

HOUSING REPORT

WASHTENAW COUNTY | YEAR END 2019

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Washtenaw County

2019 Review

Prices and Closed Volume—New Record Highs

2019 set new historic highs for average sale price, price per square foot and closed volume—up 4%, 4% and 3% above previous record highs. Values, which have been climbing through the post-recession decade, continue to rise, but the rate of rise is slowing. In 2017 and 2018, average price per square foot rose 6% and 7%. Last year, it was up 4%.

Closed Sales—Even

2019 outperformed expectations. Closed sales, which peaked in 2016, have been declining over the past few years. Despite the expectations of another drop in 2019, sales were even (+0.1%) with the prior year.

Inventory—Up then Down

Since the swollen inventories of the recession a decade ago, inventory levels dropped as they normalized. Single family inventory bottomed out in most local markets in 2018 and have begun to rise. Washtenaw County single family listing inventory ended 2019 13% above what it was a year ago.

Affordable Entry Markets Continue to Shrink

After a decade of price increases, entry-level buyers struggle to find affordable move-in-ready housing. Homes that were affordable in the recent past continue to move beyond their range. Between 2016 and 2019, the number of under-\$300k sales dropped 31% from 2,451 to 1,695.

Upper-End Markets Continue to Grow

Washtenaw County's upper-end markets continue to thrive. Sales in both the \$300k to \$600k and the over-\$600k markets were up 10%. The 6% increase in price per square foot for the over-\$600k sales was a clear winner. None of the other price ranges were close. Those high-end sales were also responsible for lifting the average sale price for the whole market. Note that with the exception of the over-\$600k range, value increases for the various price ranges were all below the 4% average. Days on market (shown below) has also been increasing for all price ranges except that high-end range—where it dropped 17% from 133 days to 111 days.

Washtenaw County Single Family Closed Sales

2019 vs. 2018										
Price Ranges	Sales			\$ / SF			Days on Mkt			Avg Sale Price
	'19	'18	chng	'19	'18	chng	'19	'18	chng	
All	3550	3548	0%	\$ 181.72	\$ 174.44	4%	66	62	7%	2019
>10-150k	348	354	-2%	\$ 96.43	\$ 97.69	-1%	60	42	43%	\$ 348,549
>150-300k	1347	1502	-10%	\$ 149.02	\$ 144.44	3%	52	46	13%	2018
>300-600k	1532	1399	10%	\$ 191.23	\$ 188.66	1%	71	69	2%	\$ 333,887
>600k	323	293	10%	\$ 246.83	\$ 232.52	6%	111	133	-17%	4%

Data source: Realcomp MLS using Great Lakes Repository Data.

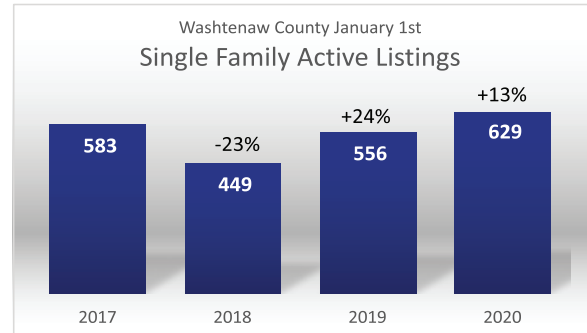
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2020 Outlook

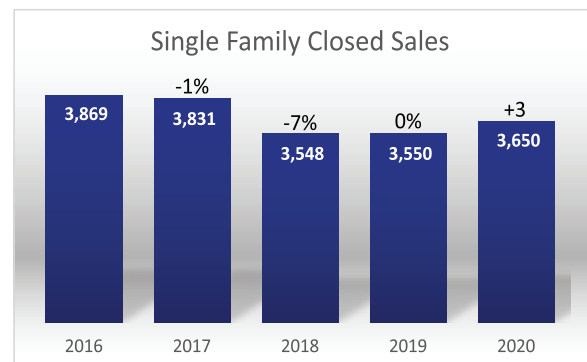
Inventory

Expect single family listing inventory to continue to build compared to prior years. Most of the additional inventory will be in the middle and upper price ranges. Expect a continued shortage of affordable move-in-ready listings.



