

HOUSING REPORT

WASHTENAW | OCTOBER 2020



Washtenaw County

Strong Housing Signals

The housing market continues to be a bright spot for the economy with increased interest from buyers for single family housing. If homes continue to sell at the current pace, we may remain in a seller's market all winter. In Michigan, there are many factors that lead to the slowing of sales in the colder months but due to the shutdown in spring, we currently see a carryover of demand from buyers who are still interested in the limited inventory available.

Delayed Cooldown

2019 was a strong year and, in the midst of the global pandemic, the summer months provided a record number of sales in 2020. Even better, recent new pending contracts are still hitting highs, which will ensure strong closed sales through the fourth quarter as we head into winter.

While it may seem like the market is slowing, it may take an extra month or two to really cool off. The third quarter set new records for both closed sales and home values. Monthly price per square foot for a typical year peaks in July, but this year it looks to have been pushed back to September. Furthermore, days on market have also been on the decline through September indicating that homes are still selling quickly.

Out of Supply

Inventory is down 30% from 2019, while pending sales are up 16% from last year. Tight supply has created heavy competition among buyers for homes in our market. Months supply of inventory increased just slightly from last month up 1%. In 2019, months' supply of inventory was at 3.1 months in September, in comparison right now we only have 1.9 months of supply which is not typical this time of year. Months' supply refers to the number of months it would take for the current inventory of homes on the market to sell given the current sales pace. Historically, six months of supply is associated with moderate price appreciation, so lower levels of supply tend to push prices up more rapidly. Sellers who haven't gotten a quick hit should remain patient and give buyers time to take a second look and make a deal.

Month	July '19	Aug '19	Sep '19	Q3
Units	394	382	304	1080
MoM	-2%	-3%	-20%	
\$/SF	\$ 184.40	\$ 188.93	\$ 176.95	
MoM	-4%	2%	-6%	
DOM	60	57	63	
MoM	-2%	-5%	10%	
Month	Jul '20	Aug '20	Sep '20	Q3
Units	456	410	371	1237 19 vs 20 15%
MoM	39%	-10%	-10%	
\$/SF	\$ 188.84	\$ 191.38	\$ 190.62	
MoM	0%	1%	0%	
DOM	43	40	40	
MoM	-11%	-5%	0%	

Washtenaw County

Buyer Pipeline

Mortgage applications are up 30% from a year ago and there are plenty of active buyers lined up in the pipeline. This is great news for sellers as the strong demand has been driving up prices faster in the past few months than at any time in recent years. While this is fantastic for a homeowner's equity, the limited inventory, rapid price increase and growing competition may choke off some of the buyers that are trying to move through the market. When first-time homeowners are unable to complete the purchase process, the rate of homeownership declines.

Noteworthy News

- Builder confidence reaches record high.
- Coronavirus-related evictions delayed until 2021.
- Single-family housing starts reaches highest levels since 2007.
- Coronavirus second surge beginning to show signs across the country. Michigan numbers are on the rise.
- Mortgage rates fall to a record low for the 11th time this year.
- Second stimulus negotiations have been delayed, most likely to come after the election.

Working from home for good?

Most teleworkers expect to continue at home even after a Covid Vaccine. While not all industries and positions have this luxury, many may not be going back to the office. Currently about 3 out of every 10 adults are working from home either full or part time. Sixty-one percent of those working from home believe they will continue to work from home even after a vaccine is distributed. How will this impact home buying priorities and decisions? If around 20% of the working population goes home full time, they may be putting more of an emphasis on home expenditures.



