HOUSING REPORT

WASHTENAW | OCTOBER 2019

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OCTOBER 2019
HOUSING REPORT

Washtenaw County

Year-End Buyer and Seller Opportunities

Heading into the last quarter of 2019, Washtenaw County closed sales have begun to fall off. Inventory has past its peak for single family sales. Through the year-end season and the first couple months of 2020, expect listing inventory, sales and prices to tail off.

When buying or selling investments from stocks to houses, there can be advantages to zigging when the masses are zagging. With real estate, the life circumstances that often drive home sales (births, marriages, divorces, last kid off to college, new jobs or layoffs) don't all happen in the spring and summer months. Understanding seasonal motivations and opportunities will help get buyers and sellers what they want, regardless of the time of year.

Seller Opportunities:

Strong Market Momentum: Despite the perception of slowing sales for the past couple of years, year-to-date single family sales are even with last year and set an all-time high in closed volume—4% higher than last year. The market continues to carry momentum into the fourth quarter that may be slow to pick up in the 2020 election year.

Reduced Seller Competition: Because the best listings sell fastest, as the market moves beyond peak season, available inventory tends to be "picked-over" like store shelves toward the end of a clearance sale. Through year-end and the first couple of months of the new year, there will be a significant shortage of move-in-ready homes—especially in the more affordable price ranges.

Carryover Demand: A large number of buyers have yet to find what they are looking for, or were previously outbid by a competing offer. Although there may be fewer actively looking, year-end buyers are often highly motivated to move quickly with strong offers when a home they like hits the market.

Buyer Opportunities:

Lower Prices and Interest Rates: Fourth quarter prices will temporarily drop as sellers attempt to sell before year-end. Although prices have generally been leveling off, the average sale price of a Washtenaw County home was 4% higher this year than last. In all but a few markets and price ranges, prices will continue to be higher next year than this year. Interest rates remain near historic lows and will eventually go up.

Lower Property Taxes: Michigan property tax assessments lag roughly 18 months behind market values. In setting the new assessed value at the beginning of each year, assessors look at sales that took place from November of two years prior through the most recent October. When market prices are rising as they have been, new taxes and future capped values lock in using the older and lesser values. Once set, that new assessed value will be the base from which future taxes are calculated.

Year-End Sellers More Likely to Negotiate: Many year-end sellers entered the market several months earlier. Many started with their prices too high, their property condition too low, or both. In the long run, sellers who initially ask too much eventually settle for less. Offers look more attractive after a few months on the market without serious suitors.

Less Buyer Competition: Great new listings come onto the market every month of the year. Buyers who remain focused on their search and ready to move in with a quick strong offer are often rewarded. Acting fast when the right home hits increases a buyer's chances of landing that house of their dreams while other distracted buyers miss the off-season opportunity.

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Summary

Single Family

2018 vs 2019

2018		2019
836	▲	944 AUG 1ST INVENTORY +12% from last year
2,719	—	2,722 YTD CLOSED SALES no change from last year
$338K	▲	$350K YTD AVG SALE PRICE +4% from last year
$175/SF	▲	$184/SF YTD PRICE PER SQ. FT. +5% from last year
$919M	▲	$954M YTD SALES VOLUME +4% from last year

Inventory—Single Family inventory dropped slightly since last month but it's 12% higher than a year ago.

Closed Units—October closed sales dropped by 86 units (23%) from September. However, through the first three quarters of 2019, closed sales are nearly identical with last year.

Values—Average sale price and price per square foot have both risen in the past year—4% and 5%. Upper-end sales have risen the most for both units and values.

Summary—Despite all the talk about slowing markets, sales through the first three quarters of 2019 were up by 3 units over last year and closed volume is at a historic high. The market is shifting toward a more balanced market. Expect year-end prices to temporarily dip, primarily because most of the prime-condition listings (which sell for the highest prices) have been bought up.

Condos

2018 vs 2019

2018		2019
217	▲	255 AUG 1ST INVENTORY +18% from last year
698	▲	767 YTD CLOSED SALES +10% from last year
$253K	▲	$268K YTD AVG SALE PRICE +6% from last year
$189/SF	▲	$198/SF YTD PRICE PER SQ. FT +5% from last year
$176M	▲	$206M YTD SALES VOLUME +17% from last year

Inventory—Despite the late season, inventory continues to rise and is up 18% compared to this time last year.