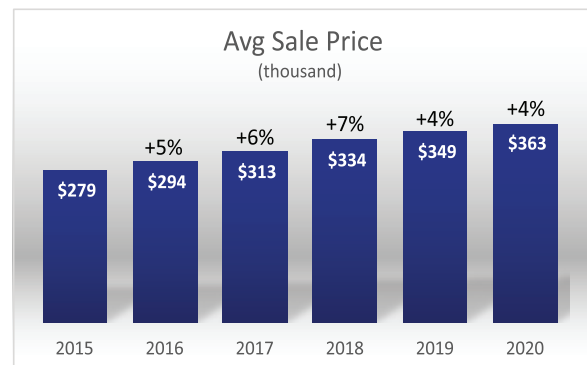
Closed Sales +3%

Annual sales peaked in 2016. They were just short of even in 2017 and then fell 7% in 2018. Last year's sales were 0.1% above even with 2018. Placing weight on the buyer demand coming into 2020 and rising inventories, expect to see this year get off to a fast start with a two or three percent rise in sales for the year. Most of the additional sales will be in the middle and upper price ranges. Buyers who are looking for more affordable houses will continue to be challenged.



Average Sale Price +4%

Prices have been on the rise for 10 years. The rate of rise has been declining and the primary driver for most of the rise in average price has been the increasing number of upper-end sales combined with fewer lower-end sales. Among the various price bands (>\$150k, \$150k-\$300k, \$300k-\$600k, and >\$600k), prices in two of those markets were flat last year and those homes had little appreciation. Although the number of \$300k-\$600k sales increased 10%, price per square foot in that range only increased 1%. In 2020, expect to see average sale price rise about 4%. Value increases will again be driven by an increasing number of upper-end sales and will vary within the price ranges.

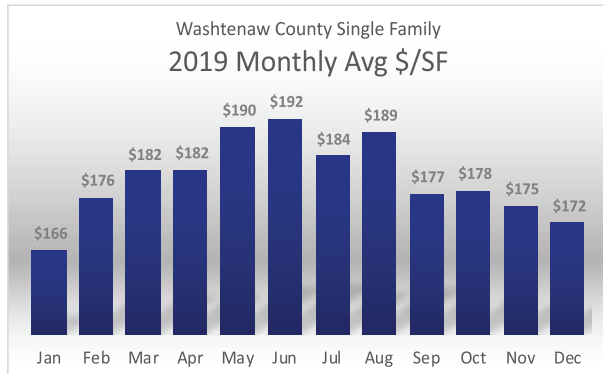


Data source: Realcomp MLS using Great Lakes Repository Data.

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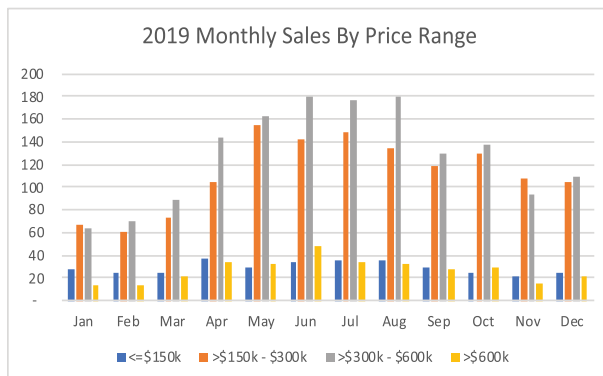
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Annual \$/SF Cycles

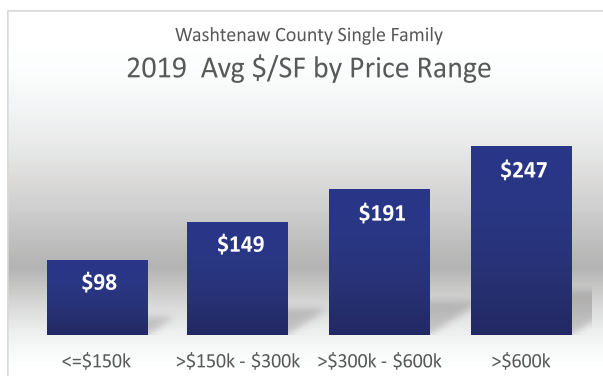


When looking at monthly average price per square foot throughout the year, there's typically a distinct curve that starts low, rises mid-year, and then slips back off toward the end of the year. Why?

