

HOUSING REPORT

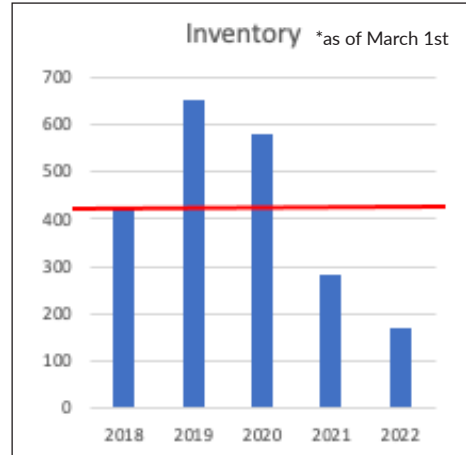
WASHTENAW | MARCH 2022

A blue circular logo with the text "Real Estate One" in white. The word "Real" is on the top line, "Estate" is on the middle line, and "One" is on the bottom line.

Real
Estate
One

Offer Up

For the past several years a recurring story we have told is that inventory remains tight. In 2018 with only 425 available listings we were reporting on tight inventory levels and intense buyer competition. Since the pandemic hit, inventory levels have been slashed in half. Current active inventory sits at 172 single family homes, which is only about half as much of the average of 423 we have had over the past 5 years. New listings have been slow to return to the Washtenaw market, we still have a long way to go to reach somewhat normal inventory levels. In the meantime, buyers will be forced to compete for the best listings. Here are 10 strategies to help you win those prime properties against the competition.



1. Cash Offer—Cash is king and eliminates potential risks perceived by seller. Not everyone has the luxury of paying cash, but don't overlook this possibility when discussing options with buyers.

2. Escalation Clause—This method is intended to squeeze out the competition by offering "\$xxx" more than any other offer received. Be sure to include a ceiling cap, or you may run the risk of the appraisal coming in short—our next point.

3. Appraisal Waiver or Gap Coverage—If your client has the financial ability to put more down, the offer might include language that covers the difference (usually up to a point) if the appraised value falls short of the sale price. Be sure buyer and lender are on board with this prior to making such an offer.

4. Extended/Free Seller Occupancy—With fewer homes on the market, sellers may need time to find their next home before they can move. Offering to extend post-closing occupancy, or letting the seller stay for free might sweeten the deal.

5. Letter from Buyer to Seller—Building a connection and making the transaction more about the people than the money sometimes helps a buyer gain an advantage. Keep it short, stay positive, and thank the seller for considering your offer.

6. Larger EMD—Money talks. Increasing the EMD sends the message that your client is committed. It helps reduce the seller's risk that the transaction will fail.

7. Inspection Waiver—You don't need to completely waive the inspection if you arrange to have your buyer bring the inspector to a showing. Do an abbreviated inspection so it's taken care of before making your offer.