Closed Units—Closed sales peaked in July and then dropped the past two months. YTD sales are up by 10% or 69 units compared to last year. Sales in the over-$400k price range are up 86%.

Values—Both average sale price and price per square foot are up by 5% and 6% compared to last year. Despite the number of over-$400k sales jumping up significantly, price per square foot of those upper-end sales dropped 11%.

Summary—Moving into the 4th quarter, expect a seasonal decline in sales activity. There continues to be a shortage of move-in-ready affordable listings—those listings sell quickly and most are gone. In the upper-end range, expect market times to continue to rise and values to drop as the result of over-supply.

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Washtenaw County

Single Family Homes

944
AVAILABLE HOMES
-1% from last month

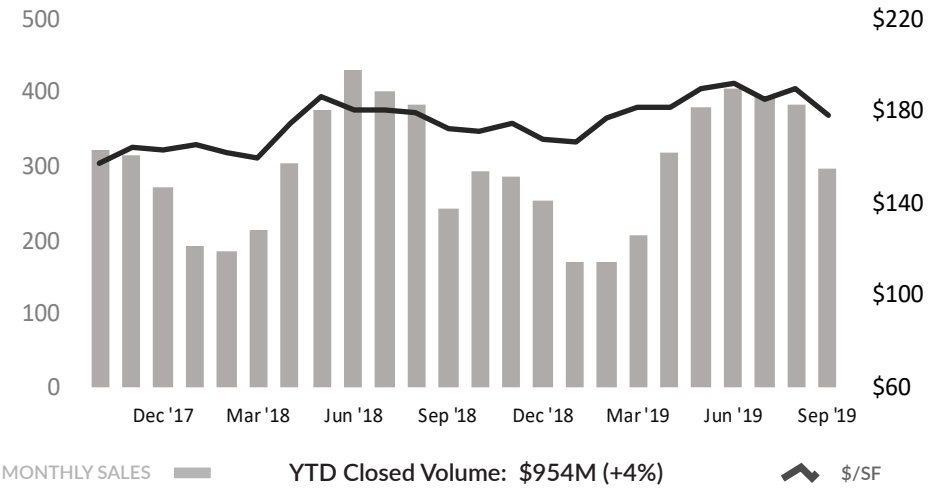
307
NEW PENDINGS
-16% from last month

2,722
YTD CLOSED SALES
no change from last year

$350K
YTD AVG SALE PRICE
+4% from last year

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

Closed Sales



Summary

Available listings have been stable the past several months but inventory is 13% higher than a year ago. As typical for the season, closed sales have fallen each of the past three months. Despite all the talk of a market slowdown, 2019 has been a record year. YTD sales through the first three quarters of the year are even with last year and average price, price per square foot and closed volume are all up by 4 to 5 percent. Closed volume is the highest it's ever been—$25 million higher than the previous high in 2017. Even the upper-end market, which is typically the first to slow, is doing well. The market is moving to a more balanced market.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	944	-1%	307	-16%	3.1	18%
$10-150k	41	14%	25	-22%	1.6	46%
$150-300k	227	0%	131	-4%	1.7	4%
$300-600k	458	-2%	116	-31%	3.9	42%
$600k+	218	-3%	35	25%	6.2	-22%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	2722	0%	$184	5%
$10-150k	273	7%	$98	2%
$150-300k	1002	-12%	$149	3%
$300-600k	1192	9%	$194	2%
$600k+	255	9%	$250	9%