Washtenaw County

Single-Family Homes

660
AVAILABLE HOMES
-1% from last month

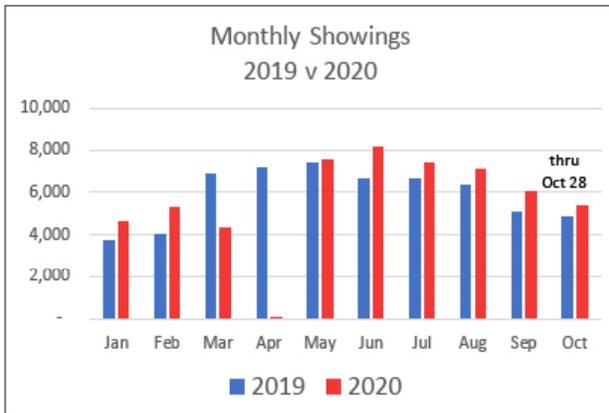
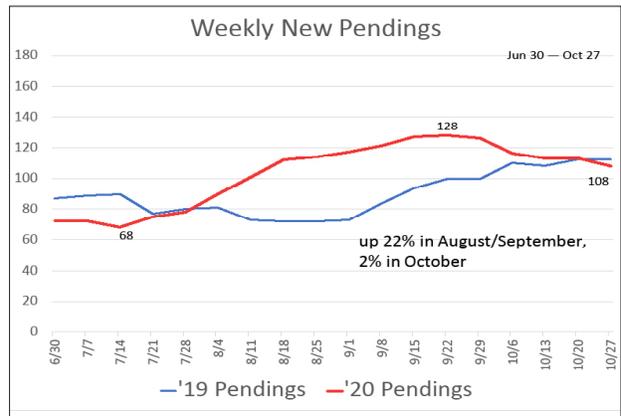
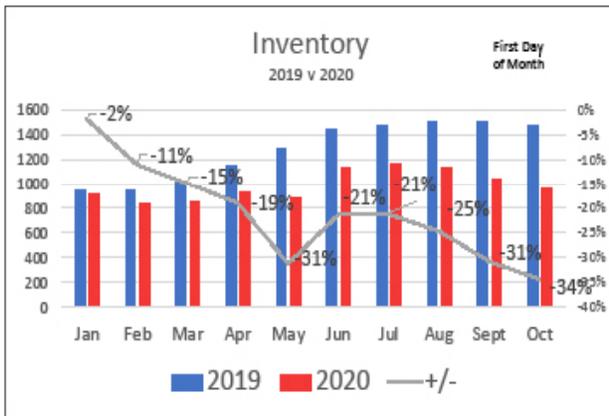
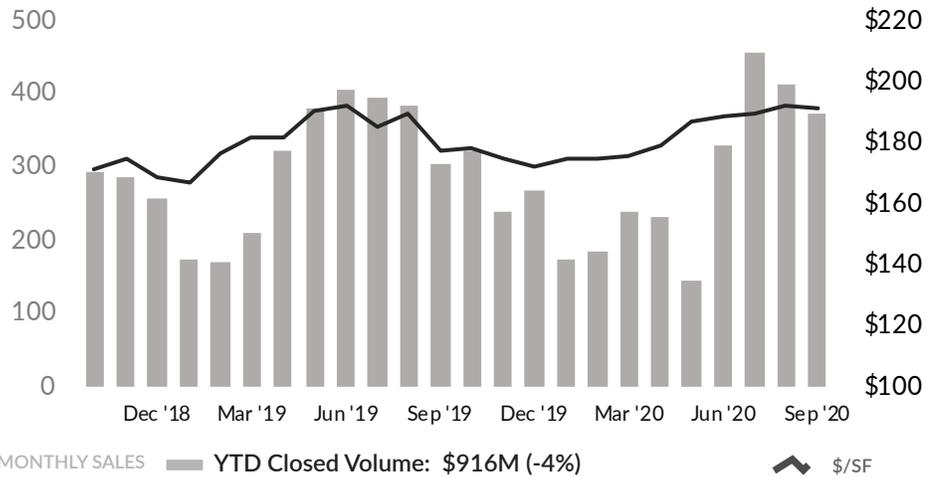
356
NEW PENDING
-2% from last month

2,534
YTD CLOSED SALES
-7% from last year

\$361K
YTD AVG SALE PRICE
+3% from last year

\$185
YTD PRICE PER SQ FT
+1% from last year

Closed Sales



Inventory continues to decline—it's down 34% year-over-year. Although monthly showing activity has declined each month since June, showings continue to run 15% higher than a year ago. YOY new pendings were up 22% in August/September, but have been trending down since the beginning of October. Closed sales peaked with record highs in July. Monthly sales have been declining since, but still running 20 to 30% higher than last year. Values, which dipped during the Covid "shutdown," have been rising. YTD average sale price and price per square foot are both up slightly, but mostly due to a shift in the product mix—fewer lower and middle-priced sales because of limited low-priced inventory.

