE PER SQ. FT +7% from last year
$87M	$78M YTD SALES VOLUME -11% from last year

Inventory— June 1st condo inventory was up 18% from the prior month. Inventory was higher than it was at the same time last year. However, there was only one month of supply in all but the over-$400k price range.

Closed Units—The 101 May closed sales was a 38% increase compared to the prior month, but year-to-date sales were down 22% compared to last year.

Values— Both average sale price and price per square foot slipped slightly in May. Year-to-date, the $250k average sale price was up 14% from last year.

Summary—While inventory is up slightly from last year, there is a significant shortage of quality listings, particularly in the lower and middle price ranges. The shortage has fueled buyer competition and multiple offers that have 64% of condos selling at or above asking price.

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Washtenaw County

Single Family Homes

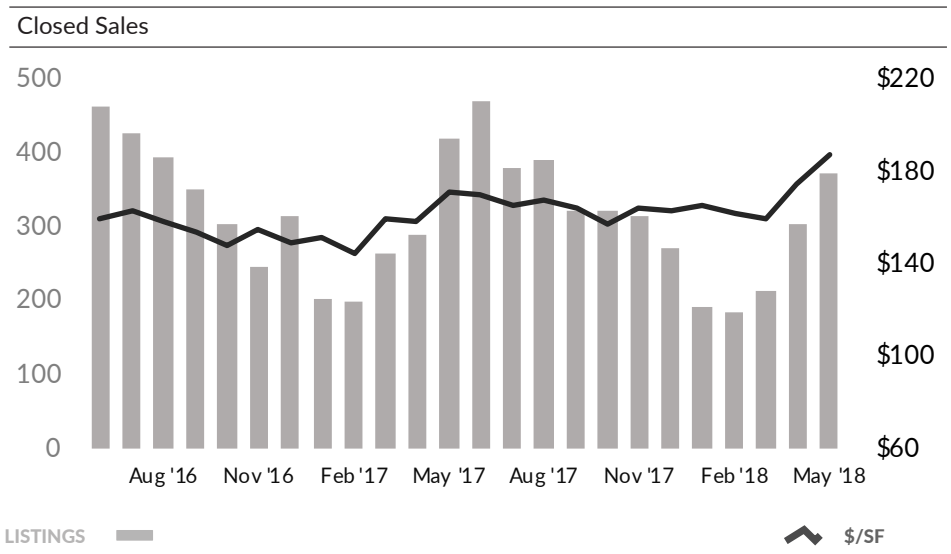
$330K
YTD AVG SALE PRICE
+7% from last year

666
AVAILABLE HOMES
+24% from last month

371
NEW PENDINGS
+2% from last month

1263
YTD CLOSED SALES
-8% from last year

$172
YTD PRICE PER SQ FT
+8% from last year



Summary

Compared to the prior month, May market activity was up across the board. Available listings, new pendings, closed sales, average sale price and price per square foot were all up. Year to date, however, closed sales were down 8% but average sale price and price per square foot were both up —7% and 8% respectively. In all price ranges, the best listings are selling fast with multiple offers. Year-to-date through May, 56% of Washtenaw single-family sales sold at or above asking price. Many of those sales involved multiple offers from buyers competing for the same property. Buyers in entry and mid-level price ranges continue to deal with depleted inventories that often contain less than a month of supply.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	666	24%	371	2%	1.8	21%
$10-200k	66	144%	82	105%	0.8	19%
$200-400k	219	19%	183	-20%	1.2	48%
$400-800k	283	16%	95	9%	3.0	6%
$800k+	98	18%	11	38%	8.9	-14%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	1263	-8%	$172	8%
$10-200k	287	-24%	$116	13%
$200-400k	648	-6%	$162	5%
$400-800k	295	13%	$201	6%
$800k+	33	-15%	$232	-1%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot ($/SF)

