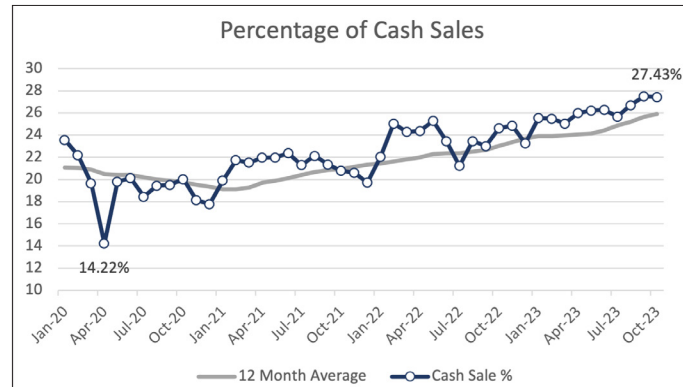


Shift Toward Cash Transactions

In recent years, the real estate market has experienced a noticeable shift with an increase in the percentage of cash sales. This trend has been particularly evident in Metro Detroit and surrounding Michigan markets. The change in buyer behavior and financing strategies has been a response to various market forces, including fluctuations in mortgage rates, inventory shortages and competitive bidding.

Initially, through 2020 there was a slight decrease in cash sales, likely due to general economic uncertainty due to the pandemic. However, this trend quickly reversed, with a marked increase in the percentage of cash sales since January of 2021.



Driving Forces Behind the Increase in Cash Sales

The surge in cash sales can be attributed to several key factors. The fluctuating mortgage rates play a significant role. As rates increased, buyers turned to cash purchases to circumvent the unpredictability and high costs associated with mortgages. Cash sales surge when the cost to borrow rises. Furthermore, the competitive market, spurred by limited housing inventory, has made cash offers more attractive to sellers who are looking for quicker closings and less risk of the deal falling through due to a low appraisal or other mortgage complications.

Market Implications

This trend creates an advantage for a buyer who can close with cash and a challenge for a buyer who must rely on financing. When offer prices are equal, the cash buyer has the advantage. To compete, a buyer who is relying on a mortgage may have to come in with a higher price or do something different to sweeten their offer or reduce risks associated with mortgages. Appraisal gap guarantees are often used to lessen the risk of a low appraisal, but they are limited by the buyer's access to additional cash besides that which they were planning to use for their down payment.

Understanding this trend towards cash sales is vital for real estate professionals. It's not just about adapting to the current market conditions but preparing for a potentially long-term shift in how real estate transactions are conducted. For professionals advising clients, whether they are cash buyers or not, recognizing and adapting to this trend is essential. Sellers are sitting on a record level of equity now and those making a move toward downsizing can tap into both retirement funds and their current homes equity giving them power in the market.

Take Away

The rise in cash sales is a significant market development. It's been brought about by broad changes in economic conditions and buyer and seller strategies. Real estate is dynamic. As the market evolves, real estate professionals must remain informed and flexible, adapting their approaches to meet these new challenges and opportunities. Although at times it feels like cash offers are the only way to win, 78% of closed transactions still rely on mortgage financing.

Washtenaw County

Single-Family Homes

MONTHLY

266
OCT NEW LISTINGS
-9% from last month

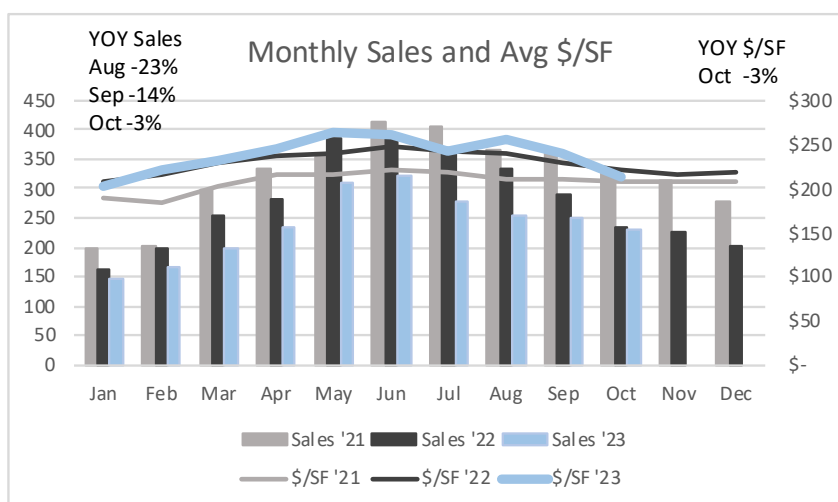
222
NEW PENDINGS
-13% from last month

230
CLOSED SALES
-8% from last month

\$214
PRICE PER SQ FT
-11% from last month

\$439K
AVG SALE PRICE
-5% from last month

Closed Sales



All Price Ranges

	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	373	293	266	3,649	2,976	-18%
New Pending	259	254	222	2,953	2,482	-16%
Closed Sales	256	249	230	2,897	2,390	-18%
Price/SF	\$257	\$240	\$214	\$234	\$242	3%
Avg Price	\$494,465	\$461,473	\$439,111	\$457,020	\$480,125	5%