Washtenaw County

Condos

253
AVAILABLE HOMES
-4% from last month

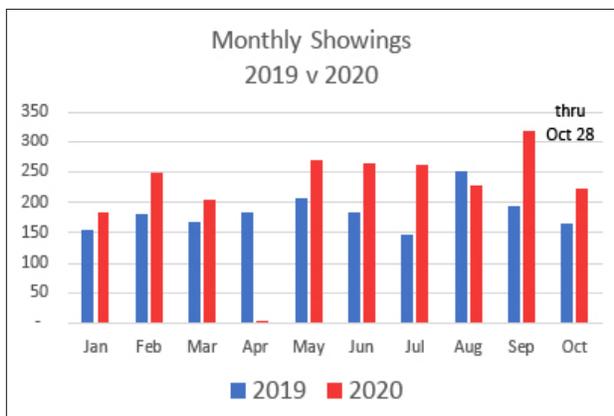
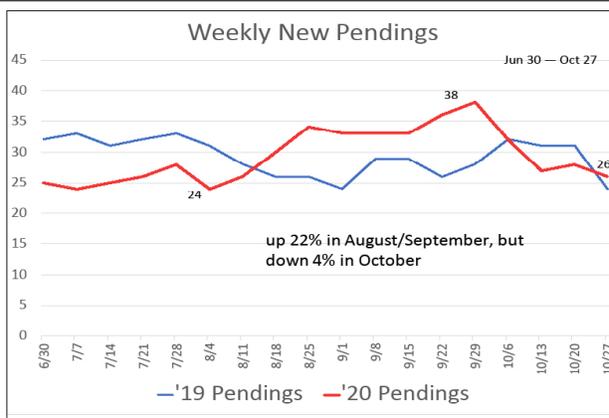
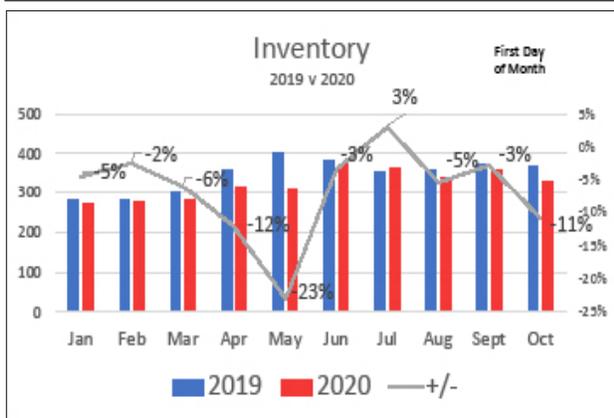
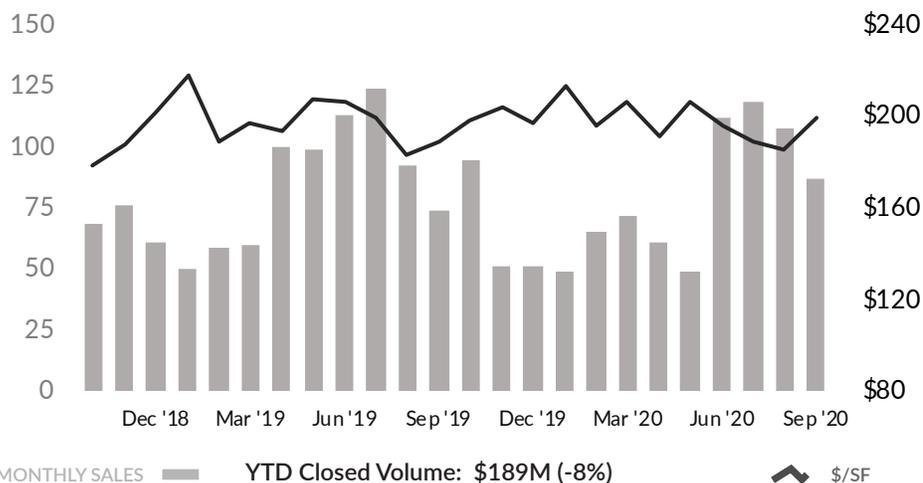
95
NEW PENDING
+23% from last month

716
YTD CLOSED SALES
-7% from last year

\$264K
YTD AVG SALE PRICE
-2% from last year

\$196
YTD PRICE PER SQ FT
-1% from last year

Closed Sales



Condo inventory dropped 4% in the past month and is down 11% compared to last year. Showings and new pendencies set highs for the year in September, but have been tailing off in October. Likewise, new pending activity peaked near the end of September and has been declining since. Expect the strong pending activity to provide additional Oct/Nov closings. YTD closed sales are down 7%, but that gap has been narrowing. YTD condo values are slightly lower than they were a year ago. Average sale price is down 2% and price per square foot is down 1%. The Washtenaw condo market may be more Covid trend-sensitive than its single-family home market.