The year also begins and ends with a larger proportion of non-prime listings that sell for less per square foot. Until new listings start to hit the market, a high percentage of the inventory at the beginning of the year is the previous year's leftover listings. Often condition and/or pricing aren't right. Those listings typically stay on the market longer and sell for a lower price per square foot. This also explains the year-end dip in price per square foot. The best prime listings sell fastest and there are fewer of them left in the mix of year-end sales.



Sales of middle and upper-priced homes are more seasonal than entry-priced sales. There is a significantly higher concentration of higher-priced homes sold between April and October—and those homes sell for more per square foot.



While there is seasonal fluctuation in all price ranges, entry-level markets have less variation through the year. For example, the high and low sales months last year for the under-\$150k market increased from 21 to 37 sales while the \$300k to \$600k market nearly tripled as it jumped from 63 in January to 180 in August (+186%). While the numbers are smaller, over-\$600k sales moved from 13 in January to 68 since June.

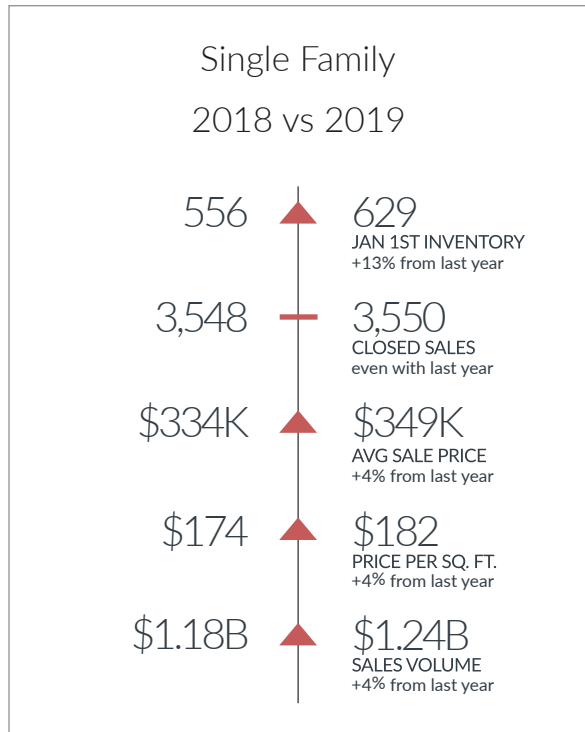
Understanding cycles and variations by price range rewards both buyers and sellers when planning timing, prices, and offers. Within all price ranges, today's buyers pay premiums for homes that are in great condition.

Data source: Realtor MLS using Great Lakes Repository Data.

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Summary

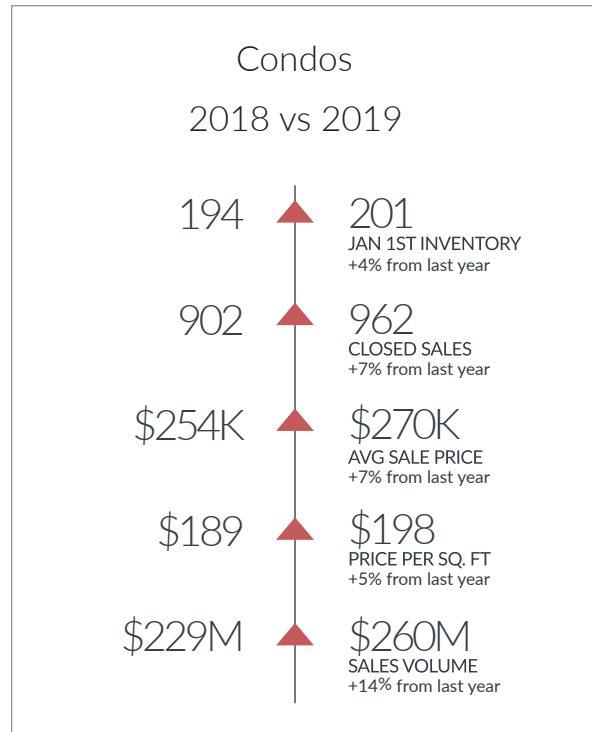


Inventory—Available listings levels rose through 2019. January 1st inventory was up 13% from last year.