<\$300k				YTD		
	Aug '23	Sep '23	Oct '23	'22	'23	(+/-)
Listings Taken	83	71	66	1,002	660	-34%
New Pending	71	59	65	890	613	-31%
Closed Sales	57	59	67	774	565	-27%
Price/SF	\$190	\$172	\$108	\$169	\$164	-3%

\$300k-\$600k				YTD		
	Aug '23	Sep '23	Oct '23	'22	'23	(+/-)
Listings Taken	199	150	139	1,853	1,575	-15%
New Pending	138	146	115	1,493	1,347	-10%
Closed Sales	146	135	124	1,512	1,293	-14%
Price/SF	\$233	\$231	\$227	\$223	\$229	2%

>\$600k				YTD		
	Aug '23	Sep '23	Oct '23	'22	'23	(+/-)
Listings Taken	91	72	61	794	741	-7%
New Pending	50	49	42	570	522	-8%
Closed Sales	53	55	39	611	532	-13%
Price/SF	\$331	\$286	\$312	\$285	\$299	5%

Data source: Realcomp MLS using Great Lakes Repository Data.

Washtenaw County

Condominiums

MONTHLY

81
OCT NEW LISTINGS
-17% from last month

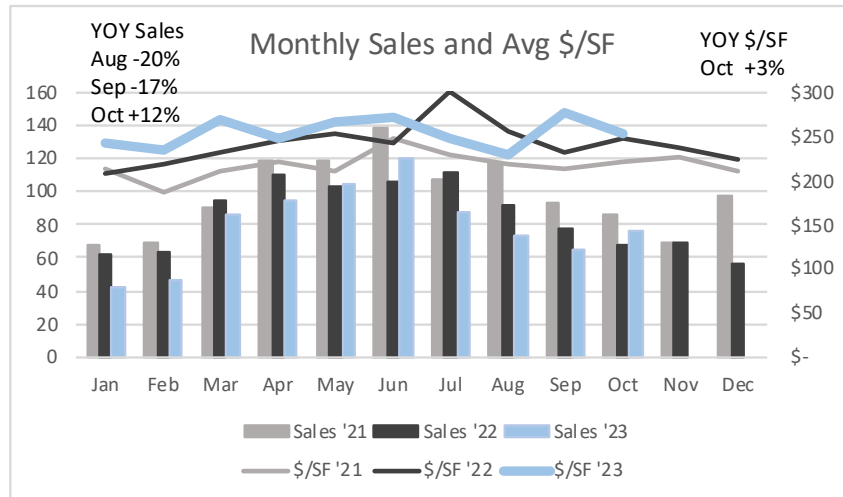
53
NEW PENDING
-23% from last month

76
CLOSED SALES
+17% from last month

\$253
PRICE PER SQ FT
-8% from last month

\$376K
AVG SALE PRICE
-1% from last month

Closed Sales



All Price Ranges

	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	81	98	81	1,095	956	-13%
New Pendings	67	69	53	896	794	-11%
Closed Sales	74	65	76	888	796	-10%
Price/SF	\$230	\$276	\$253	\$247	\$256	4%
Avg Price	\$324,206	\$379,179	\$376,012	\$343,292	\$358,369	4%
<\$250k						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	30	24	14	360	260	-28%
New Pendings	22	23	13	350	251	-28%
Closed Sales	28	19	20	311	239	-23%
Price/SF	\$191	\$182	\$196	\$184	\$193	5%
\$250k-\$500k						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	34	41	48	503	482	-4%
New Pendings	31	29	29	404	403	0%
Closed Sales	37	27	42	439	409	-7%
Price/SF	\$225	\$247	\$229	\$232	\$233	0%
>\$500k						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	17	33	19	232	214	-8%
New Pendings	14	17	11	142	140	-1%
Closed Sales	9	19	14	138	148	7%
Price/SF	\$303	\$355	\$338	\$353	\$351	0%

Data source: Realcomp MLS using Great Lakes Repository Data.

