

HOUSING REPORT

WASHTENAW | FEBRUARY 2020

The logo for Real Estate One, featuring the text "Real Estate One" in white, with "One" having a registered trademark symbol, all contained within a blue circular background.

Real
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Fierce Competition for Affordable Housing

Despite what most would consider off-season winter months, a shortage of affordable quality homes is creating heavy buyer competition throughout Washtenaw County and the Metro Detroit markets.

In Washtenaw County, finding a nice move-in-ready home priced between \$150k and \$300k is challenging. With the competition from other buyers, getting an offer accepted is even tougher. The best listings in this price range sell quickly and more than half of them sell at or above asking price. In the past 12 months, a third sold for more than list price.



The over-asking price differentials are also surprisingly large. More than half of the over-asking offers were over by more than \$5,000. The biggest difference was \$51k on a home that was listed for \$199k and sold for \$250k.

| Over-Asking Sales \$150k to \$300k | |
|---------------------------------------|----------------|
| Frequency | Range |
| 60 | less than \$1k |
| 128 | \$1k to \$5k |
| 146 | \$5k to \$10k |
| 125 | \$10k to \$51k |

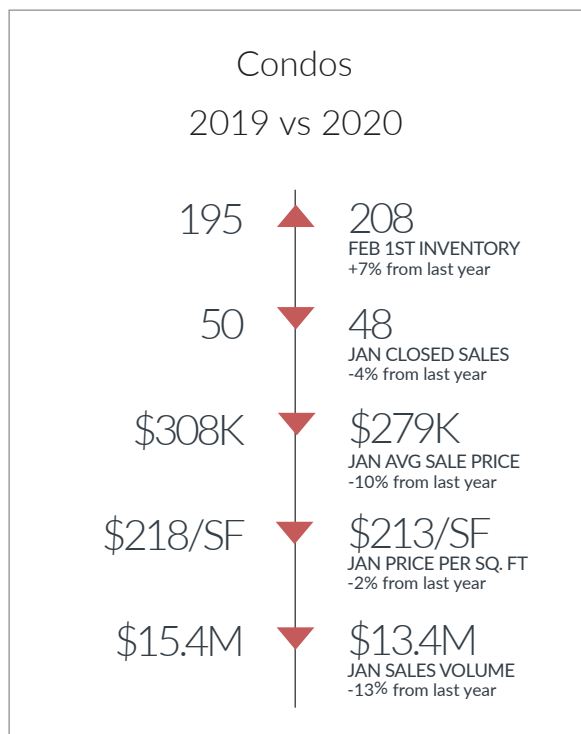
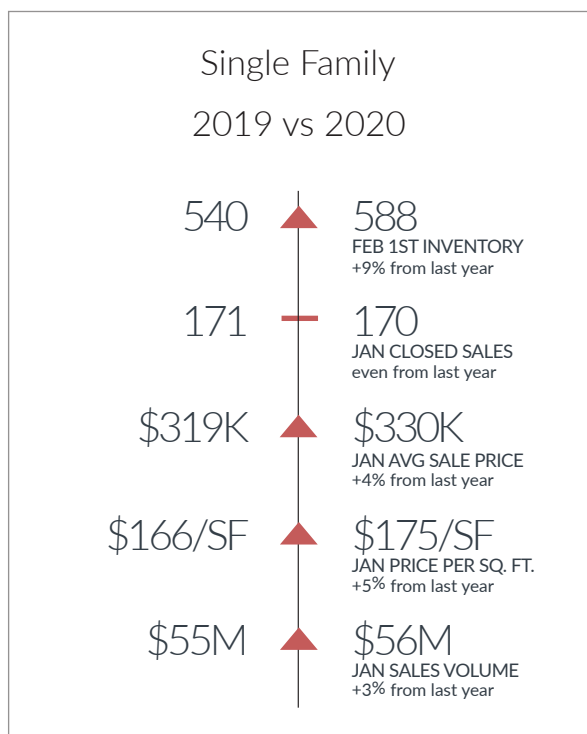
As prices of Washtenaw County homes have been on the rise for ten straight years, price increases have been outpacing income, making it difficult to find affordable move-in-ready homes. The shortage has created fierce competition with buyers bidding well over asking and often waiving inspections (or doing mini-inspections during "highest and best offer" periods) to beat their competition.