Closed Units—Entry and lower/mid-priced sales (under \$300k) were down in 2019, but over-\$300k sales were up by an equal amount. The 3,550 total closed sales were even with the prior year.

Values—While average price and price per square foot were up 4%, some price ranges moved more than others. Price per square foot of homes priced under \$150k dropped 1%. The \$150k to \$300k and \$300k to \$600 ranges rose 3% and 1%. Sales and values of upper-end homes priced over \$600k rose the most—sales were up 13% and values up 6%.

Summary—Entry-level buyers will continue to be challenged in finding move-in-ready homes while inventory and sales shift toward the higher price ranges. Expect prices to continue rising through 2020 at rates similar to 2019.



Inventory—Inventory remained nearly level with the prior year.

Closed Units—2019 closed sales rose by 60 units (7%). There was a big shift in the mix of sales with a big 69-unit increase in sales priced over \$400k.

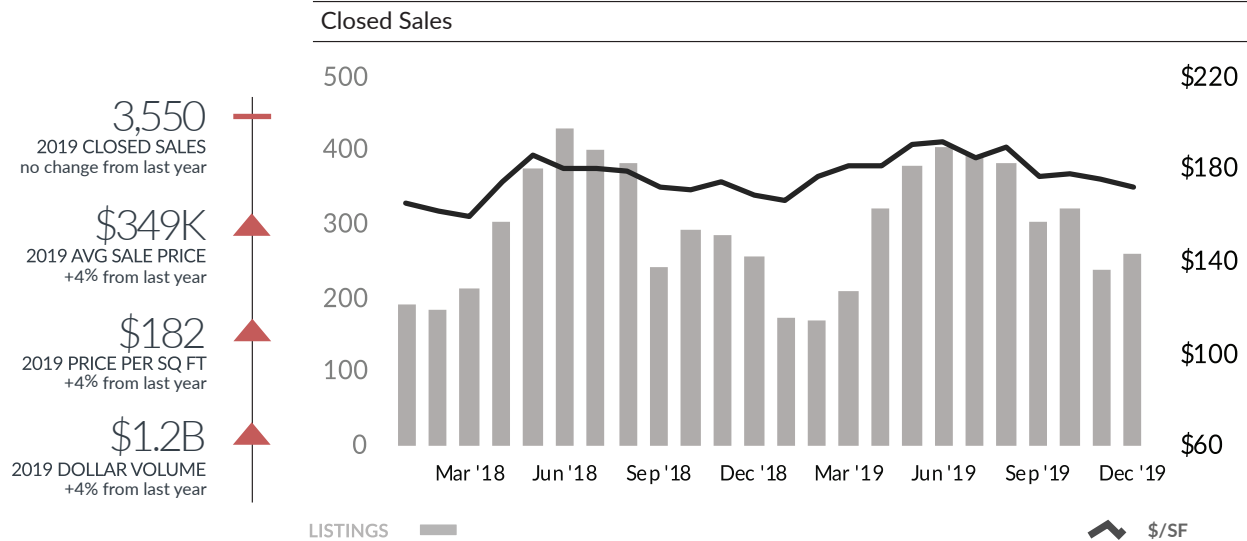
Values—Average sale price rose 7% in 2019. Be careful not to assume values rose that much. The change in sales mix with a 14% decline in under-\$150k sales combined with a 72% increase in over-\$400k sales caused most of the average price jump. Although there was a big increase in over-\$400k sales, price per square foot dropped 7% for that market. Average values rose 4% for condos priced under \$150k and about 2% for \$150k to \$400k sales.

Summary—The number of upper-end sales jumped significantly, yet price per square foot for those sales dropped. Expect continued new development to add units in the higher price ranges. Buyers will continue to face challenges when searching for affordable properties in good condition.