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

255
AVAILABLE CONDOS
+5% from last month

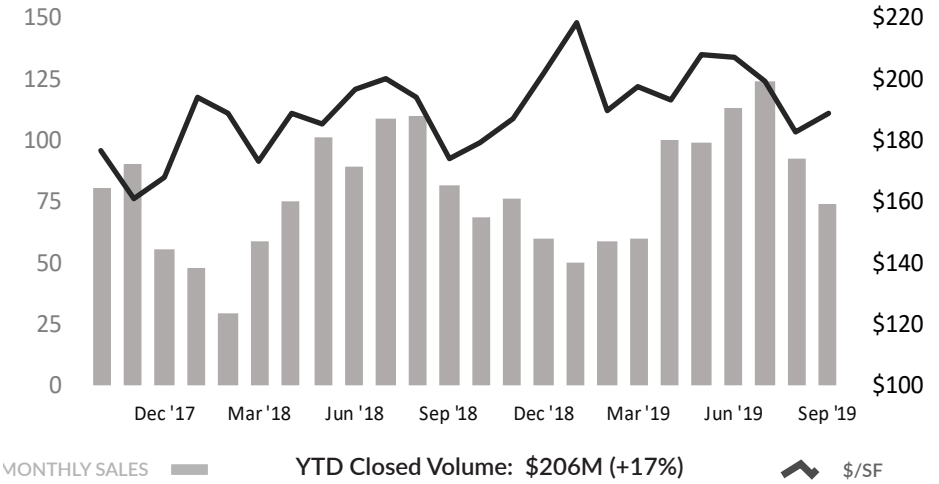
82
NEW PENDINGS
+3% from last month

767
YTD CLOSED SALES
+10% from last year

$268K
YTD AVG SALE PRICE
+6% from last year

$198
YTD PRICE PER SQ FT
+5% from last year

Closed Sales



Summary

Even this late in the season, condo inventory continues to rise compared to prior months and is 18% higher than a year ago. Closed sales peaked in July and have been falling the past two months. YTD sales, average sale price and price per square foot are all up—10%, 6% and 5%. Most of the increase in sales has been in the upper price ranges. Sales priced over $400k jumped from 70 units last year to 125 this year. Despite the additional sales, market times for those upper-end sales also rose from 109 to 130 days. Average price per square foot for those units also dropped 12% due to new development and over-supply.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	255	5%	82	3%	3.1	2%
$10-150k	10	-29%	25	-7%	0.4	-23%
$150-225k	56	4%	27	0%	2.1	4%
$225-400k	107	14%	20	18%	5.4	-3%
$400k+	82	0%	10	11%	8.2	-10%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	767	10%	$198	5%
$10-150k	130	-12%	$125	3%
$150-225k	258	25%	$161	3%
$225-400k	252	-8%	$198	3%
$400k+	127	81%	$279	-12%