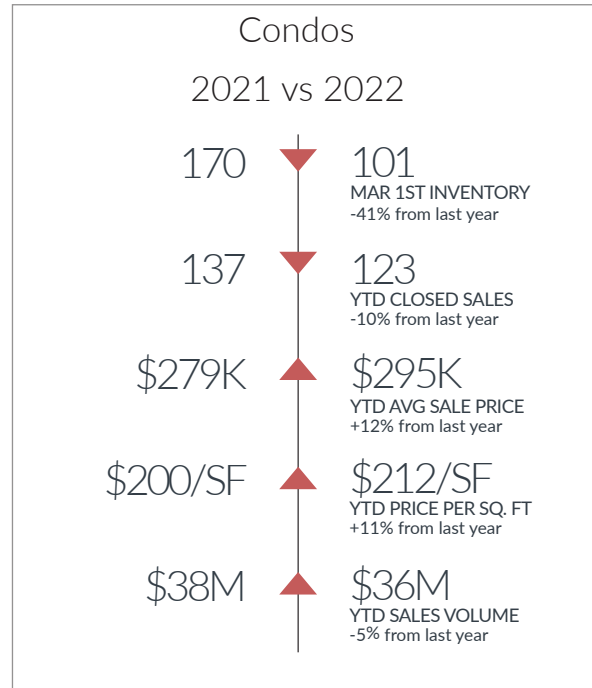
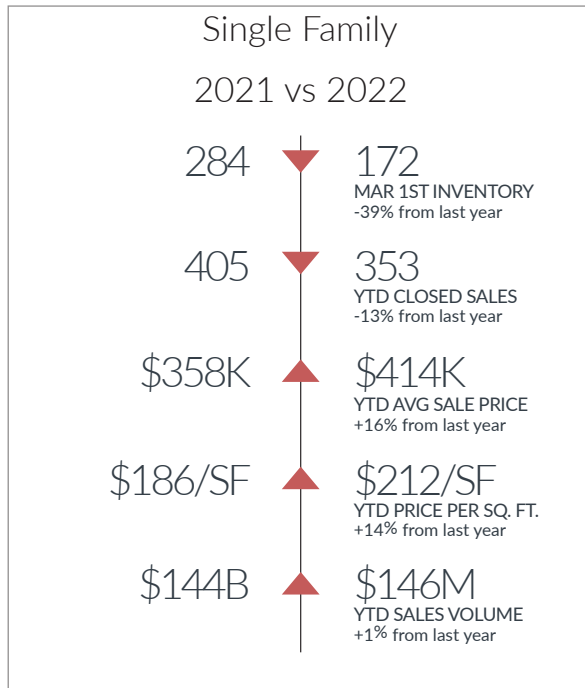
8. Increase Down Payment and EMD—larger sums of upfront money may reduce the seller's perception of risk that your buyer will run into financing issues while completing the transaction.

9. Strong Preapproval—The fewer contingencies in the approval letter the stronger it will be. Approval letters don't need to match your offer exactly. If your buyer can go significantly higher, it may reduce the perception of risk to show the higher amount. Some preapproval letters have more holes than Swiss cheese. Work with your client and their lender to make sure yours doesn't.

10. Be Likable, Professional, and Easy to Work with—It isn't always the biggest offer that takes it. Sellers often base their decisions on perceived risk and sometimes it's because they like that you and your client showed respect when you took your shoes off.



Summary



Inventory— Single family inventory remains tight. It's down 8% from the prior month and 39% from last year.

Closed Units— Closed sales are back on the rise up 17% month over month after reaching a two-year low in January. Demand continues to be intense with buyers waiting for new inventory and something nice to buy.

Values— YTD avg sale price and price per square foot are up 16% and 14%. Bidding wars will again drive up prices through the first half of the year before they settle in the second half as inventory quality fades.

Summary— Expect similar sales and price patterns as seen last year. New and carryover buyers from last year are waiting to jump on this year's best listings as most arrive in the first half of the year. Sales and prices will settle in the second half as inventory quality tails off.

Inventory— As with single family inventory, Washtenaw condo inventory is down—3% from last month and 41% from this time last year.

Closed Units— Due to inventory shortages, closed sales are down 10% compared to last year, but last month's 153 new pendings nearly doubled the 86 from the same month last year. Expect sales to jump when fresh inventory arrives.

Values— YTD average sale price and price per square foot are up 12% and 11% compared to last year. Like last year, there will be a sharp increase in the first half of 2022 before prices level and tail off in the second half when the best inventory is gone.

Summary— Inventory shortages have the year off to a slow start, but demand from new and carryover buyers remains intense. Expect fierce bidding wars to drive up prices in the first half—so long as the quality listings remain.