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Single Family Homes



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	548	1,102	1,080	820	3,550
		-7%	0%	5%	-1%	0%
	\$/SF	175	188	184	175	182
		8%	4%	3%	2%	4%
\$10-150k	Avg Sale Price	\$334K	\$361K	\$346K	\$344K	\$349K
		5%	4%	2%	7%	4%
	Units	77	100	100	71	348
		-5%	14%	15%	-28%	-2%
\$150-300k	\$/SF	95	100	97	93	96
		2%	5%	-1%	-10%	-1%
	Units	201	402	402	342	1347
		-21%	-10%	-9%	-5%	-10%
\$300-600k	\$/SF	138	152	153	148	149
		-1%	3%	5%	3%	3%
	Units	222	485	485	340	1532
		12%	1%	18%	10%	10%
\$600k+	\$/SF	193	195	193	183	191
		9%	1%	0%	-1%	1%
	Units	48	115	93	67	323
		-8%	22%	7%	12%	10%
	\$/SF	238	255	252	236	247
		15%	8%	5%	-2%	6%

Summary

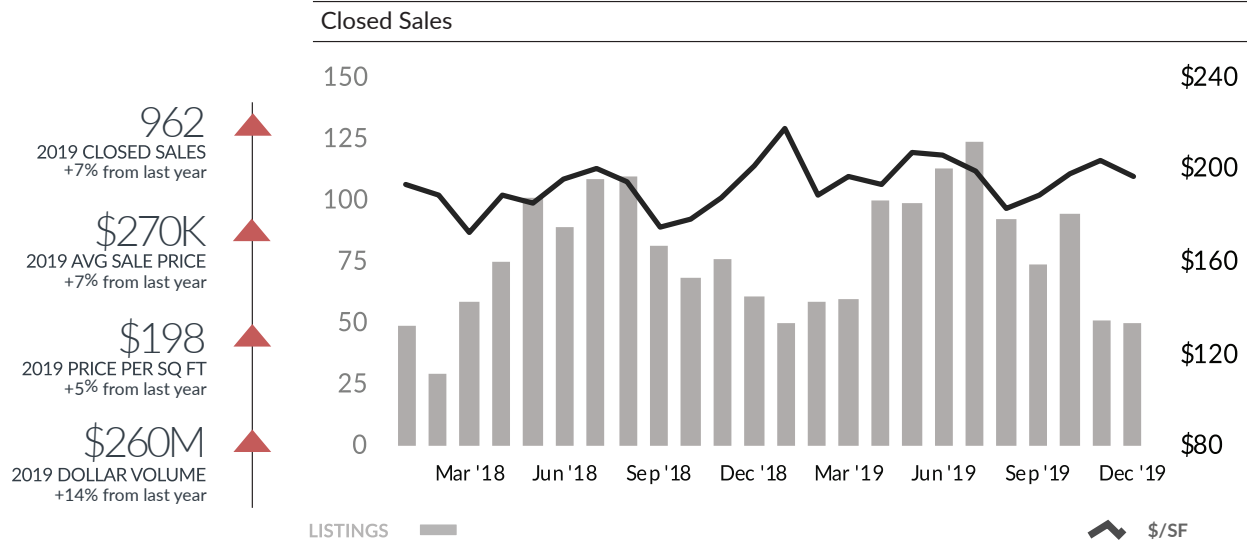
While 2019 sales were even with the previous year, average price, price per square foot and closed volume were all up 4%. The continuation of low mortgage rates was a welcome surprise, but prices and property taxes continue to rise as they have over the past decade. Finding move-in-ready homes with affordable prices continues to be a challenge for buyers on a budget. Expect 2020 sales to continue to rise in the over-\$300k price ranges. Values will also rise at most price levels, but at slower rates than last year.

Data source: Realcomp MLS using Great Lakes Repository Data. Percent changes are compared to the same period last year (Year-Over-Year)

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Condos



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	167	311	289	195	962
		24%	17%	-3%	-4%	7%
	\$/SF	200	202	191	199	198
		9%	7%	0%	5%	5%
	Avg Sale Price	\$287K	\$272K	\$253K	\$280K	\$270K
\$10-150k		15%	9%	-2%	9%	7%
	Units	27	46	57	31	161
		-7%	-21%	-7%	-23%	-14%
\$150-225k	\$/SF	125	131	120	126	125
		11%	2%	1%	9%	4%
	Units	54	100	104	69	327
\$225-400k		32%	32%	16%	13%	22%
	\$/SF	159	161	162	149	159
		3%	4%	3%	-5%	1%
\$400k+	Units	45	118	89	57	309
		-8%	10%	-24%	-26%	-12%
	\$/SF	194	200	197	194	197
\$400k+		4%	3%	3%	-2%	2%
	Units	41	47	39	38	165
		156%	96%	30%	46%	72%
\$400k+	\$/SF	263	297	277	293	283
		-9%	-6%	-16%	9%	-7%

