



HOUSING REPORT

WASHTENAW | JUNE 2019

Advantage Realty

Always Moving Forward

Washtenaw County

Buyers Want Move-in-Ready Homes

Buyers' interests and expectations aren't the same as they were when many of today's sellers bought. Years of watching made-up "shows" on HGTV, passing through a major recession, and all of the online information and misinformation have combined to change buyers' interests and expectations. To maximize their profits, sellers need to understand that the hot buttons which motivated them when they bought have changed.

Home Projects are No Longer Popular

In the late '90s and pre-recession 2000s, financial speculation often played a substantial role in buyer decisions. Buyers wanted the biggest home they could afford in a nice neighborhood. Ironically, the demand for fixer-uppers was so high that buyers often paid premiums for homes that needed work because of their perception that those properties provided the greatest sweat equity potential.

While homes will always be thought of as an investment, today's buyers are more interested in their homes being a base from which they can enjoy their busy/fun lifestyle after long days at work. The last thing buyers want is to come home from work to a property that needs work.

Today's Housing Stock is Tired

The majority of available listings need work. Homeowners weren't investing in new kitchens and baths during the recession. Homes that needed updates 15 or 20 years ago need them even more today. Many of the roofs, windows, driveways, and furnaces in today's listings hit retirement age years ago. Most of today's listings need updating at a

time when buyers are not interested in buying into someone else's unresolved problems.

Baby-boomers and their parents had home workshops, toolboxes and time. Remember your grandfather's pegboards with outlined tools? Homeowners often felt a sense of accomplishment when they had a chance to use their stuff.

The priorities of today's buyers are different. Instead of tools and time, today's buyers have smartphones for figuring out what needs to be done and who can do it best. They have busier lives. They have no interest nor time to "tinker" and do the projects that a seller never got around to.

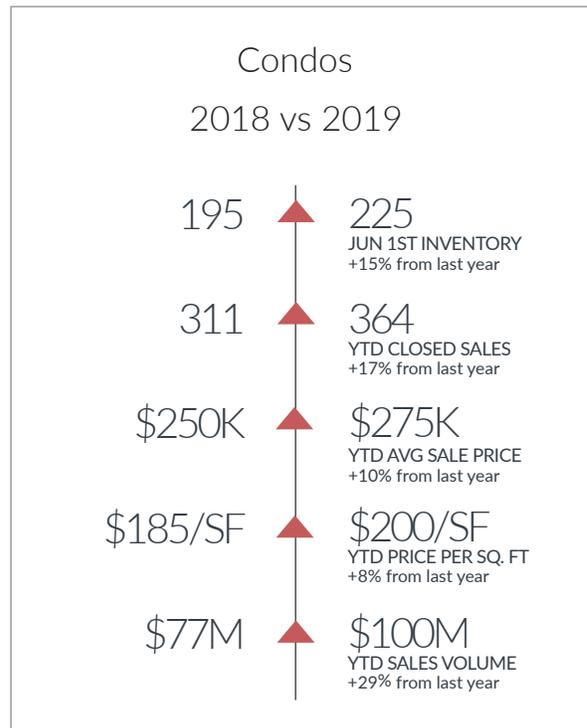
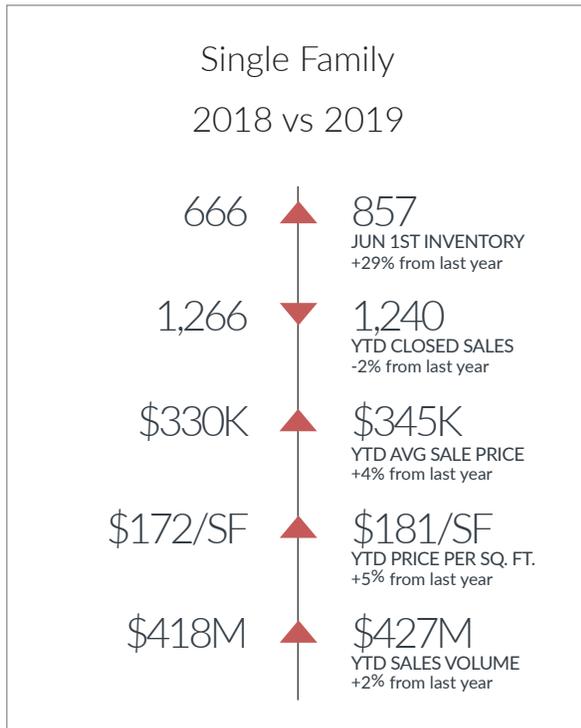
Financing Improvements is Harder

Pre-recession home-equity loans were easily available and a popular way to finance updates. As values were expected to continue rising, the focus was more on how much money was needed for the project as opposed to existing equity. Post-recession, equity loans are harder to come by. Most buyers don't have the cash or equity needed to finance improvement projects.

