



HOUSING REPORT

WASHTENAW | MARCH 2019

Advantage Realty

Always Moving Forward

Washtenaw County

Market Overview

Inventory levels are up significantly in Washtenaw County over last year—54% for single family and 80% for condos. February sales activity showings and new pendings were up for both single family homes and condos, but single family closed sales dropped 3% in February compared to the prior month.

Despite the extra inventory, single family sales got off to a slow start. YTD closed sales, average price and closed volume were all down in the first two months of the year compared to last year.

This year's additional inventory seems to be helping condo sales. Closed condo sales, average price and closed volume were all up significantly through February.

Despite the additional inventory, sales in the entry level markets continue to shrink as there continues to be a shortage of available move-in-ready homes in the entry and middle-priced markets.

Developers have generally been focused on the luxury markets—especially with condos. Last year at this time

there 34 available condos priced over \$400k. This year, there are 98. Luxury condo markets are getting saturated with inventory and as a result upper-end values are showing signs of leveling off. That hasn't been as much of an issue with single family homes.

While market conditions are generally shifting in a direction less favorable to sellers, the movement isn't necessarily favoring buyers. As prices, interest rates and property taxes rise over time, potential buyers are getting priced out. Many won't be able to afford the same home they could have purchased a year or two ago.

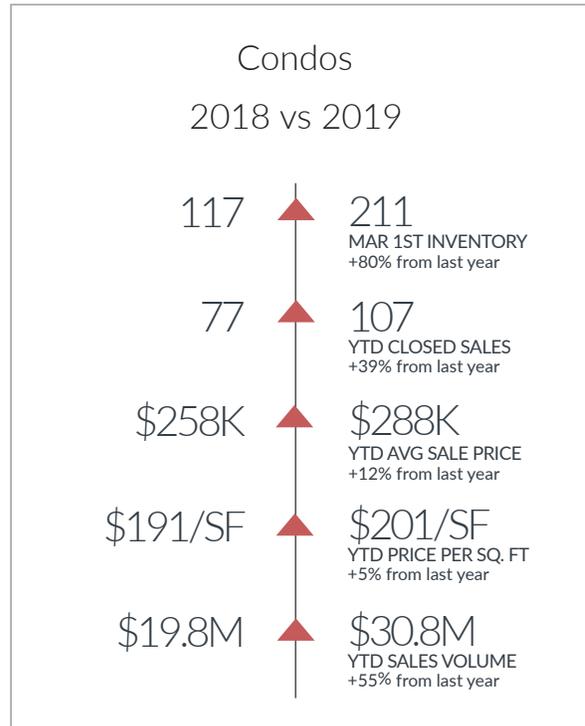
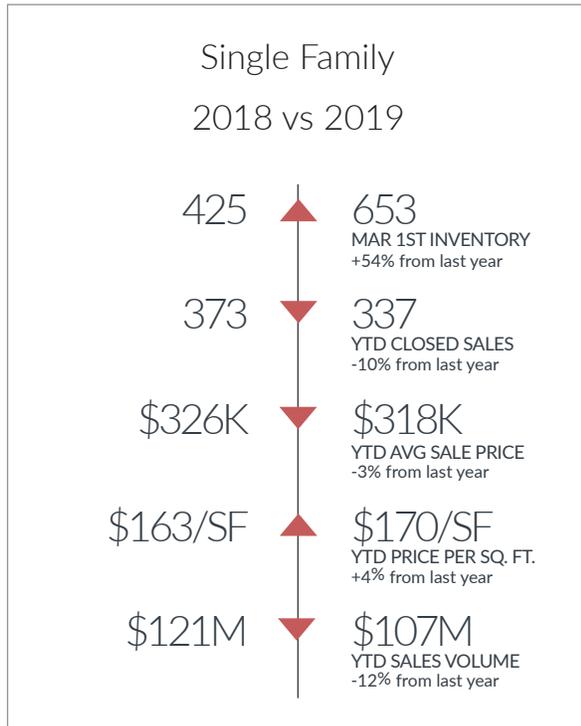
Although prices are increasing at a slower rate than they were, they continue to rise in most markets. Interest rates which had a slight downward adjustment are expected to continue to rise over the longer term and property tax assessments which generally lag a year or two behind values will continue to rise for a couple years even after prices level. For anyone thinking of buying or selling in the next few years, moving sooner rather than waiting would be wise.

Opportunities

Sellers: More buyers can afford your home today than will be able to afford it later this year or next year. There is a shortage of affordable move-in-ready homes. Buyers will still pay a premium to be able to move into nicely finished homes. As most sellers need to purchase a replacement property, the “buyer advantages” are also relevant to most sellers.