Summary

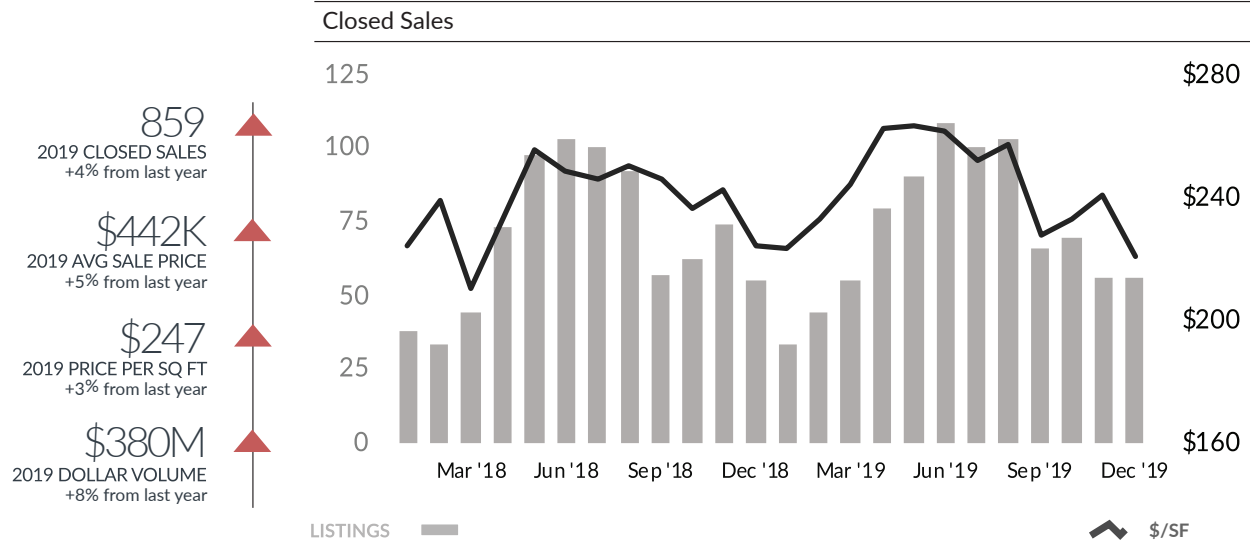
Both sales and average sale price rose 7% in 2019. At first glance, the 72% jump in over-\$400k sales was the highlight of the year. Despite the big jump in the high-end sales, price per square foot for those units dropped 7%. Nearly half of the 165 sales priced over \$400k were newly constructed units. Those new units had an average sale price of \$539k and price per square foot of \$261 compared to \$305 for the resale units priced over \$400k. Nearly 40% of current active listings are new construction units with build date of 2018 or later.

Data source: Realcomp MLS using Great Lakes Repository Data. Percent changes are compared to the same period last year (Year-Over-Year)

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Ann Arbor

Single Family Homes



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	132	277	269	181	859
		15%	1%	8%	-5%	4%
	\$/SF	235	262	248	232	247
		5%	6%	0%	-1%	3%
\$10-250k	Avg Sale Price	\$414K	\$478K	\$424K	\$435K	\$442K
		6%	11%	-4%	7%	5%
	Units	11	9	12	5	37
		-8%	13%	50%	-64%	-12%
\$250-400k	\$/SF	159	138	169	158	156
		-3%	-12%	5%	1%	-2%
	Units	63	118	134	92	407
		9%	-17%	9%	-7%	-4%
\$400-750k	\$/SF	222	239	235	215	229
		3%	3%	3%	-4%	1%
	Units	52	124	110	72	358
		30%	19%	11%	7%	15%
\$750k+	\$/SF	248	263	251	225	249
		8%	5%	-2%	-4%	1%
	Units	6	26	13	12	57
		20%	44%	-32%	9%	8%
\$750k+	\$/SF	267	317	310	314	309
		2%	9%	8%	4%	7%

Summary

Ann Arbor single family sales, average sale price, price per square foot and closed volume were all up in 2019—4%, 5%, 3% and 8%. While values were relatively flat in the under-\$750k price ranges, sales and price per square foot were up 8% and 7% for homes priced over \$750k. Sales jumped 15% in the \$400k to \$750k range, but average price per square foot was nearly level—up just 1%. Expect to see continued growth of the upper-end market while the more affordable price ranges shrink.