There are three primary reasons that affordable move-in-ready homes are so popular and sell for so much. First, buyers don't want the hassle of having to get the work done. Second, there is a shortage move-in-ready listings. Third, the cost of improvements previously completed by sellers can be rolled into the sale price and financed through the buyer's new mortgage.

The shortage of move-in-ready listings is even more extreme with entry-level properties. Move-in-ready homes are what buyers want. They sell quickly and buyers are willing to pay a premium for them.

Summary



Inventory—Available listings are up 17% from a month ago and 29% from last year.

Closed Units—May closed sales rose by 54 units compared to the prior month and were even with sales from June of last year. YTD, they are down by 2% compared to last year.

Values—Prices continue to climb. The average price (\$345k) is up 4% from a year ago and the average price per square foot is up 5%. In most surrounding area markets, prices of higher-end homes have been leveling. Prices of Washtenaw County luxury homes, however, continue to rise at a faster pace than all other price ranges.

Summary—Despite growing inventory, there remains a shortage of move-in-ready homes. Those properties continue to sell quickly with multiple over-asking offers.

Inventory—Available listings are down 13% from a month ago, but 15% higher than this same time last year.

Closed Units—June closed sales fell off by 4 units compared to the previous month and was almost even with the same month last year. YTD closed units are up by 17%—the second highest sales in the past 5 years. Only 2017 was higher.

Values—While prices in most surrounding markets have been leveling, Washtenaw County condo prices continue to rise at a rapid pace. Average sale price is up 10% from a year ago and price per square foot is up 8%.

Summary—Condo inventory has been growing rapidly, in large part due to new high-end construction in Ann Arbor. Although inventory has been growing faster than sales, demand continues to be strong enough to keep values rising.



Washtenaw County

Single Family Homes

857
AVAILABLE HOMES
+17% from last month

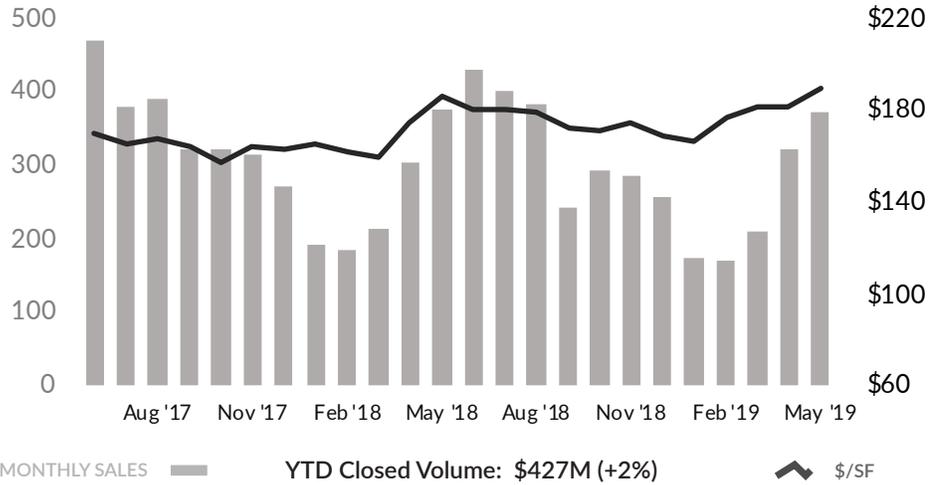
406
NEW PENDING
+33% from last month

1,240
YTD CLOSED SALES
-2% from last year

\$345K
YTD AVG SALE PRICE
+4% from last year

\$181
YTD PRICE PER SQ FT
+5% from last year

Closed Sales



Summary

Inventory levels, new pendings, closed sales and values were all up in June compared to the prior month. YTD sales are down 2% compared to the same time a year ago but average price is up 4%. This combination has lifted YTD closed volume 2% higher than where it was a year ago. Although demand for affordable housing continues to rise, sales in the entry and mid-level markets continue to shrink. There is a shortage of available move-in-ready listings priced under \$400k. Both upper-end sales and values are rising fast, but keep an eye on those supply levels—they are also rapidly rising.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	857	17%	406	33%	2.1	-12%
\$10-200k	52	-5%	74	16%	0.7	-18%
\$200-400k	289	19%	219	52%	1.3	-21%
\$400-800k	391	15%	103	16%	3.8	-1%
\$800k+	125	29%	10	11%	12.5	16%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	1240	-2%	\$181	5%
\$10-200k	276	-4%	\$112	-3%
\$200-400k	612	-6%	\$167	3%
\$400-800k	312	5%	\$211	5%
\$800k+	40	21%	\$280	21%