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

162
AVAILABLE HOMES
-4% from last month

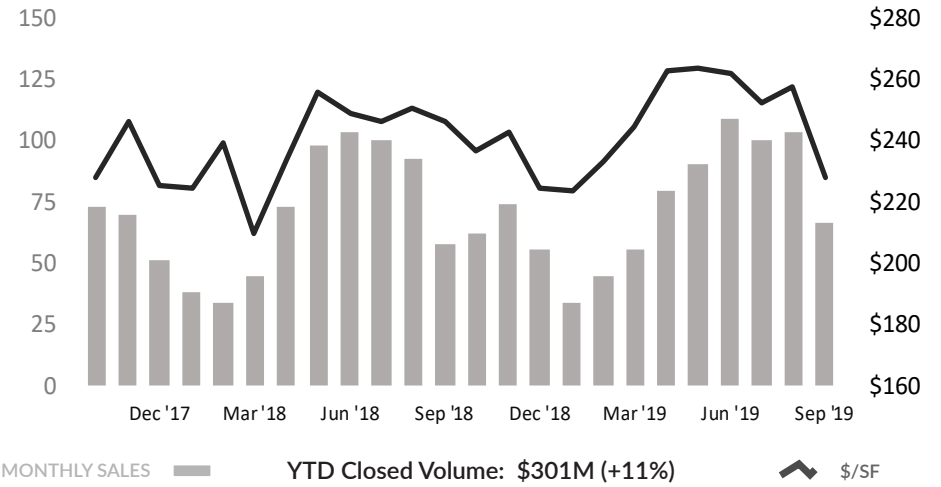
66
NEW PENDINGS
-27% from last month

678
YTD CLOSED SALES
+6% from last year

$444K
YTD AVG SALE PRICE
+4% from last year

$251
YTD PRICE PER SQ FT
+4% from last year

Closed Sales



MONTHLY SALES — YTD Closed Volume: $301M (+11%) — $/SF

Summary

As typical for the season, inventory levels and sales have been dropping off. September closed sales dropped to 66 from 103 in August. Overall, 2019 has been a record sales year. YTD closed sales, average sale price and price per square foot are up by 4 to 6 percent. Closed volume is 11% higher than last year and the highest it's ever been. Upper-end market times and values, which are often the first to show signs of a market change, continue to improve faster than other market segments.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	162	-4%	66	-27%	2.5	32%
$10-200k	1	0%	4	-33%	0.3	50%
$200-400k	60	0%	30	-42%	2.0	73%
$400-800k	78	0%	29	7%	2.7	-7%
$800k+	23	-23%	3	-50%	7.7	53%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	678	6%	$251	4%
$10-200k	32	14%	$155	-3%
$200-400k	315	-3%	$233	3%
$400-800k	286	18%	$255	3%
$800k+	45	7%	$308	8%

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

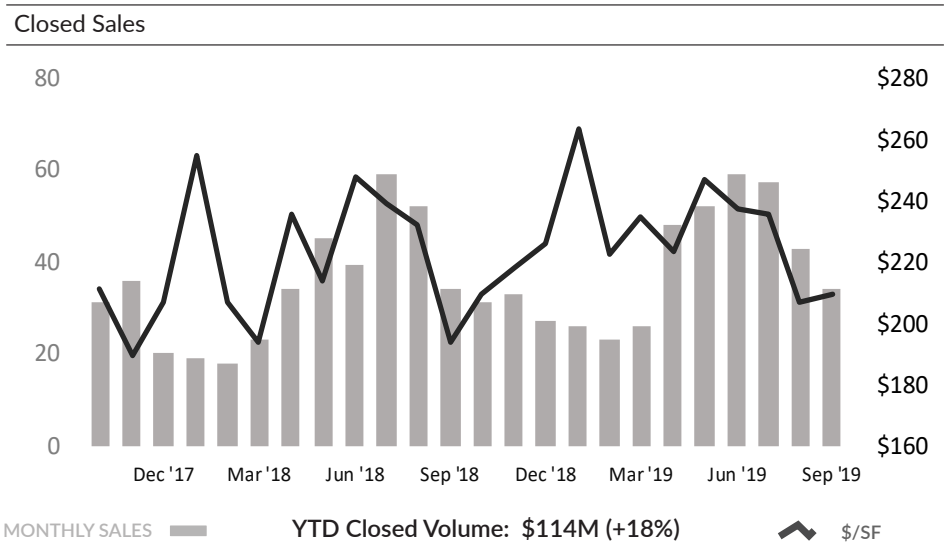
139
AVAILABLE CONDOS
+10% from last month

31
NEW PENDINGS
-23% from last month

368
YTD CLOSED SALES
+14% from last year

$309K
YTD AVG SALE PRICE
+4% from last year

$231
YTD PRICE PER SQ FT
+2% from last year



Summary

Despite the late season, condo inventory continues to rise compared to prior months and it's 34% higher than the same time last year. As seen in the chart above, closed sales have fallen each of the past three months. YTD sales, average sale price and price per square foot are all up—14%, 4% and 2%. The most significant change in the past year has been the simultaneous increase in sales and decrease in values in the over-$400k market. YTD sales jumped from 54 to 92 and average price per square foot dropped from $350 to $300. Newly constructed units have created an over-supply of inventory.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	139	10%	31	-23%	4.5	42%
$10-150k	5	-17%	8	-11%	0.6	-6%
$150-225k	23	15%	11	-15%	2.1	36%
$225-400k	58	14%	7	-36%	8.3	79%
$400k+	53	8%	5	-29%	10.6	51%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	368	14%	$231	2%
$10-150k	49	-11%	$148	-5%
$150-225k	89	20%	$188	0%
$225-400k	138	-1%	$208	5%
$400k+	92	70%	$300	-14%

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

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