



# HOUSING REPORT

WASHTENAW | MAY 2022

# Interest Rate Challenges/Opportunities

The past few years have seen dramatic market shifts with extraordinarily low supplies combined with high demand, which became extreme when the pandemic instantly changed our housing needs by having us working and schooling from home.

Over the past few months, we've been experiencing our newest sharp market turn—the jump in interest rates. Rates continue to yo-yo but have nearly doubled—jumping from roughly three percent the beginning of the year to the five-to-six percent range. The historic low rates we've enjoyed and have taken for granted may have permanently passed back into history.

Higher rates affect buyers and sellers equally. They cut directly into the prices buyers can afford to pay. Having fewer qualified buyers for a given price cuts demand for that property. Most sellers are also buyers somewhere in the process as they obtain their replacement home. Higher rates affect everyone in the process.

## Purchasing Power

Currently the average sales price across Washtenaw County is roughly \$440,000. With a 30-year mortgage, the principle and interest would be:

\$1,484 at 3%

\$1,680 at 4%

\$1,889 at 5%, and

\$2,110 at 6%.

A small jump in interest rate affects purchasing power as much as a large jump in price.

Over the past couple of years, many of our housing needs have changed and we all must live somewhere. Year-to-date sales are down just 4% (from last year's incredible sales levels), but average price is up 7%.

Although the balance is shifting, demand remains high in proportion to supply, and there's a huge pool of buyers still waiting to jump on the right home the minute it hits the market.

While rising rates will knock some buyers out of the batter's box, most are motivated enough that a return to more historically normal interest rates won't deter them.

## Buyer Opportunities

1. **Less Competition:** Higher interest rates have taken some of the sharp edge off buyer competition. Less extreme competition increases a buyers chance of landing the deal.
2. **Rising Prices:** So long as there is a shortage of affordable homes (there will be for the next few years), long-run prices will rise. Although today's buyers may have missed the boat with interest rates, it still makes sense to lock in on price.
3. **Ratcheting in Rates:** With uncertainty about rising interest rates, buying today ensures you are locked in if future rates rise. If future rates fall, simply refinance. Either way, you eliminate the risk of higher future rates you'd have if you were to wait.

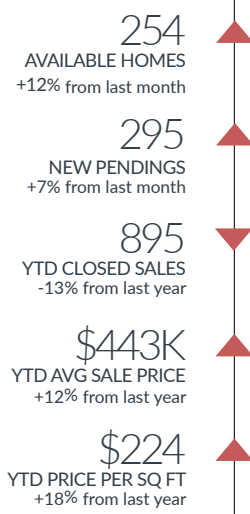
## Seller Opportunities

Despite recent market challenges, there have never been more people living in the wrong home for their needs. Demand remains high. While the pandemic has financially challenged many, others have benefitted with increased savings. There remains an extreme shortage of nice move-in-ready homes and a big surplus of hungry buyers looking for them. Market times remain extremely low for new move-in-ready listings.

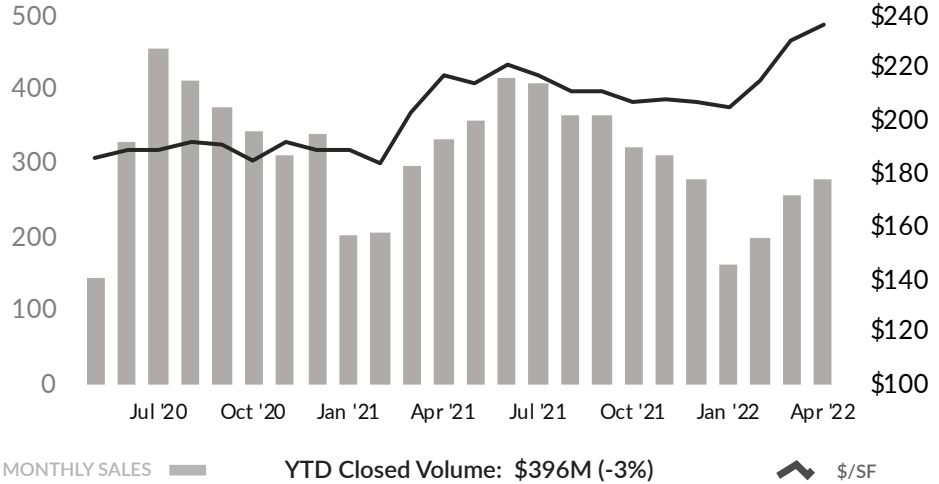
MAY 2022  
HOUSING REPORT

# Washtenaw County

## Single Family Homes



### Closed Sales



### Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	254	12%	295	7%	0.9	4%
\$10-250k	37	-12%	55	-15%	0.7	4%
\$250-400k	52	30%	97	5%	0.5	23%
\$400-600k	65	30%	79	11%	0.8	17%
\$600k+	100	5%	64	36%	1.6	-23%

### YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	895	-13%	9%	\$224	11%	28%
\$10-250k	199	-23%	-31%	\$151	5%	13%
\$250-400k	278	-26%	-7%	\$192	6%	10%
\$400-600k	239	-17%	45%	\$229	11%	23%
\$600k+	179	61%	149%	\$279	1%	24%

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

96  
AVAILABLE CONDOS  
-4% from last month

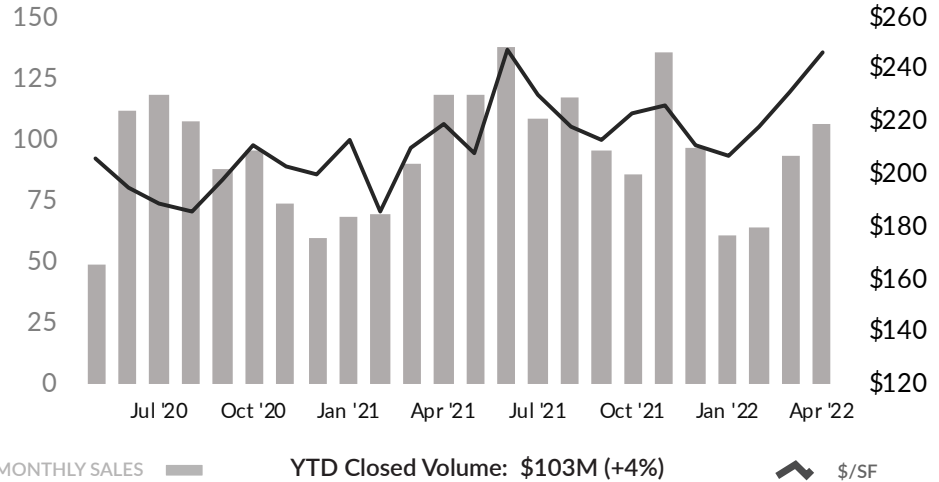
103  
NEW PENDING  
-17% from last month

323  
YTD CLOSED SALES  
-6% from last year

\$320K  
YTD AVG SALE PRICE  
+11% from last year

\$229  
YTD PRICE PER SQ FT  
+10% from last year

### Closed Sales



### Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	96	-4%	103	-17%	0.9	16%
\$10-200k	1	0%	13	-58%	0.1	138%
\$200-350k	24	-23%	53	4%	0.5	-26%
\$350-500k	32	0%	16	-36%	2.0	56%
\$500k+	39	8%	21	24%	1.9	-12%

### YTD Closed Activity

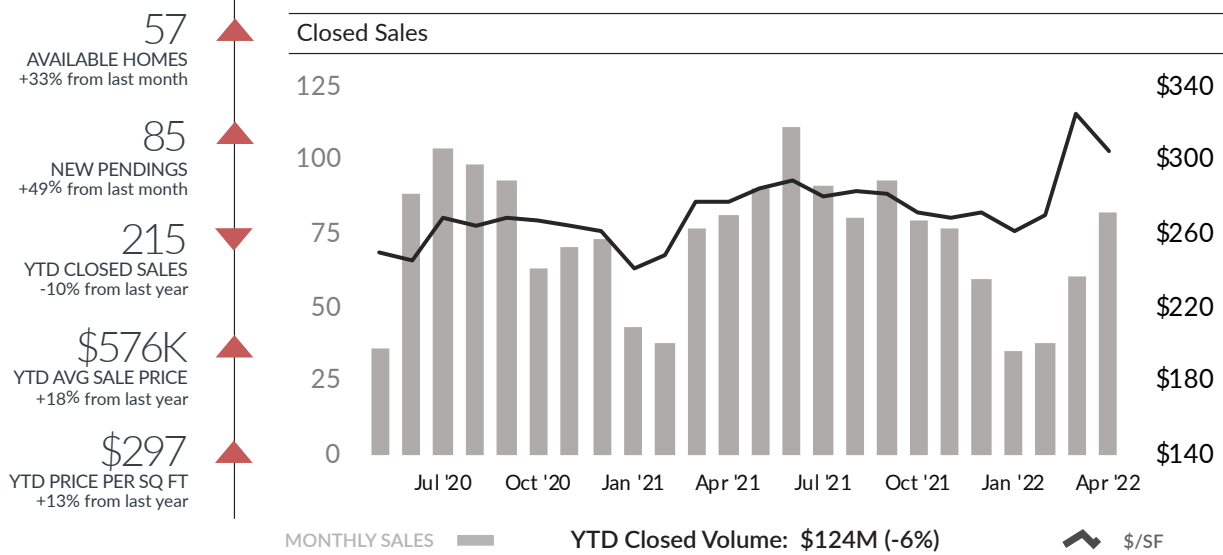
	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	323	-6%	32%	\$229	10%	14%
\$10-200k	70	-29%	-21%	\$159	3%	10%
\$200-350k	142	-12%	29%	\$208	9%	11%
\$350-500k	70	40%	159%	\$240	6%	-4%
\$500k+	41	17%	116%	\$315	1%	-9%

