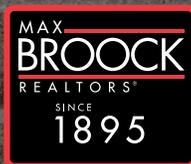


HOUSING REPORT

WASHTENAW | AUGUST 2019

14



Washtenaw County

Competing Offers—What to Bid?

While the market has generally been cooling down, there are still plenty of hot pockets and price ranges. Sharp move-in-ready properties continue to be highly sought after, with listing agents and sellers often playing the “highest and best offer” card. These competitive situations can be packed with emotion when buyers have often seen ten or twenty listings and this is the only one they want.

Competitive offer situations are challenging for both buyers and their agents. How much should we offer? What will others offer? Will the property appraise? The higher the level of competition the more emotionally charged it becomes.

It’s best to keep emotions in check. Buyers and agents who understand there are things within their control and things that aren’t usually do best.

Start by setting aside the “list price”. Maybe this property was underpriced. After seeing several other properties at various prices within their range, buyers are often in a good position to rank how this property compares in value.

Next, they should ask themselves, “If we don’t get this property, how much will we likely have to pay when we find a home that we like as much or more?” If the buyer would need to pay more later, why not offer more on this one? Using a logical approach in an emotionally charged situation serves most buyers well.

When making offers, buyers should also be looking at comparable listings, pendings and sales—just looking at the ratio of listings to pendings provides insight as to market velocity.

When searching for sold comps, a local agent included a comparison of list price and sold price for the purpose of identifying full-price and over-asking offers. Looking at the difference (see below) gave the buyer the ability to see “how much over” some of the winning bids were in recent similar situations.

This table was a sample exported from a “one liner” MLS display of recent closed sales. The “Difference” column on the right shows the difference between the asking price and the closed sale price.

Of the 28 comparable sales:

- 11 sold for less than asking
- 6 sold for asking price
- 11 sold for more than asking

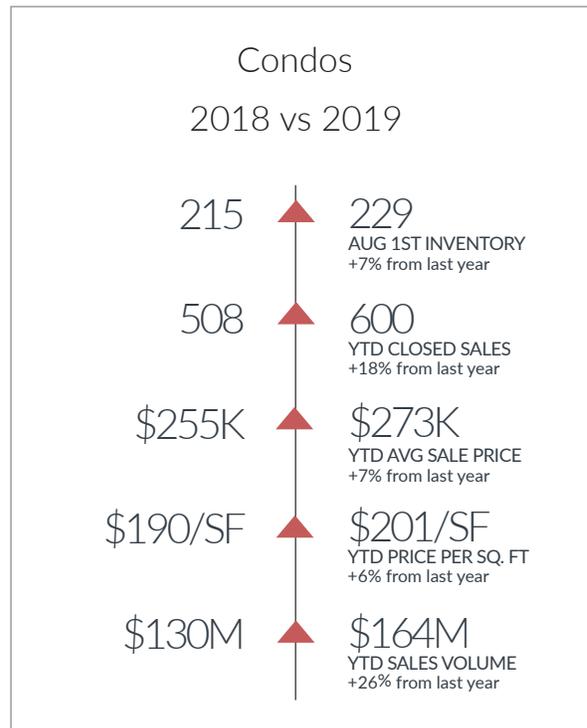
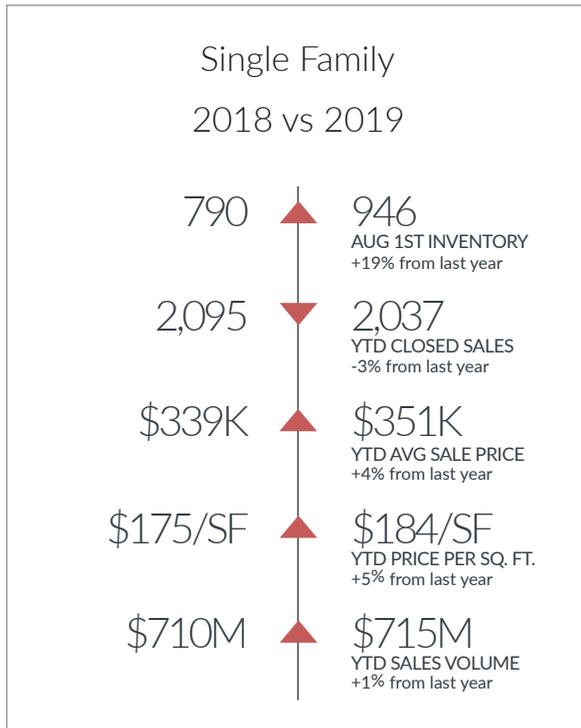
List Price	Close Price	Difference
\$142,900	\$146,900	\$4,000
\$149,900	\$145,000	(\$4,900)
\$150,000	\$155,000	\$5,000
\$169,900	\$164,000	(\$5,900)
\$149,900	\$154,000	\$4,100
\$159,900	\$159,900	\$0
\$158,000	\$158,100	\$100
\$159,900	\$153,500	(\$6,400)
\$160,000	\$162,500	\$2,500
\$159,700	\$159,700	\$0
\$149,900	\$158,000	\$8,100
\$159,900	\$155,000	(\$4,900)
\$147,000	\$150,000	\$3,000
\$159,400	\$160,500	\$1,100
\$167,900	\$163,000	(\$4,900)
\$150,000	\$160,000	\$10,000