If a new listing is amazing in the eyes of one buyer, it will probably be amazing for many. Be ready to act quickly with a strong offer.

Looking ahead, buyer competition in entry and moderate price ranges will continue to grow while supply levels continue to shrink. Buyers who are planning their first move into home ownership should consider acting sooner rather than waiting. Today's interest rates are remarkably low and today's prices are lower than they will be after another seasonal growth cycle begins.



Summary



Inventory—Inventory dropped 7% in the past month, but is 9% higher than this time last year.

Closed Sales—January's 170 closed sales was about even with last year, but down by 95 units compared to the prior month of December.

Values—Average sale price, price per square foot and closed volume were all up compared to last January—4%, 5% and 3%. Strong demand carried over from last year will continue to lift prices, so long as upper-end inventory doesn't grow to a point of over-supply.

Summary—2020 started off with the same number of closed January sales as last year and 9% more new pendings. Inventory continues to rise compared to prior years. Additional inventory is generally good for sales, so long as it doesn't hit the point of surplus. While over-\$600k listings are up from 128 last year to 141, sales and prices in that range continue to rise at about the same pace.

Inventory—Available listings are up 3% compared to last month and 7% compared to last year.

Closed Sales—While January closed sales were slightly lower than both the previous month and previous year, a jump in January new pendings will boost closings over the next couple months.

Values—While both average sale price and price per square foot dropped in January compared to a year ago, they are up compared to December. It's not uncommon for numbers to dip as closings from year-end sales carry over into the following year.

Summary—Last year, additional new high-end units lifted both sales and prices. 2020 began with 23 fewer over-\$600k listings and 11 fewer January sales. That drop in high-end activity was the primary cause of the drop in January numbers. Keep an eye on that upper-end supply.



Washtenaw County

Single Family Homes

588
AVAILABLE HOMES
-7% from last month

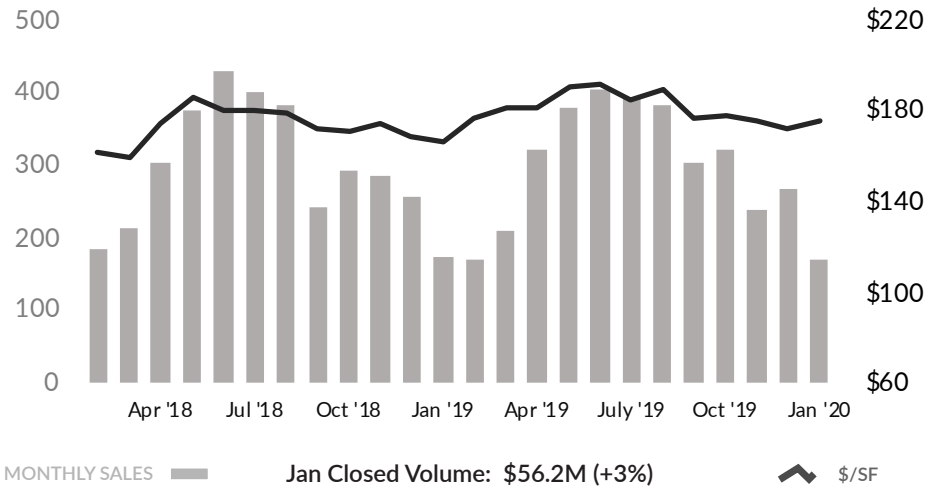
209
NEW PENDINGS
-5% from last month

170
JAN CLOSED SALES
-1% from last year

\$330K
JAN AVG SALE PRICE
+4% from last year

\$175
JAN PRICE PER SQ FT
+5% from last year

Closed Sales



Summary

Listing inventory, new pendings and closed sales all dropped in January compared to the prior month. Compared to last year, inventory and new pendings were both up 9%, closed sales were about even and average price was up 4%. The dip in January new pendings will limit February closed sales, but expect them to rise in March. The \$300k-\$600k price range has been the most active in terms of sales, but flat in terms of value. After ten straight years of value increases, entry and middle price ranges continue to shrink. Expect increased buyer competition and multiple offers on sharp listings in the lower and middle price ranges. Compared to last year, supply of upper-end listings has grown a little faster than sales.