OCTOBER 2020
HOUSING REPORT

Ann Arbor

Single-Family Homes

141
AVAILABLE HOMES
+9% from last month

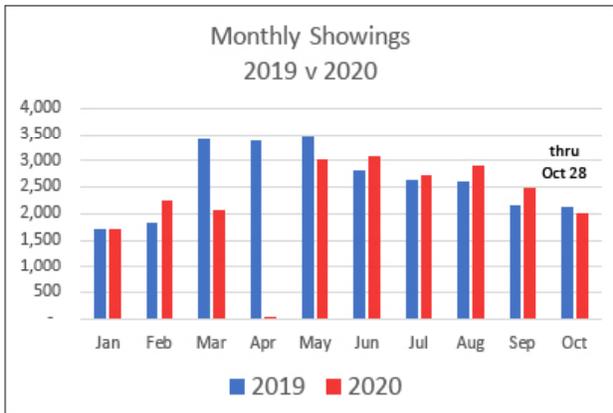
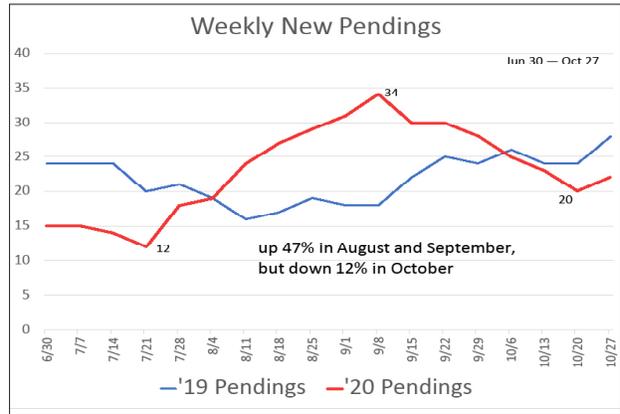
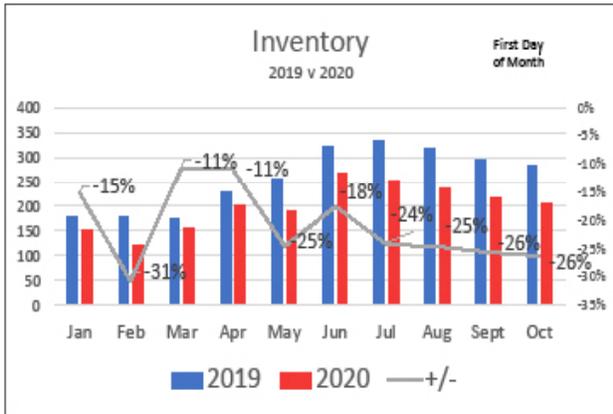
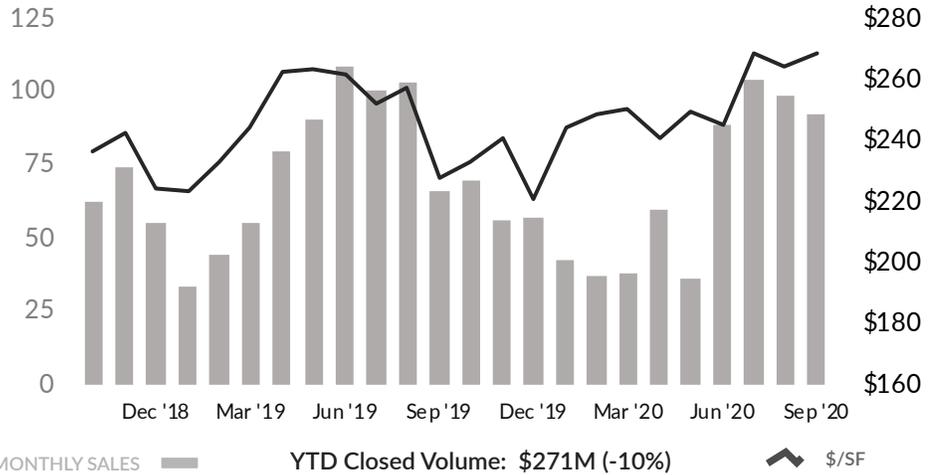
74
NEW PENDING
-6% from last month