Of the 28 sold comps (on the original complete list going back 3 months), 11 sold for less than full price, 6 sold for full price and 11 sold for more than full price. The 11 over-asking sales were competitive offer situations. In this \$160k price range, the highest offer was \$10k over asking, the lowest was \$100 over asking, and the median and mean were \$3k and \$4k over asking.

While every situation is different depending on the perceptions of the parties involved, seeing the difference between each asking price and winning offer helps provide relevant points of reference. In this case, the client bid \$4,100 over. It wasn’t the highest bid, but hers was the best offer and she ended up owning the property.



Summary



Inventory—Available listings are up slightly compared to last month, and up 19% compared to this time last year.

Closed Units—Closed sales dropped 3% compared to last month and 4% YTD. That slight drop in July closed sales is common.

Values—Price per square foot dipped slightly in July, but YTD average sale price and price per square foot are up 4% and 5% respectively.

Summary—While sales of homes priced under \$400k continue to decline, upper-end markets continue to grow and values of upper-end properties continue to rise. Closed price per square foot for \$400-800k homes is up 6% and up 16% for over-\$800k properties. In most other Michigan metro markets, upper-end values have been leveling or declining.

Inventory—Condo listing inventory has been holding relatively steady—up 3% from last month and 7% compared to the same time last year.

Closed Units—The 122 July closed sales were up by 9 units from the prior month. The 600 YTD figure is up by 92 from a year ago.

Values—Price per square foot slipped slightly last month, but it's up 6% YTD average sale price is up 7%. Averages have been driven up by the number of over-\$400k sales nearly doubling, yet, the average price per square foot for these high-priced units is down 11% compared to last year.

Summary—YTD over-\$400k sales jumped from 52 last year to 102—driving closed volume up by \$34M. Keep an eye on upper-end values. Despite the additional sales, YTD average price per square dropped from \$317 to \$281.



Washtenaw County

Single Family Homes

946
AVAILABLE HOMES
+3% from last month

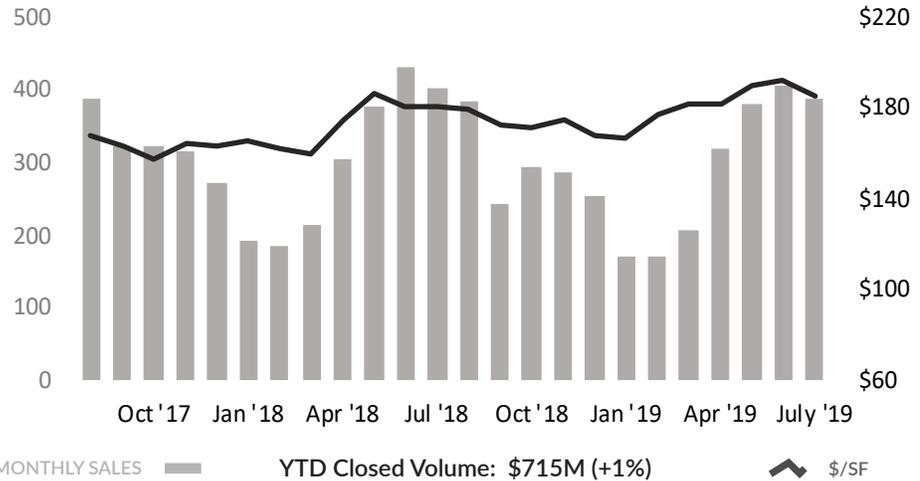
367
NEW PENDINGS
-4% from last month

2,037
YTD CLOSED SALES
-3% from last year

\$341K
YTD AVG SALE PRICE
+4% from last year

\$184
YTD PRICE PER SQ FT
+5% from last year

Closed Sales



Summary

With 946 available listings, inventory rose 3% in the past month and is 20% higher than a year ago. July closed sales were down 4% compared to the prior month and down 3% compared to July of last year. YTD under-\$400k sales dropped by 107 units and over-\$400k sales increased by 29. That combination helped lift average price from \$339k last year to \$351k. As seen in the second table below, values within the various price ranges have been moving in different directions and at different speeds—average price per square foot for under-\$200k sales dropped 3% while it's up 16% in the over-\$800k range.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	946	3%	367	-4%	2.6	7%
\$10-200k	75	47%	67	-1%	1.1	49%
\$200-400k	361	6%	196	5%	1.8	1%
\$400-800k	384	-3%	99	-10%	3.9	8%
\$800k+	126	-5%	5	-72%	25.2	241%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	2037	-3%	\$184	5%
\$10-200k	412	-4%	\$112	-3%
\$200-400k	1008	-7%	\$169	3%
\$400-800k	551	5%	\$213	5%
\$800k+	66	6%	\$278	16%