Data source: Realcomp MLS using Great Lakes Repository Data. Percent changes are compared to the same period last year (Year-Over-Year)

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Ann Arbor

Condo/Loft

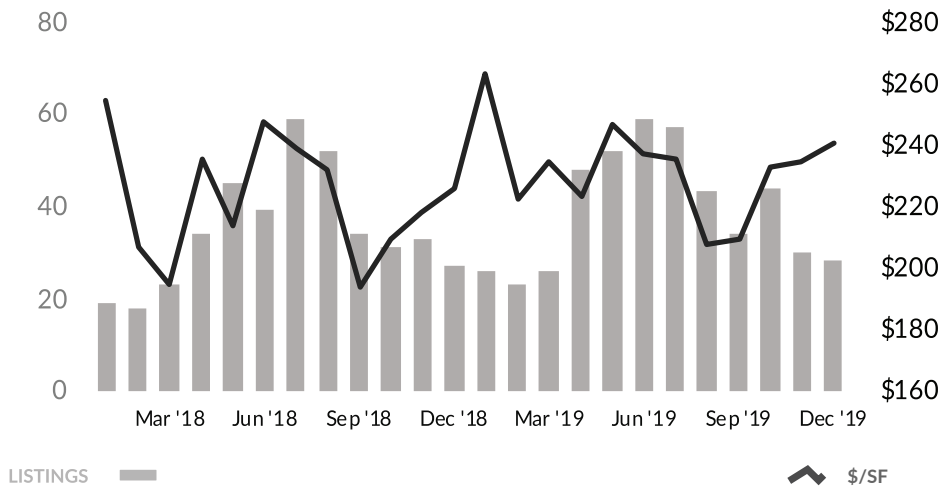
Closed Sales

470
2019 CLOSED SALES
+14% from last year

\$313K
2019 AVG SALE PRICE
+5% from last year

\$232
2019 PRICE PER SQ FT
+3% from last year

\$147M
2019 DOLLAR VOLUME
+20% from last year



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	75	159	134	102	470
		25%	35%	-8%	12%	14%
	\$/SF	240	236	219	235	232
		11%	2%	-3%	8%	3%
\$10-150k	Avg Sale Price	\$332K	\$317K	\$287K	\$327K	\$313K
		17%	13%	-10%	12%	5%
	Units	13	21	15	15	64
		8%	-16%	-17%	15%	-6%
\$150-225k	\$/SF	151	156	134	142	146
		17%	-4%	-17%	-3%	-4%
	Units	17	27	45	24	113
		6%	0%	45%	4%	16%
\$225-400k	\$/SF	190	196	183	178	186
		3%	3%	-2%	-3%	0%
	Units	19	73	46	35	173
		-5%	43%	-33%	-13%	-4%
\$400k+	\$/SF	209	209	204	201	206
		10%	1%	5%	-2%	3%
	Units	26	38	28	28	120
		117%	153%	4%	87%	74%
\$400k+	\$/SF	295	309	292	319	305
		-7%	-20%	-15%	7%	-10%

Summary

Closed condo sales, average price, price per square foot and closed volume were all up—14%, 5%, 3% and 20%. Of the 120 sales priced over \$400k, half were new construction units (built since 2017 and sold for the first time). It's worth noting that price per square foot for the new construction units priced over-\$400k was \$255 compared to \$347 for existing units. A third of today's active listings are new construction units. Be careful when looking at comparable listings, the new units are statistically different. Don't mix them.

Data source: Realtor MLS using Great Lakes Repository Data. Percent changes are compared to the same period last year (Year-Over-Year)