Buyers: Prices, interest rates and property tax assessments will all continue to rise this year. If you are planning to move in the next couple of years, you may want to think about doing so sooner rather than waiting. Many younger buyers are delaying their move while saving to build up a larger down payment. For most buyers their target home is moving out of reach faster than they can save. Talk to your lender. Many younger buyers strapped with school debt are also getting help from family members. Without being reckless, it may be a wise financial move to lock into a new home before it moves further out of reach.

Summary



Inventory— Heading into March, inventory levels were 53% higher than a year ago. Despite the additional inventory, many entry-level buyers are still having a hard time finding available move-in-ready homes.

Closed Units— Through the first two months of the year, sales were down 10% from last year. They have been off in all price ranges.

Values— YTD average sale price was down 3% but price per square foot was up 4%. That combination suggests values are about even with they were last year at this time. While we're expecting to see some increase, the rate of increase will be slower than in past years.

Summary— Expect rising inventories. While the market shifts away from sellers, it's not necessarily going to be more favorable for buyers. For both buyers and sellers, moving sooner rather than waiting may be wise.

Inventory— Condo inventory has nearly doubled since this time last year. There are as many brand new units as the total number of units that were available at the same time last year. The average list price of a new unit is over \$500k.

Closed Units— Through the first two months of the year, Washtenaw condo sales were up 39%. Nearly 1 out of 5 of those sales were new development units.

Values— Both YTD average price and price per square foot are up—12% and 5% respectively. Oversupply of luxury units may create upper-end competition and cause those values to level off or even drop.

Summary— Higher-end new construction is building up. Buyer opportunities may show themselves if the number of new construction units continues to increase.



Washtenaw County

Single Family Homes

653
AVAILABLE HOMES
+21% from last month

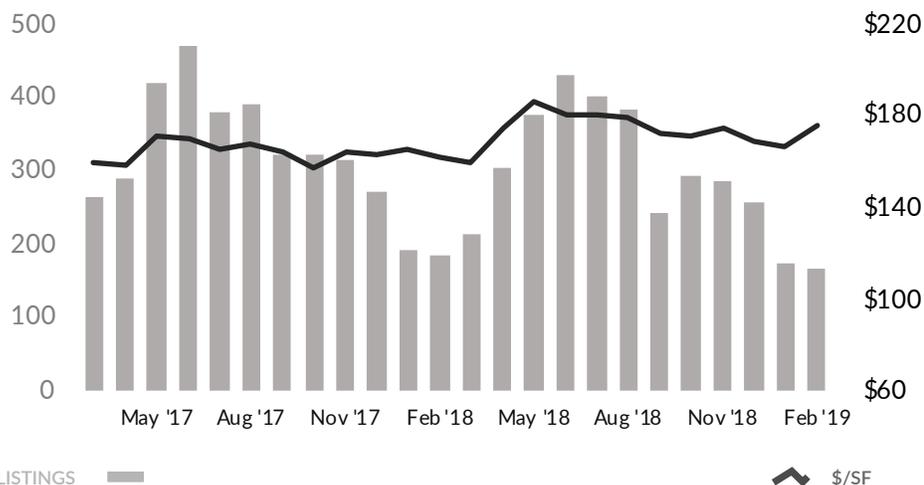
195
NEW PENDINGS
+2% from last month

337
YTD CLOSED SALES
-10% from last year

\$317K
YTD AVG SALE PRICE
-3% from last year

\$170
YTD PRICE PER SQ FT
+4% from last year

Closed Sales



Summary

Inventory jumped by 21% from the previous month and 54% compared to the beginning of March last year. Despite the extra inventory, new pendings were up only 2% from the prior month and 8% from the same month last year. March closed sales were down compared to both last month and the same month last year. Moving into spring, expect market activity and closed sales to pick up. YTD values have generally been level (average price down but price per square foot up about the same amount). Values are expected to continue rising this year, but at a slower rate than in the past. High-end prices will be the first to level off.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	653	21%	195	2%	3.3	18%
\$10-200k	84	17%	48	-13%	1.8	34%
\$200-400k	249	38%	97	20%	2.6	15%
\$400-800k	254	13%	42	-19%	6.0	40%
\$800k+	66	6%	8	167%	8.3	-60%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	337	-10%	\$170	4%
\$10-200k	93	-11%	\$110	2%
\$200-400k	162	-6%	\$164	8%
\$400-800k	74	-9%	\$208	4%
\$800k+	8	-47%	\$225	7%