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



Washtenaw County

Condos

225
AVAILABLE CONDOS
-13% from last month

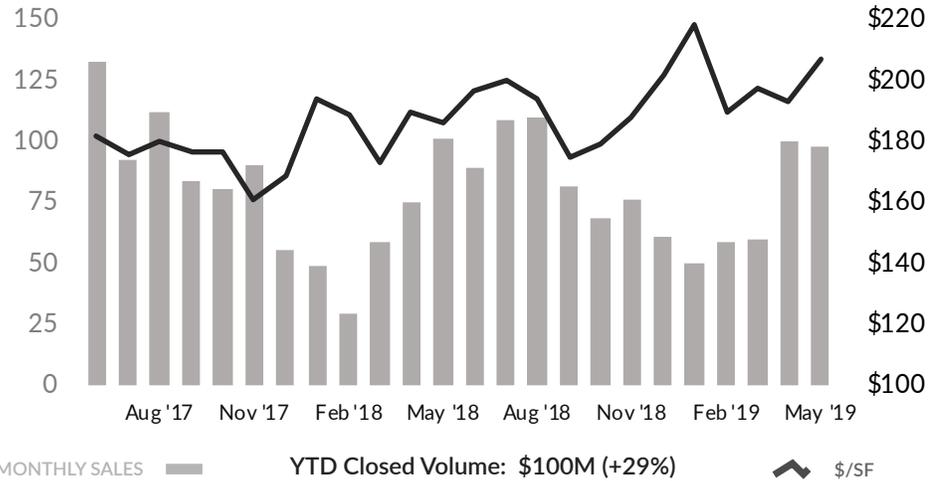
112
NEW PENDINGS
+11% from last month

364
YTD CLOSED SALES
+17% from last year

\$275K
YTD AVG SALE PRICE
+10% from last year

\$200
YTD PRICE PER SQ FT
+8% from last year

Closed Sales



Summary

Compared to the prior month, available inventory and closed sales both dropped in May. Compared to the same time last year, inventory levels, closed sales and average sale price are all up by double-digit percentage amounts. Current inventory levels are 15% higher than they were at this time last year. YTD closed condo sales are up 17% and average price is up 10% compared to a year ago. New condo developments in Ann Arbor continue to flood the market with additional upper-end units. Those sales are raising average sale price even though luxury condo values have been dropping. Although the YTD number of over-\$400k sales more than doubled from a year ago, the price per square foot dropped from \$300 a year ago to \$270 this year.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	225	-13%	112	11%	2.0	-22%
\$10-150k	12	33%	18	13%	0.7	19%
\$150-225k	44	-24%	40	25%	1.1	-39%
\$225-400k	76	-7%	34	-13%	2.2	6%
\$400k+	93	-15%	20	43%	4.7	-41%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	364	17%	\$200	8%
\$10-150k	58	-9%	\$130	10%
\$150-225k	117	39%	\$163	8%
\$225-400k	117	-10%	\$194	2%
\$400k+	72	118%	\$270	-10%