Monthly Activity

| | Listings | Change | New Pendings | Change | Months Supply | Change |
|------------|----------|--------|--------------|--------|---------------|--------|
| All | 588 | -7% | 209 | -5% | 2.8 | -1% |
| \$10-150k | 30 | -23% | 23 | 64% | 1.3 | -53% |
| \$150-300k | 137 | -15% | 83 | -8% | 1.7 | -8% |
| \$300-600k | 280 | -4% | 88 | -13% | 3.2 | 10% |
| \$600k+ | 141 | 2% | 15 | -6% | 9.4 | 9% |

YTD Closed Activity

| | YTD Closed | Change | YTD \$/SF | Change |
|------------|------------|--------|-----------|--------|
| All | 170 | -1% | \$175 | 5% |
| \$10-150k | 18 | -36% | \$101 | 0% |
| \$150-300k | 66 | -1% | \$145 | 5% |
| \$300-600k | 76 | 21% | \$191 | -1% |
| \$600k+ | 10 | -23% | \$222 | 13% |

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



Washtenaw County

Condos

208
AVAILABLE CONDOS
+3% from last month

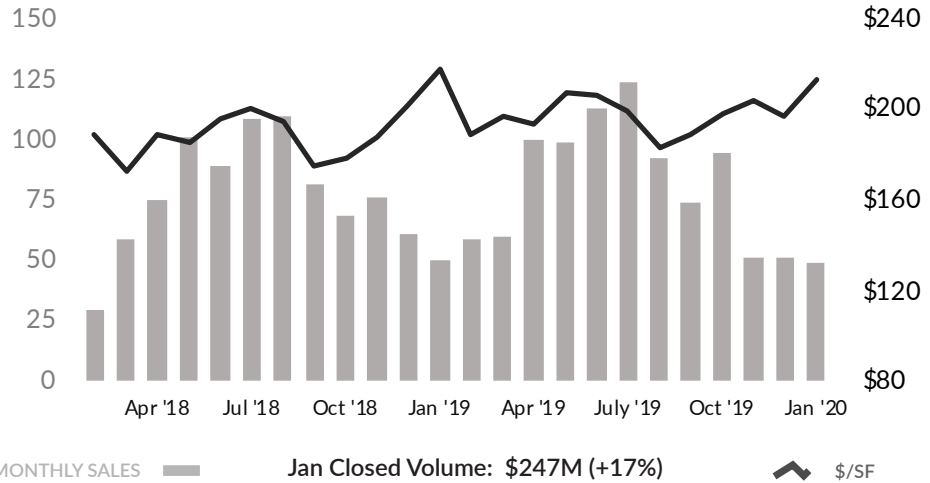
61
NEW PENDING
+61% from last month

48
JAN CLOSED SALES
-4% from last year

\$279K
JAN AVG SALE PRICE
-10% from last year

\$213
JAN PRICE PER SQ FT
-2% from last year

Closed Sales



Summary

January prices were down compared to last year. Closed sales have been nearly level for the past three months and a big 23-unit jump in January new pendings will boost February and March closings. While year-over-year closed sales were down at all other price levels, the \$225k-\$400k market has been a sweet spot with sales rising from 11 last January to 25 this year. New pendings at that price level were also up 28% compared to a year ago—expect this price range to continue to be hot. At the upper-end, while there are 66 listings priced over \$400k, there were only five January closed sales. Despite that slow start, an increase in January new pendings should create additional upper-end closings over the next few months.