NOV 2023
WAS HOUSING REPORT

Ann Arbor

Single-Family Homes

MONTHLY

61
OCT NEW LISTINGS
-22% from last month

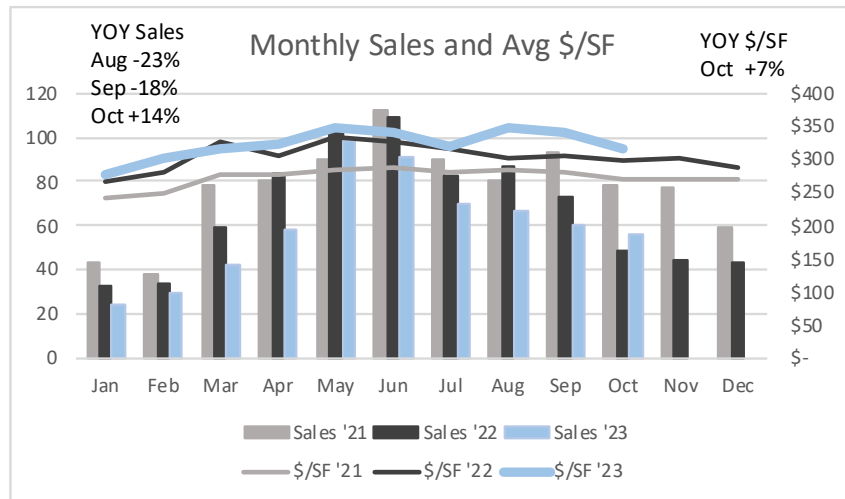
50
NEW PENDING
-23% from last month

56
CLOSED SALES
-7% from last month

\$317
PRICE PER SQ FT
-7% from last month

\$606K
AVG SALE PRICE
+11% from last month

Closed Sales



All Price Ranges						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	93	78	61	875	737	-16%
New Pendings	68	65	50	716	625	-13%
Closed Sales	67	60	56	715	597	-17%
Price/SF	\$349	\$341	\$317	\$312	\$331	6%
Avg Price	\$602,893	\$547,512	\$606,313	\$573,607	\$598,767	4%
<\$350k						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	8	14	10	155	99	-36%
New Pendings	8	7	15	144	92	-36%
Closed Sales	7	9	11	133	87	-35%
Price/SF	\$254	\$285	\$252	\$255	\$269	6%
\$350k-\$700k						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	61	45	41	528	467	-12%
New Pendings	49	46	24	427	403	-6%
Closed Sales	45	43	32	427	362	-15%
Price/SF	\$328	\$327	\$303	\$295	\$317	7%
>\$700k						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	24	19	10	192	171	-11%
New Pendings	11	12	11	145	130	-10%
Closed Sales	15	8	13	155	148	-5%
Price/SF	\$403	\$410	\$353	\$358	\$365	2%

Data source: Realcomp MLS using Great Lakes Repository Data.

NOV 2023
WAS HOUSING REPORT

Ann Arbor

Condominiums

MONTHLY

47
OCT NEW LISTINGS
even with last month

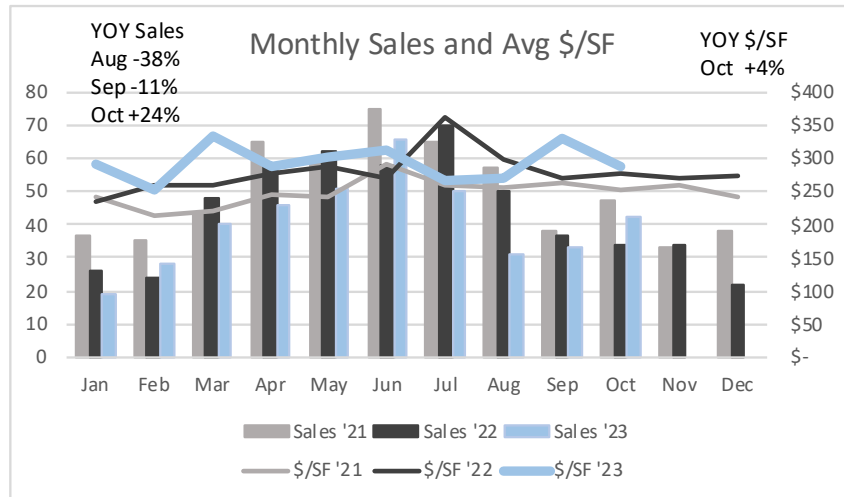
34
NEW PENDING
-6% from last month

42
CLOSED SALES
+27% from last month

\$289
PRICE PER SQ FT
-13% from last month

\$419K
AVG SALE PRICE
-6% from last month

Closed Sales



All Price Ranges

	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	39	47	47	601	494	-18%
New Pendings	36	36	34	468	413	-12%
Closed Sales	31	33	42	467	406	-13%
Price/SF	\$270	\$331	\$289	\$288	\$296	3%
Avg Price	\$372,439	\$448,167	\$419,150	\$385,097	\$406,084	5%
<\$250k						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	10	7	7	163	110	-33%
New Pendings	9	8	7	154	110	-29%
Closed Sales	9	8	9	138	106	-23%
Price/SF	\$239	\$204	\$229	\$215	\$232	8%
\$250k-\$500k						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	13	21	25	274	220	-20%
New Pendings	17	15	19	210	197	-6%
Closed Sales	15	12	24	228	193	-15%
Price/SF	\$253	\$285	\$239	\$251	\$251	0%
>\$500k						
	Aug '23	Sep '23	Oct '23	YTD		
				'22	'23	(+/-)
Listings Taken	16	19	15	164	164	0%
New Pendings	10	13	8	104	106	2%
Closed Sales	7	13	9	101	107	6%
Price/SF	\$310	\$397	\$405	\$393	\$379	-4%

Data source: Realcomp MLS using Great Lakes Repository Data.