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



Ann Arbor

Single Family Homes

178
AVAILABLE HOMES
+40% from last month

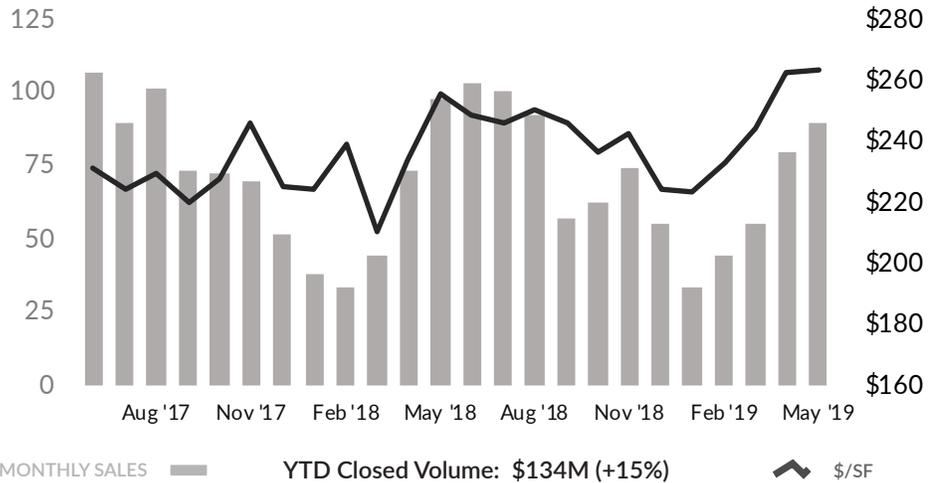
95
NEW PENDINGS
+30% from last month

300
YTD CLOSED SALES
+5% from last year

\$446K
YTD AVG SALE PRICE
+9% from last year

\$250
YTD PRICE PER SQ FT
+6% from last year

Closed Sales



Summary

May inventory was up 40% compared to both the prior month and the same time last year. YTD sales and average sale price are also up—5% and 9% respectively. Most of the additional Ann Arbor listing inventory is new construction in the \$400k-\$800k price range. Activity in the upper price ranges continues to expand while in the middle and entry price ranges buyers struggle to find affordable homes. Entry-level inventory is disappearing. Although the number YTD closed sales priced below \$200k is only 4 units less than the number of sales above \$800k, on June 1st there were no available Ann Arbor listings price under \$200k and 34 listings priced above \$800k.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	178	40%	95	30%	1.9	8%
\$10-200k	0	-100%	6	200%	0.0	-100%
\$200-400k	52	63%	44	42%	1.2	14%
\$400-800k	92	23%	39	15%	2.4	7%
\$800k+	34	89%	6	0%	5.7	89%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	300	5%	\$250	6%
\$10-200k	17	-15%	\$155	-4%
\$200-400k	138	-7%	\$231	2%
\$400-800k	124	23%	\$255	6%
\$800k+	21	40%	\$312	7%

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



Ann Arbor

Condos

116
AVAILABLE CONDOS
-18% from last month

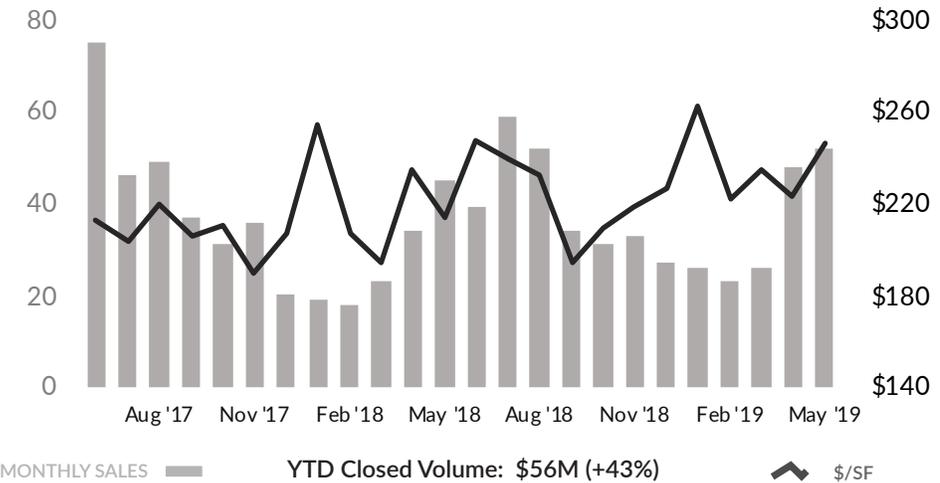
51
NEW PENDINGS
+9% from last month

175
YTD CLOSED SALES
+26% from last year

\$322K
YTD AVG SALE PRICE
+14% from last year

\$237
YTD PRICE PER SQ FT
+8% from last year

Closed Sales



Summary

Back-to-back strong closing months have cut into available inventory. June 1st inventory was down 18% from a month ago, but it's 38% higher than it was twelve months ago. YTD closed sales are 26% above last year's mark and average sale price is up 14%. New construction continues to create headlines. Forty-one percent of Ann Arbor's available condo listings are new construction units with build dates of 2018 or later. The average list price of the new units is \$652k (\$365 per square foot). While these new units drive up average sale price, oversupply is affecting property values. Price per square foot in the over-\$400k market has dropped from \$336 last year to \$292 this year—it was \$445 two years ago. Expect to see buyer opportunities as a result of abundant supply.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	116	-18%	51	9%	2.3	-25%
\$10-150k	4	0%	5	0%	0.8	0%
\$150-225k	23	-8%	16	14%	1.4	-20%
\$225-400k	24	-20%	15	-17%	1.6	-4%
\$400k+	65	-22%	15	50%	4.3	-48%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	175	26%	\$237	8%
\$10-150k	26	-4%	\$161	12%
\$150-225k	48	2%	\$206	8%
\$225-400k	48	17%	\$206	4%
\$400k+	53	121%	\$292	-13%

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