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Washtenaw County

Condos

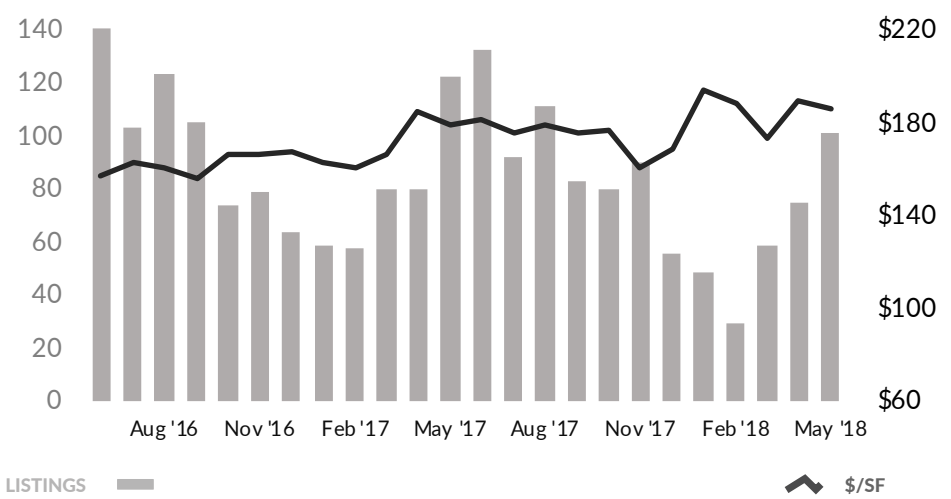
$249K
YTD AVG SALE PRICE
+14% from last year

195
AVAILABLE HOMES
+18% from last month

122
NEW PENDINGS
+47% from last month

311
YTD CLOSED SALES
-22% from last year

$185
YTD PRICE PER SQ FT
+7% from last year



Summary

May condo activity was up compared to the prior month. Available listings, new pendings, and closed sales all rose. Average price and price per square foot dipped slightly. Year to date closed sales were down 22% but the $249k average sale price was up 14%. The net effect of fewer sale and higher prices had sales volume for Washtenaw County condos down 11%. In all price ranges, the best listings are selling fast with multiple offers. Year-to-date, 64% of Washtenaw condo sales sold at or above asking price. Many of those sales involved multiple offers from buyers competing for the same property. Buyers in entry and mid-level price ranges continue to deal with depleted inventories that often contain less than a month of supply.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	195	18%	122	47%	1.6	-20%
$10-150k	8	100%	24	33%	0.3	50%
$150-225k	45	-2%	40	100%	1.1	-51%
$225-400k	65	27%	45	32%	1.4	-4%
$400k+	77	20%	13	18%	5.9	2%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	311	-22%	$185	7%
$10-150k	64	-41%	$119	10%
$150-225k	84	-42%	$150	-1%
$225-400k	130	5%	$190	1%
$400k+	33	57%	$300	-21%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot ($/SF)

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Ann Arbor

Single Family Homes

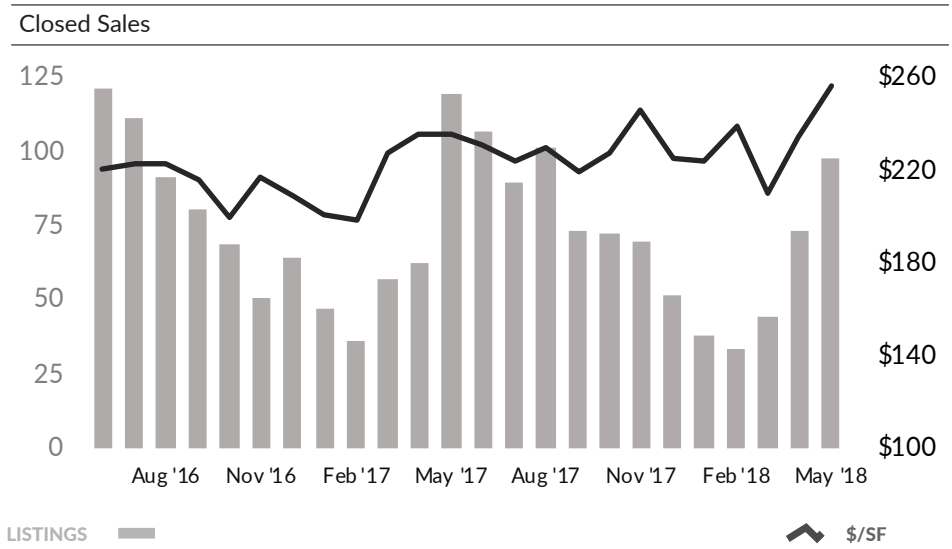
$408K
YTD AVG SALE PRICE
+3% from last year