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



Washtenaw County

Condos

211
AVAILABLE CONDOS
+8% from last month

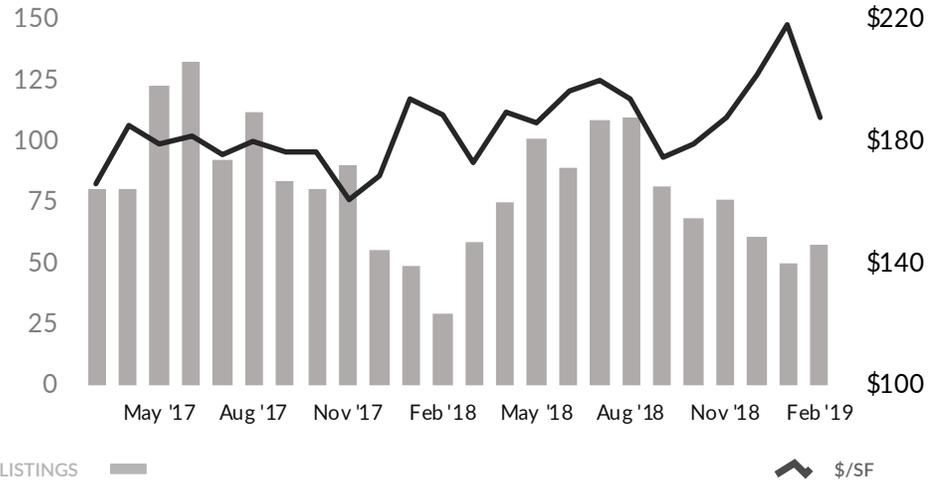
67
NEW PENDING
+18% from last month

107
YTD CLOSED SALES
+39% from last year

\$388K
YTD AVG SALE PRICE
+12% from last year

\$219
YTD PRICE PER SQ FT
+13% from last year

Closed Sales



Summary

Inventory is up 8% from last month and 80% from last year. The large jump is due in large part to new construction developments that have hit market in the past year. These new developments are also driving up the average sales price, as a greater proportion of sales are these brand-new units. About 20% of this year's sales have been brand new units and these new units carry an average list price in excess of \$500k. Through the first 2 months of the year, there were 19 new units sold with an average sale price of \$475k.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	211	8%	67	18%	3.1	-8%
\$10-150k	14	40%	10	11%	1.4	26%
\$150-225k	40	0%	26	44%	1.5	-31%
\$225-400k	59	5%	21	17%	2.8	-10%
\$400k+	98	10%	10	-17%	9.8	32%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	49	2%	\$219	13%
\$10-150k	9	-31%	\$130	22%
\$150-225k	14	17%	\$170	4%
\$225-400k	11	-27%	\$195	3%
\$400k+	15	88%	\$287	-4%