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



Washtenaw County

Condos

229
AVAILABLE CONDOS
+3% from last month

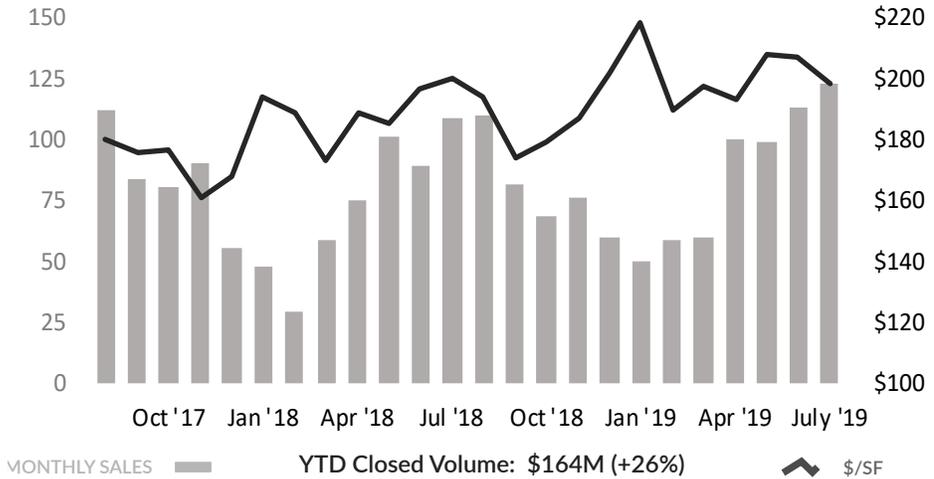
92
NEW PENDING
-16% from last month

600
YTD CLOSED SALES
+18% from last year

\$273K
YTD AVG SALE PRICE
+7% from last year

\$201
YTD PRICE PER SQ FT
+6% from last year

Closed Sales



Summary

With 229 available listings, inventory rose 3% in the past month and is 7% higher than a year ago. Sales continue to rise—July closed sales were up 8% compared to the prior month and 13% compared to July of last year. YTD closed sales are up 18% compared to a year ago. The two price ranges with the greatest expansion have been the \$150k-\$225k range, which jumped 37% from 147 sales last year to 201 this year, and the over-\$400k range which nearly doubled from 52 to 102 this year. Despite the additional sales activity, price per square foot for the high-end sales dropped 11%.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	229	3%	92	-16%	2.5	23%
\$10-150k	11	-21%	10	-23%	1.1	2%
\$150-225k	52	21%	34	-6%	1.5	28%
\$225-400k	86	13%	33	-34%	2.6	71%
\$400k+	80	-11%	15	36%	5.3	-35%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	600	18%	\$201	6%
\$10-150k	89	-15%	\$127	4%
\$150-225k	201	37%	\$163	6%
\$225-400k	208	2%	\$199	3%
\$400k+	102	96%	\$281	-11%