Washtenaw County

Single Family Homes

172
AVAILABLE HOMES
-8% from last month

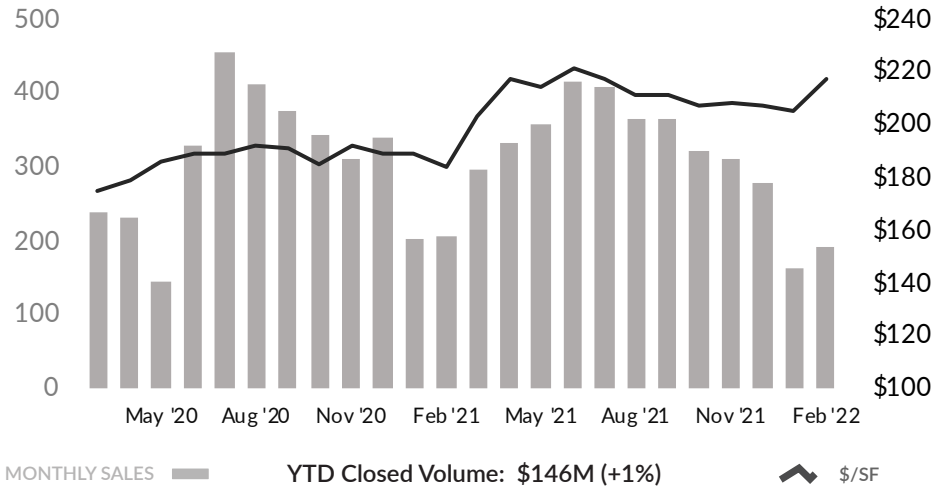
371
NEW PENDINGS
+13% from last month

353
YTD CLOSED SALES
-13% from last year

\$414K
YTD AVG SALE PRICE
+16% from last year

\$212
YTD PRICE PER SQ FT
+14% from last year

Closed Sales



Summary

Single family inventory remains tight down 8% from the prior month and 39% from last year. Closed units are back on the rise up 17% month over month after reaching a two year low in January. Despite inventory issues, demand remains intense with 53% more new pendings last month than the same month last year. Buyer competition continues to lift values—YTD average sale price jumped 16% and price per square foot 14%. Expect a similar pattern of sales and value growth in 2022 as shown in the chart above for 2021. New buyes and carryover buyers from last year have picked over current listings and are waiting to jump on the best new ones as they arrive. An intense first half will settle, as it did last year, when inventory quality tails off.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	172	-8%	371	13%	0.5	-19%
\$10-250k	34	79%	80	300%	0.4	-55%
\$250-400k	22	5%	122	28%	0.2	-18%
\$400-600k	41	-34%	79	-47%	0.5	24%
\$600k+	75	-12%	90	41%	0.8	-37%

YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	353	-13%	-1%	\$212	14%	22%
\$10-250k	90	-22%	-34%	\$150	5%	16%
\$250-400k	115	-27%	-15%	\$187	6%	4%
\$400-600k	89	-8%	48%	\$219	9%	16%
\$600k+	59	69%	157%	\$267	14%	16%