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

MAY 2022  
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# Ann Arbor

## Single Family Homes



### Monthly Activity

	Listings	Change	New Pending	Change	Months Supply	Change
All	57	33%	85	49%	0.7	-11%
\$10-250k	2	0%	2	-33%	1.0	50%
\$250-400k	10	11%	26	24%	0.4	-10%
\$400-750k	26	44%	38	58%	0.7	-9%
\$750k+	19	36%	19	111%	1.0	-36%

### YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	215	-10%	22%	\$297	11%	21%
\$10-250k	14	-30%	-13%	\$183	-4%	-12%
\$250-400k	51	-35%	-40%	\$287	15%	24%
\$400-750k	112	-5%	93%	\$284	11%	19%
\$750k+	38	73%	124%	\$335	-4%	12%

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

MAY 2022  
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# Ann Arbor

## Condos

49  
AVAILABLE CONDOS  
-16% from last month

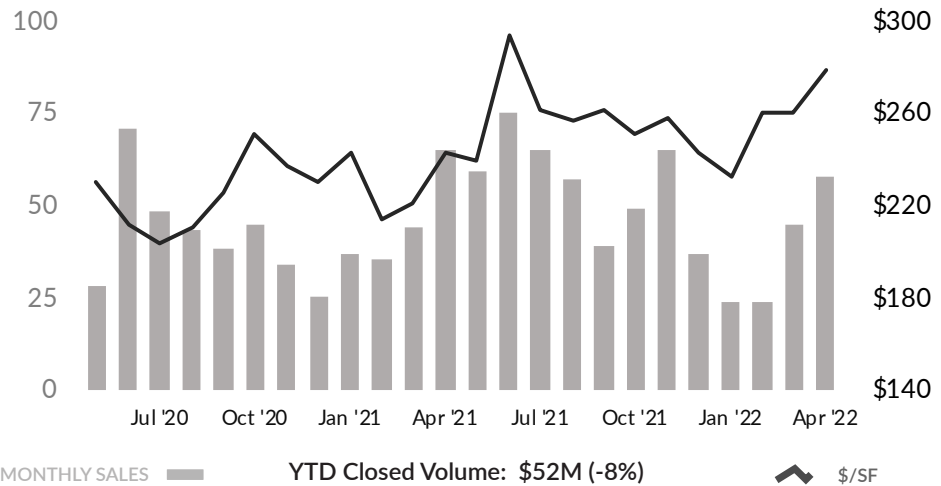
63  
NEW PENDING  
+15% from last month

151  
YTD CLOSED SALES  
-17% from last year

\$343K  
YTD AVG SALE PRICE  
+10% from last year

\$263  
YTD PRICE PER SQ FT  
+13% from last year

### Closed Sales



### Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	49	-16%	63	15%	0.8	-26%
\$10-250k	4	-43%	15	-21%	0.3	-28%
\$250-400k	7	-50%	24	26%	0.3	-60%
\$400-600k	19	46%	13	44%	1.5	1%
\$600k+	19	-21%	11	38%	1.7	-42%

### YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	151	-17%	31%	\$263	13%	18%
\$10-250k	53	-42%	-9%	\$201	3%	12%
\$250-400k	56	14%	40%	\$232	16%	12%
\$400-600k	28	-13%	180%	\$306	13%	-2%
\$600k+	14	75%	100%	\$384	-13%	4%

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