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



Ann Arbor

Single Family Homes

183
AVAILABLE HOMES
-4% from last month

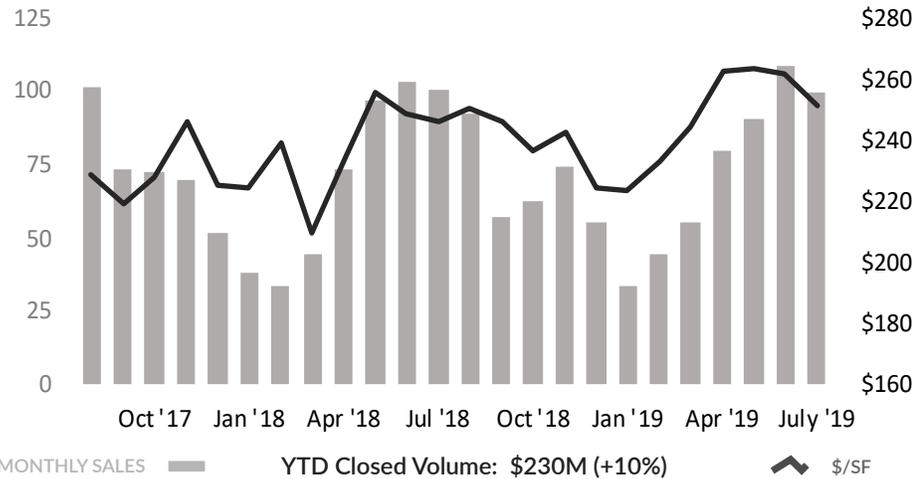
92
NEW PENDING
+1% from last month

508
YTD CLOSED SALES
+4% from last year

\$452K
YTD AVG SALE PRICE
+6% from last year

\$253
YTD PRICE PER SQ FT
+5% from last year

Closed Sales



Summary

August 1st inventory dropped 4% from a month ago but it's still 12% higher than the same time last year. Sales dropped from 108 the prior month to 99 in July. YTD sales are up—508 this year compared to 488 last. Although prices have been slipping the last two months, YTD average sale price and price per square foot are up 5% and 6%. Sales in the entry and lower-middle price ranges (below \$400k) continue to decline while the upper-middle and high-end sales (above \$400k) increase.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	183	-4%	92	1%	2.0	-5%
\$10-200k	4	100%	3	200%	1.3	-33%
\$200-400k	65	2%	50	28%	1.3	-21%
\$400-800k	81	-6%	37	-10%	2.2	4%
\$800k+	33	-15%	2	-80%	16.5	323%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	508	4%	\$253	5%
\$10-200k	22	-4%	\$151	-5%
\$200-400k	224	-10%	\$235	4%
\$400-800k	228	23%	\$257	5%
\$800k+	34	6%	\$306	7%

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



Ann Arbor

Condos

117
AVAILABLE CONDOS
-2% from last month

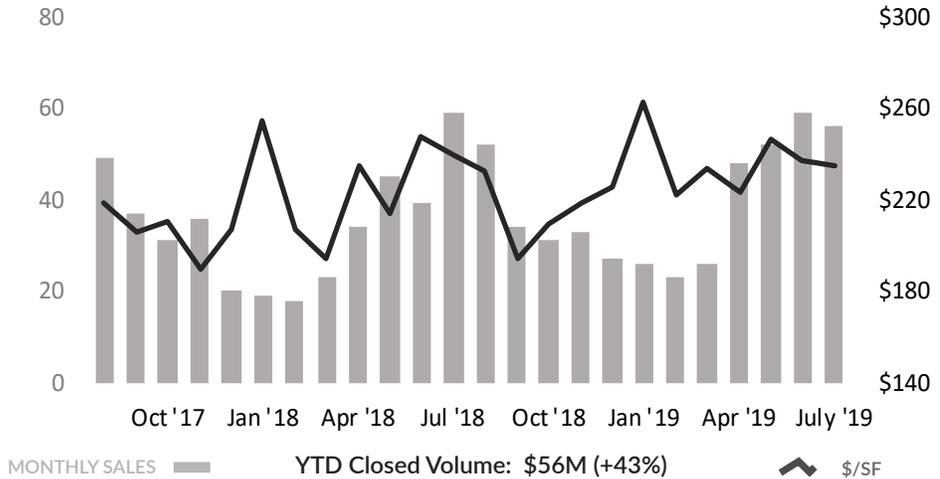
50
NEW PENDINGS
-9% from last month

290
YTD CLOSED SALES
+22% from last year

\$315K
YTD AVG SALE PRICE
+6% from last year

\$237
YTD PRICE PER SQ FT
+3% from last year

Closed Sales



Summary

With 117 available units, Ann Arbor condo inventory slipped by 2 units from last month, but is 19 units higher than a year ago. July sales were down 3 units from the prior month but with big numbers each of the past 4 months, YTD closed sales were up 22% from 237 last year to 290 so far in 2019. YTD average sale price is up 6%, but that figure is a little misleading. Most of the increase in average price was caused by a big jump in the number of over-\$400k sales, yet average price per square foot for those sales dropped 15%. Value change can vary dramatically by price range as illustrated in the two right columns in the second table below.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	117	-2%	50	-9%	2.3	8%
\$10-150k	4	-50%	2	-67%	2.0	50%
\$150-225k	20	43%	13	18%	1.5	21%
\$225-400k	44	29%	23	-21%	1.9	63%
\$400k+	49	-22%	12	33%	4.1	-42%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	290	22%	\$237	3%
\$10-150k	36	-10%	\$154	3%
\$150-225k	64	14%	\$197	6%
\$225-400k	116	14%	\$210	3%
\$400k+	74	90%	\$304	-15%

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