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



Washtenaw County

Condos

101
AVAILABLE CONDOS
-3% from last month

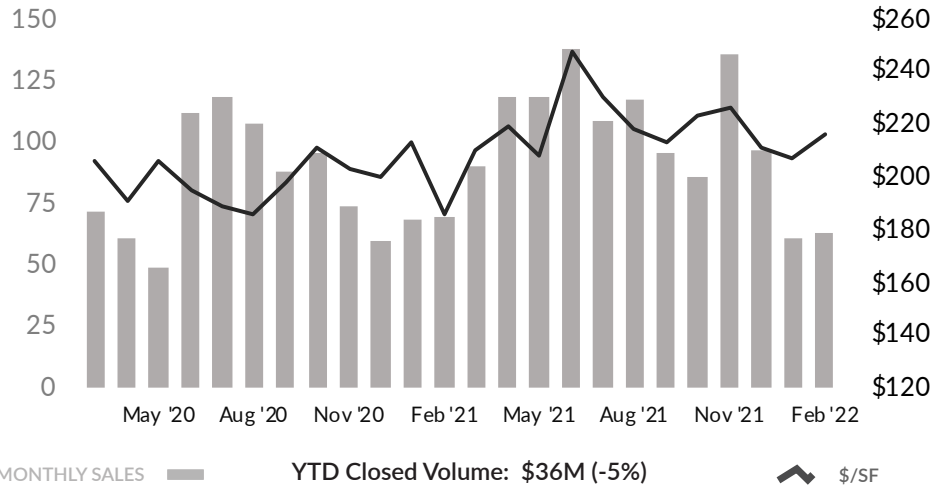
153
NEW PENDING
+9% from last month

123
YTD CLOSED SALES
-10% from last year

\$295K
YTD AVG SALE PRICE
+5% from last year

\$212
YTD PRICE PER SQ FT
+6% from last year

Closed Sales



Summary

Washtenaw Condo inventory has followed the trend of single family homes, down 3% from last month and 41% from the prior year. Affordable condos continue to fly off the shelf with the supply levels varying from 10 days at the low end to a month for higher-end properties. Values, which settled in the second half of the year as inventory quantity and quality was depleted, are on the upswing as fresh listings heating up bidding wars. Buyers are trying to lock in on current interest rates. Expect a similar pattern of increased activity and price jumps in the first half of the year. Both will tail off in the second half as arrival of prime new listings drops off.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	101	-3%	153	9%	0.7	-11%
\$10-175k	5	-44%	19	12%	0.3	-50%
\$175-250k	7	-50%	33	-11%	0.2	-44%
\$250-400k	37	9%	52	27%	0.7	-14%
\$400k+	52	11%	49	7%	1.1	4%

YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 20	22 v 20
All	123	-10%	9%	\$212	6%	4%
\$10-175k	26	-21%	4%	\$148	7%	6%
\$175-250k	37	-27%	-14%	\$190	14%	12%
\$250-400k	36	16%	20%	\$214	8%	1%
\$400k+	24	9%	60%	\$258	-11%	-19%

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



Ann Arbor

Single Family Homes

24
AVAILABLE HOMES
no change from last month

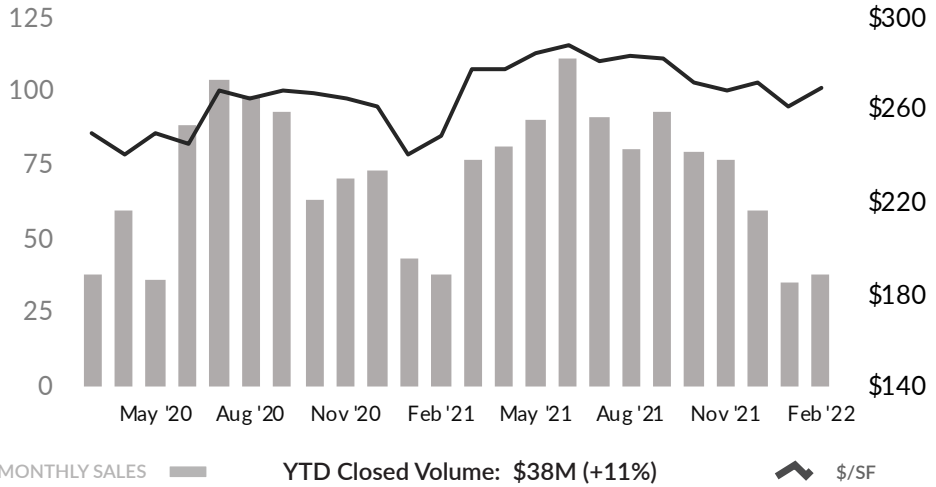
72
NEW PENDING
-1% from last month

73
YTD CLOSED SALES
-10% from last year

\$519K
YTD AVG SALE PRICE
+23% from last year

\$266
YTD PRICE PER SQ FT
+9% from last year

Closed Sales



Summary

Ann Arbor is feeling the inventory pinch. Its 24-listing inventory is even with last month but down from 64 listings at this time last year. This shortage is challenging buyers, who will need to move quickly and with big offers to score a home. The average sale price jumped 23%—nearly double the rise in surrounding markets. Much of that jump came from a change in sales mix with fewer entry and middle-priced sales and a big jump in over-\$750k sales (10 this year vs. 4 last). The 9% increase in overall price per square foot is a better indication of value change. Even with that, note the differences within the price ranges in the second table below. Expect 2022 activity and values to follow last year's pattern with a first-half rise in prices and activity as prime new listings arrive.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	24	0%	72	-1%	0.3	1%
\$10-250k	2	100%	1	-86%	2.0	1300%
\$250-400k	4	300%	20	-13%	0.2	360%
\$400-750k	11	-31%	35	25%	0.3	-45%
\$750k+	7	17%	16	7%	0.4	9%