Monthly Activity

| | Listings | Change | New Pendings | Change | Months Supply | Change |
|------------|----------|--------|--------------|--------|---------------|--------|
| All | 208 | 3% | 61 | 61% | 3.4 | -36% |
| \$10-150k | 23 | 21% | 6 | -14% | 3.8 | 41% |
| \$150-225k | 50 | 2% | 21 | 62% | 2.4 | -37% |
| \$225-400k | 69 | 0% | 23 | 53% | 3.0 | -35% |
| \$400k+ | 66 | 3% | 11 | 267% | 6.0 | -72% |

YTD Closed Activity

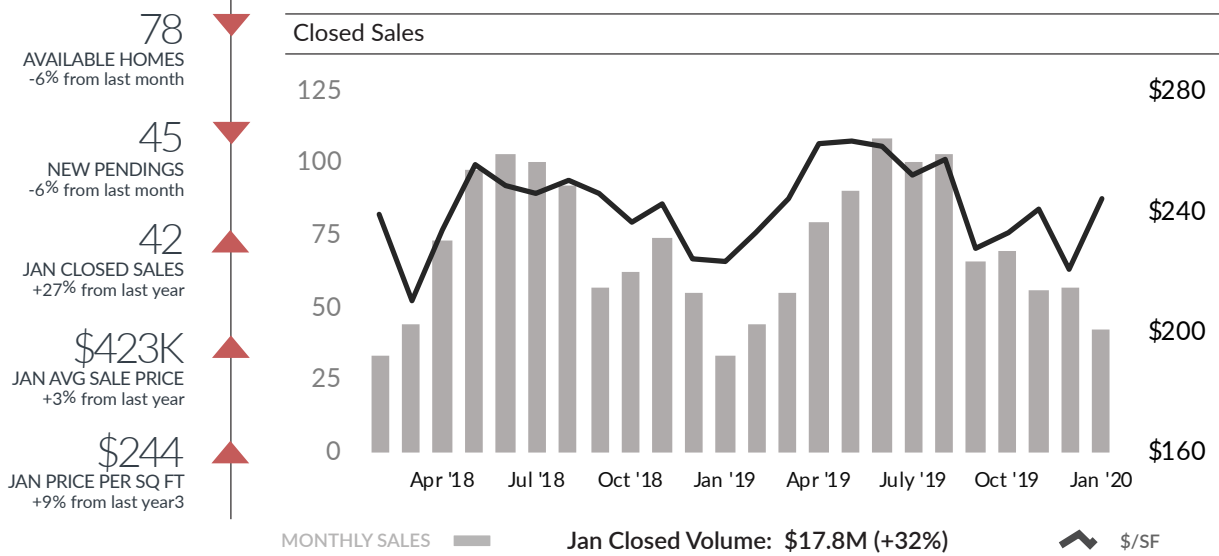
| | YTD Closed | Change | YTD \$/SF | Change |
|------------|------------|--------|-----------|--------|
| All | 48 | -4% | \$213 | -2% |
| \$10-150k | 5 | -44% | \$129 | -1% |
| \$150-225k | 13 | -7% | \$173 | 2% |
| \$225-400k | 25 | 127% | \$214 | 10% |
| \$400k+ | 5 | -69% | \$302 | 9% |

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



Ann Arbor

Single Family Homes



Summary

Listing inventory, new pendings and closed sales were all down compared to the prior month, but the 42 January sales jumped compared to 33 last year. Year-over-year values continue to rise with average price and price per square foot up 3% and 9%. With just 11 closed January sales in the usually-active \$400k-\$750k market, that price range was unusually quiet. The \$250k-\$400k range was hot with 26 closed sales, 25 new pendings and less than a month's supply of inventory. Buyers continue to compete fiercely for the short supply of move-in-ready affordable homes in the middle and entry price ranges.