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



Ann Arbor

Single Family Homes

114
AVAILABLE HOMES
+46% from last month

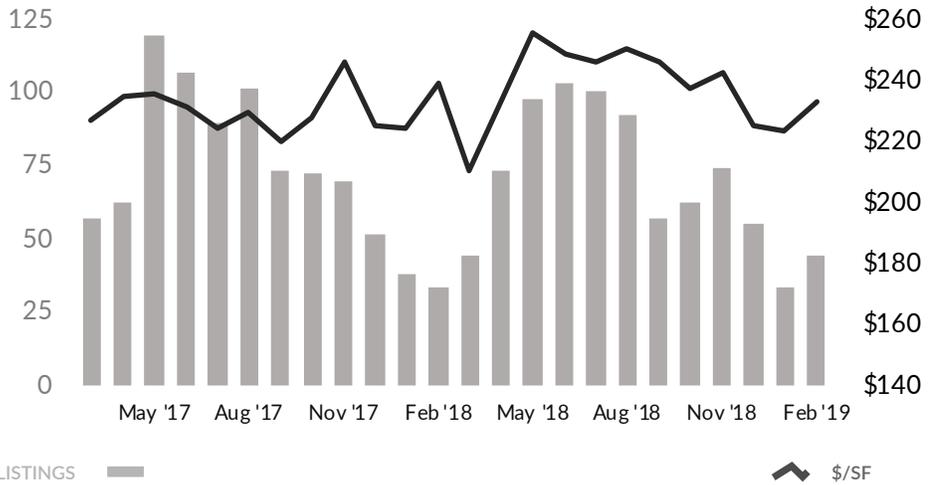
50
NEW PENDINGS
+14% from last month

77
YTD CLOSED SALES
+8% from last year

\$403K
YTD AVG SALE PRICE
-1% from last year

\$228
YTD PRICE PER SQ FT
-1% from last year

Closed Sales



Summary

Ann Arbor inventory is up 14% from the prior month and 46% from the same time last year. While the number of sales is also up, values have been leveling. Both average sale price and price per square foot are just below where they were at this time last year. YTD closed volume 7% ahead of last year's pace—higher than it's been through the first two months of previous years. Looking ahead, despite the additional inventory, expect a continued shortage of move-in-ready homes in the entry and middle price ranges. In the upper price ranges, however, expect inventory to build up and prices to level or adjust down.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	114	46%	50	14%	2.3	29%
\$10-200k	4	33%	4	33%	1.0	0%
\$200-400k	43	95%	26	37%	1.7	43%
\$400-800k	57	33%	17	-23%	3.4	72%
\$800k+	10	0%	3	-	3.3	-

YTD Closed Activity

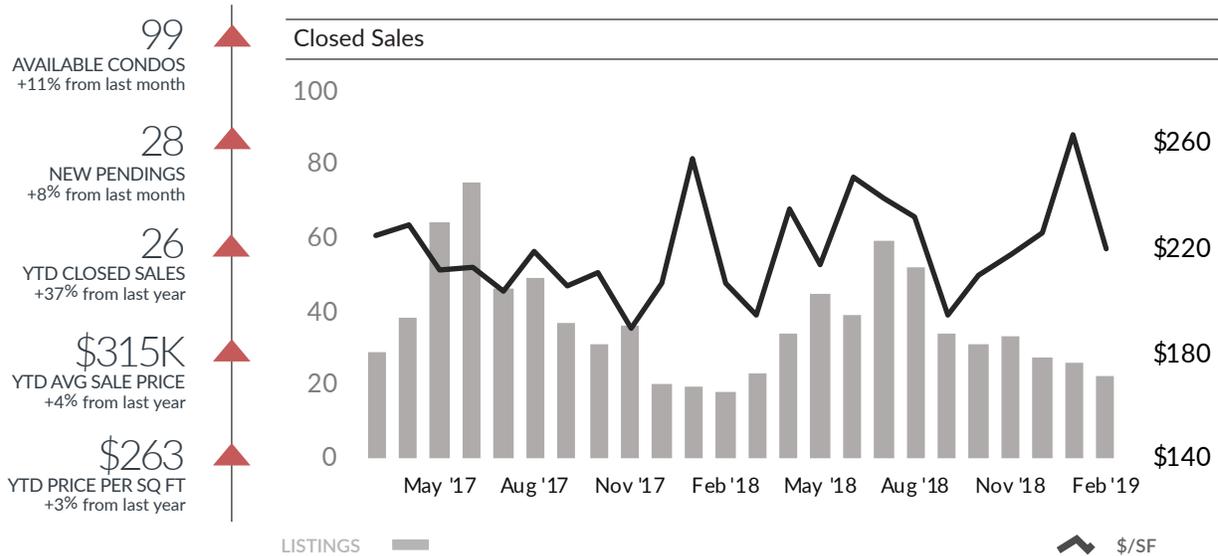
	YTD Closed	Change	YTD \$/SF	Change
All	77	8%	\$228	-1%
\$10-200k	7	0%	\$162	6%
\$200-400k	39	18%	\$229	6%
\$400-800k	29	7%	\$233	-6%
\$800k+	2	-50%	\$242	-2%

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



Ann Arbor

Condos



Summary

Inventory rose 11% from last month and is nearly double what it was a year ago. Two-thirds of the available Ann Arbor condos are priced over \$400k while there remains a shortage affordable units. Twenty of Ann Arbor's available condos have never been lived in and they have an average asking price in excess of \$800k. Look for upper-end markets to become saturated. Those values will be the first to level and decline. At the same time, there will be an inventory shortage in the entry and middle price ranges—those buyers will continue to compete for the short supply of affordable move-in-ready listings.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	99	11%	28	8%	3.5	3%
\$10-150k	6	0%	4	33%	1.5	-25%
\$150-225k	12	20%	8	60%	1.5	-25%
\$225-400k	14	-7%	9	0%	1.6	-7%
\$400k+	67	16%	7	-22%	9.6	49%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	26	37%	\$263	3%
\$10-150k	6	20%	\$137	11%
\$150-225k	6	100%	\$203	-20%
\$225-400k	5	0%	\$219	12%
\$400k+	9	50%	\$345	0%

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