YTD Closed Activity

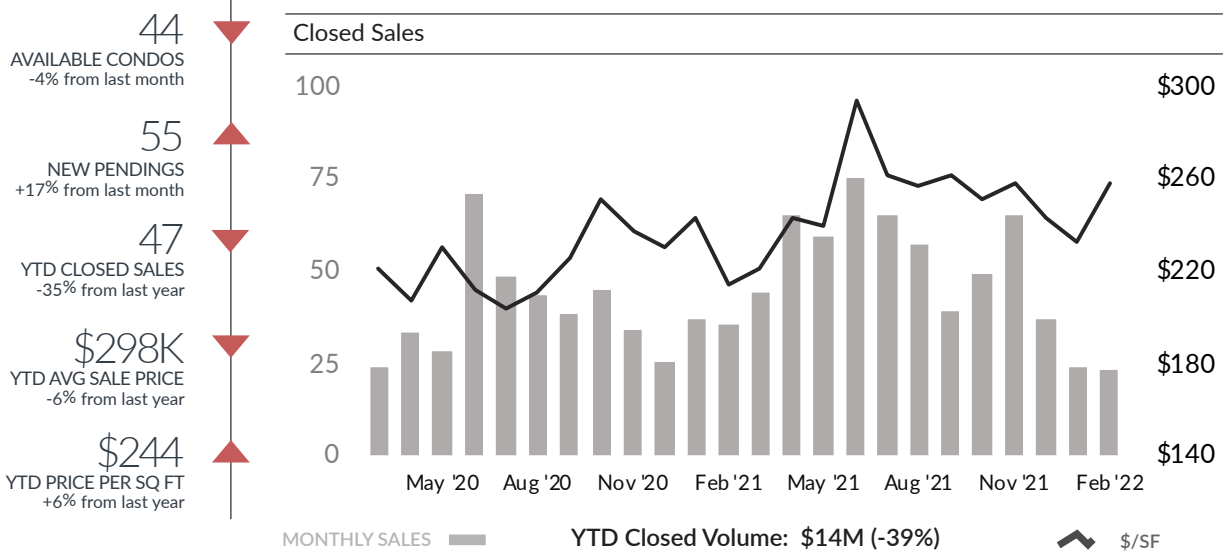
	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	73	-10%	-8%	\$266	9%	8%
\$10-250k	8	-20%	33%	\$182	-6%	-18%
\$250-400k	20	-43%	-55%	\$270	15%	15%
\$400-750k	35	9%	59%	\$255	3%	9%
\$750k+	10	150%	43%	\$306	-1%	3%

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



Ann Arbor

Condos



Summary

In a rare occurrence, there are nearly twice as many available condos than single family homes in Ann Arbor. With just 7 over-\$500k YTD sales compared to 15 last year, and with price per square foot of those higher-end sales down 22% (see second table below), average sale price is down 6%. Ann Arbor markets tend to shift earlier than other local markets when external factors like pandemics, economic climate and global conflict. Despite all of that, last month did show a YOY improvement in new pendings—up 17% from the prior month and 41% from the same month in 2021. Ten of those new pendings were in the over-\$500k range and will help to bring both closed sales and average sale price back in line as they close through March and April.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	44	-4%	55	17%	0.8	-18%
\$10-200k	4	0%	8	-20%	0.5	25%
\$200-300k	7	-36%	20	11%	0.4	-43%
\$300-500k	9	200%	17	183%	0.5	6%
\$500k+	24	-14%	10	-23%	2.4	11%

YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	47	-35%	-19%	\$244	6%	5%
\$10-200k	13	-41%	0%	\$184	8%	3%
\$200-300k	19	-24%	-24%	\$220	19%	11%
\$300-500k	8	-20%	-38%	\$279	24%	23%
\$500k+	7	-53%	0%	\$298	-7%	-22%

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