594
YTD CLOSED SALES
-12% from last year

\$457K
YTD AVG SALE PRICE
+3% from last year

\$256
YTD PRICE PER SQ FT
+2% from last year

Closed Sales



Inventory and showings have been declining since June, but until recently, showings were up compared to the same month last year. New pending activity peaked with 34 new sales the first week of September, but has been declining since. Monthly closed sales peaked in July. Although monthly sales have been dropping, they have continued to outperform the same month last year. This year's closed sale shortfall dropped from 32% in June to 12% in October. However, the recent drop in the red "new pending" line above may prevent the further narrowing of that gap. Prices, which dipped during the lockdown, have been rising and are higher than any time last year.

OCTOBER 2020
HOUSING REPORT

Ann Arbor

Condos

116
AVAILABLE HOMES
-6% from last month

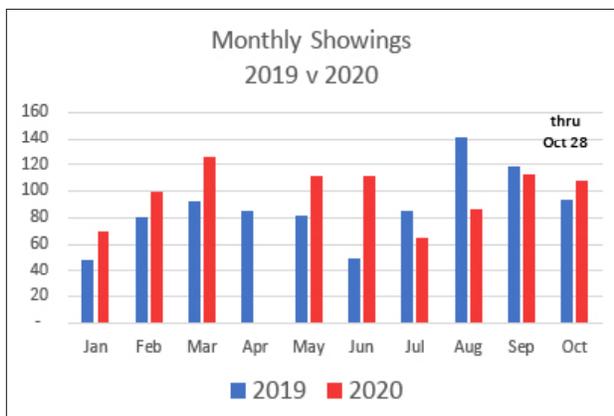
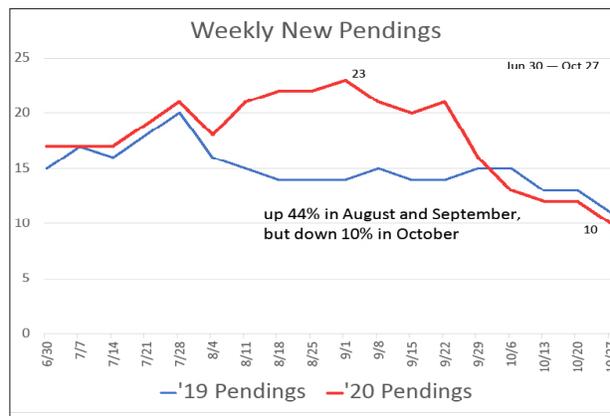
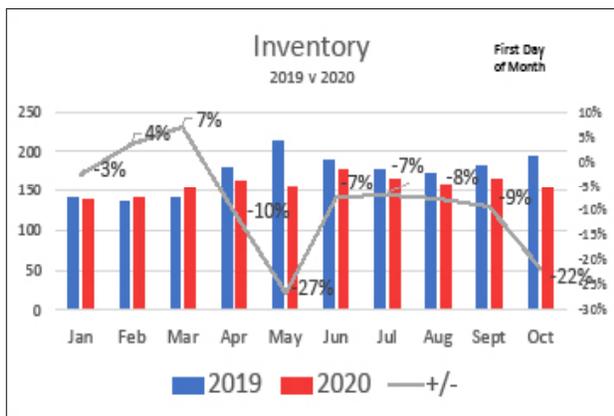
42
NEW PENDING
+20% from last month

343
YTD CLOSED SALES
-7% from last year

\$281K
YTD AVG SALE PRICE
-9% from last year

\$217
YTD PRICE PER SQ FT
-6% from last year

Closed Sales



Condo inventory slipped 6% since last month and is down 22% compared to this time last year. Despite the lower inventory levels, recent October showing activity has been up 15%. New pendencies were strong in August and September (up 44% YOY), but have been dropping off sharply in October. YTD closed sales are down 7%—that gap will only continue to shrink if the red new pending line remains above the blue line in the chart above. The Ann Arbor condo market is one of the few Michigan markets where prices have taken a hit. This year's \$281k average price is down 9% YOY and price per square foot is down 6%. However, the \$/SF line in the top chart has been rising the past two months.