122
AVAILABLE HOMES
+100% from last month

104
NEW PENDINGS
+27% from last month

285
YTD CLOSED SALES
-11% from last year

$236
YTD PRICE PER SQ FT
+5% from last year



Summary

Compared to the prior month, May market activity was up across the board. Available listings, new pendings, closed sales, average sale price and price per square foot were all up. Year to date, however, closed sales were down 11% but average sale price and price per square foot were both up— 3% and 5% respectively. In all price ranges, the best listings are selling fast with multiple offers. Year-to-date, 67% of Ann Arbor single family sales sold at or above asking price. Many of those sales involved multiple offers from buyers competing for the same property. The entry and mid-level price ranges continue to be challenged with depleted inventory levels that often contain less than a month of supply.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	122	100%	104	27%	1.2	58%
$10-200k	5	-38%	3	-25%	1.7	-17%
$200-400k	40	111%	53	23%	0.8	71%
$400-800k	55	189%	42	50%	1.3	93%
$800k+	22	47%	6	-14%	3.7	71%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	285	-11%	$236	5%
$10-200k	20	5%	$161	14%
$200-400k	149	-22%	$227	6%
$400-800k	101	5%	$240	3%
$800k+	15	7%	$291	6%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot ($/SF)

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Ann Arbor

Condos

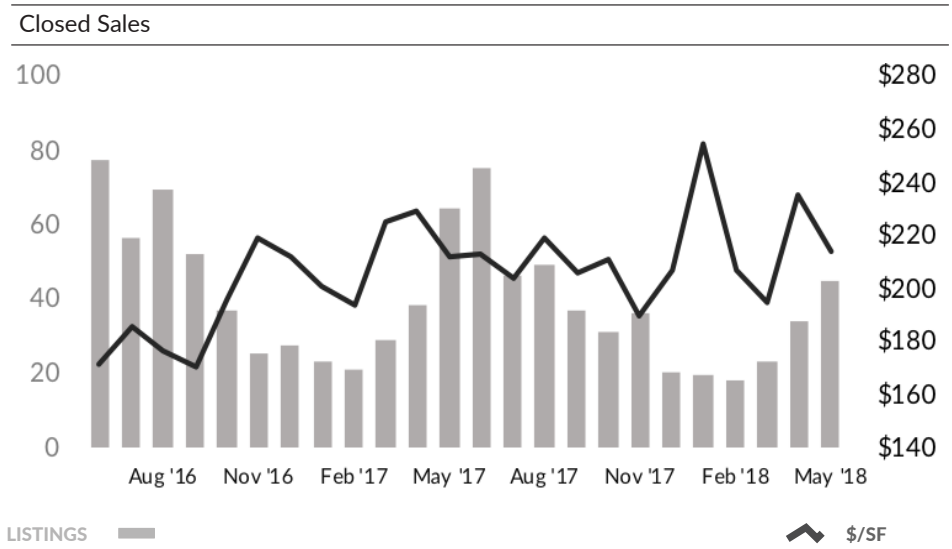
$283K
YTD AVG SALE PRICE
+10% from last year

84
AVAILABLE HOMES
+38% from last month

56
NEW PENDINGS
+60% from last month

139
YTD CLOSED SALES
-21% from last year

$220
YTD PRICE PER SQ FT
+3% from last year



Summary

May condo activity was up compared to the prior month. Available listings, new pendings, and closed sales all rose. Average price and price per square foot dipped slightly. Year to date closed sales were down 21% but the $283k average sale price was up 10%. The net effect of fewer sale and higher prices had closed sales volume for Ann Arbor condos down 13%. In all price ranges, the best listings are selling fast with multiple offers. Year-to-date, 67% of Ann Arbor condo sales sold at or above asking price. Many of those sales involved multiple offers from buyers competing for the same property. Buyers in entry and mid-level price ranges continue to deal with depleted inventories that often contain less than a month of supply.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	84	38%	56	60%	1.5	-14%
$10-150k	1	0%	8	0%	0.1	0%
$150-225k	15	25%	14	180%	1.1	-55%
$225-400k	27	93%	26	73%	1.0	11%
$400k+	41	21%	8	14%	5.1	6%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	139	-21%	$220	3%
$10-150k	27	-31%	$143	-3%
$150-225k	27	-49%	$185	5%
$225-400k	61	-8%	$198	0%
$400k+	24	41%	$336	-22%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot ($/SF)

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