Monthly Activity

| | Listings | Change | New Pendings | Change | Months Supply | Change |
|------------|----------|--------|--------------|--------|---------------|--------|
| All | 78 | -6% | 45 | -6% | 1.7 | 0% |
| \$10-250k | 4 | 0% | 4 | -20% | 1.0 | 25% |
| \$250-400k | 22 | -15% | 25 | 14% | 0.9 | -26% |
| \$400-750k | 37 | -5% | 12 | -33% | 3.1 | 42% |
| \$750k+ | 15 | 7% | 4 | 33% | 3.8 | -20% |

YTD Closed Activity

| | YTD Closed | Change | YTD \$/SF | Change |
|------------|------------|--------|-----------|--------|
| All | 42 | 27% | \$244 | 9% |
| \$10-250k | 2 | -67% | \$191 | 11% |
| \$250-400k | 26 | 136% | \$240 | 8% |
| \$400-750k | 11 | -27% | \$243 | 5% |
| \$750k+ | 3 | 200% | \$274 | 13% |

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



Ann Arbor

Condos

110
AVAILABLE CONDOS
+5% from last month

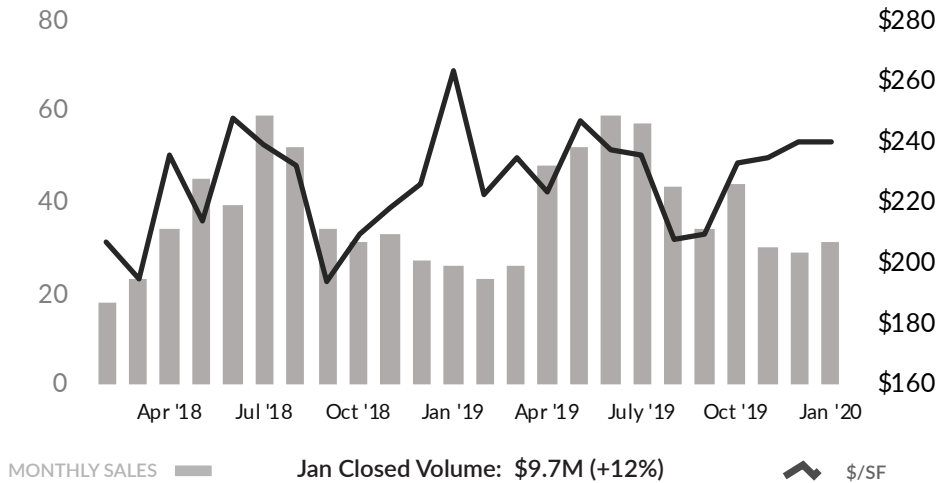
38
NEW PENDING S
+90% from last month

31
JAN CLOSED SALES
+19% from last year

\$312K
JAN AVG SALE PRICE
-6% from last year

\$240
JAN PRICE PER SQ FT
-9% from last year

Closed Sales



Summary

January inventory, new pendings and closed sales were all up compared to the previous month and last year. More than half of the January closed sales were in the \$225k-\$400k price range where there were 17 sales compared to five last year. A large supply of newly constructed higher-end condo inventory is sitting on the market. While 36 of the 110 available listings are new construction units, only two of last month's 31 closed sales were new construction units. Developers continue to focus on higher-end construction. Of those 36 units, only 32 are priced at or above \$400k. The over-supply of higher-end units is creating seller competition and buyer opportunities in those price ranges.

Monthly Activity

| | Listings | Change | New Pending s | Change | Months Supply | Change |
|------------|----------|--------|---------------|--------|---------------|--------|
| All | 110 | 5% | 38 | 90% | 2.9 | -45% |
| \$10-150k | 14 | 27% | 3 | -25% | 4.7 | 70% |
| \$150-225k | 21 | 11% | 9 | 50% | 2.3 | -26% |
| \$225-400k | 33 | -11% | 16 | 60% | 2.1 | -44% |
| \$400k+ | 42 | 11% | 10 | - | 4.2 | - |

YTD Closed Activity

| | YTD Closed | Change | YTD \$/SF | Change |
|------------|------------|--------|-----------|--------|
| All | 31 | 19% | \$240 | -9% |
| \$10-150k | 1 | -83% | \$206 | 50% |
| \$150-225k | 8 | 33% | \$190 | -6% |
| \$225-400k | 17 | 240% | \$229 | 5% |
| \$400k+ | 5 | -44% | \$302 | -12% |

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

