HOUSING REPORT

WASHTENAW COUNTY | 2020 YEAR END

YEAR END 2020
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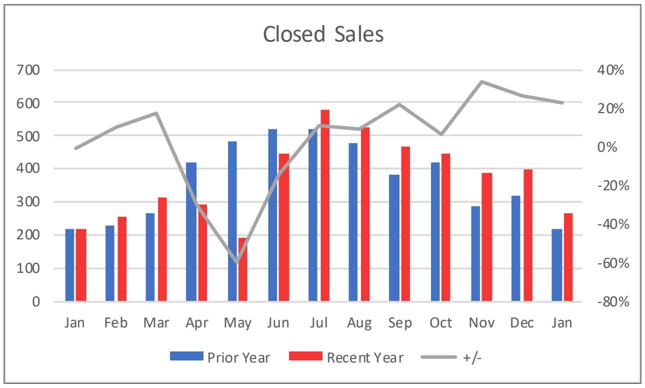
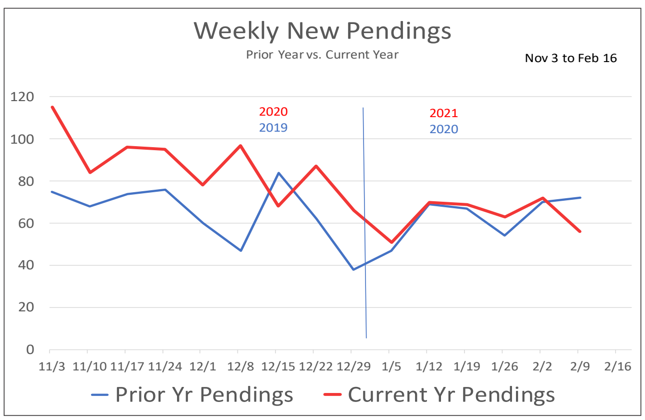
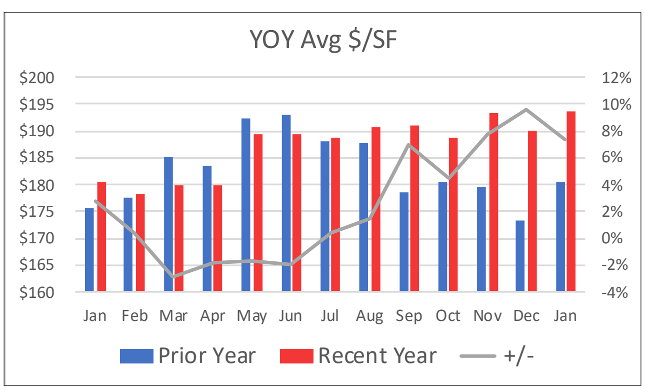
Washtenaw County

2020 Finishes Strong
2021 Begins with Spring-Like Activity







Typically, market activity and prices fall off in the fourth quarter as demand drops and inventory becomes depleted. Despite low inventories (single family listings down 36%) both sales and prices finished the year with momentum. Year-over-year December sales were up 26% and higher levels of year-end new pendings carried over into higher January closed sales—up 23% from last year.

Pre-pandemic demand was already high early last year. It was pushed to an extreme as avoiding COVID had us spending most of the last year in our homes.

The role of the home has expanded to include home office, school room, and recreation center. The additional requirements pushed record numbers of buyers into the market at a time when inventory levels and interest rates were near historic lows.

Although demand is highest in the more affordable price ranges, lack of inventory has caused a decline in sales in the lower and middle price ranges. Sales in the upper price ranges have increased the most.

Prices typically fall off in the 4th quarter as inventory levels become depleted and picked over (see the blue prior year bars in the $/SF chart to the left). Recent fourth quarter prices didn't drop. Year-over-year prices were up 10% in both December and 7% in January. Expect that jump-start on prices to carry over into higher 2021 values. To maximize opportunities, both buyers and sellers who plan to move this year would do well to get an early start. There's no need to wait. The spring market with it's high demand and rising prices is already upon us.

Quick Start for Single Family Sales
Over-$400k Sales Explode

Under $400k YTD				
Jan 1st—Feb 19th				
	2019	2020	2021	+/-
YTD Units	205	205	230	12%
YTD Vol (mil)	$ 48	$ 51	$ 59	15%
Avg Price	$ 235,531	$ 250,638	$ 256,147	2%
Avg $/SF	$ 148	$ 158	$ 163	3%

Over $400k YTD				
Jan 1st—Feb 19th				
	2019	2020	2021	+/-
YTD Units	65	65	111	71%
YTD Vol (mil)	$ 37	$ 36	$ 62	72%
Avg Price	$ 570,588	$ 549,871	$ 555,027	1%
Avg $/SF	$ 211	$ 197	$ 210	7%

Last year's strong fourth quarter finish carried over into the first 6 weeks of 2021. Single family sales are up 23% and average price jumped from $310k a year ago to $339k.

Despite the shortage of entry and mid-priced listings, under-$400k sales are up 12% compared to both last year and 2019. Upper-end (over-$400k) sales have taken off like a rocket—up 71% compared to both last year and 2019.

Average sale price is up 9% since last year. That increase has much to do with the jump in the number of upper-end sales, yet there has been a 7% increase in price per square foot for the over-$400k sales.

Taking a closer look at the Over-$400k table, while the price per square foot rose 7% since the beginning of last year, the $210/SF average is just under what it was in 2019. Washtenaw County prices took a temporary hit during the COVID lockdown last year. They came back in the third quarter and continued to grow through year-end. Typically, values dip in the fourth quarter. In 2020, they continued to rise. Expect continued price increases in the single-family markets.

Washtenaw County inventory levels are down 36% from a year ago—more in the entry and mid-price ranges and less in the upper-price markets. Inventory will play a large role in controlling the flow of 2021 sales. Demand continues outweigh supply. The combination creates an outstanding opportunity for sellers to bring their listings to market early.

YEAR END 2020
HOUSING REPORT

Washtenaw County

Summary

Single Family

2019 vs 2020

2019		2020
629	▼	403 JAN 1ST INVENTORY -36% from last year
3,554	▼	3,513 CLOSED SALES -1% from last year
$348K	▲	$363K AVG SALE PRICE +4% from last year
$182	▲	$186 PRICE PER SQ. FT. +4% from last year
$1.23B	▲	$1.27B SALES VOLUME +3% from last year

Condos

2019 vs 2020

2019		2020
201	▼	199 JAN 1ST INVENTORY -1% from last year
963	▼	942 CLOSED SALES -2% from last year
$270K	–	$270K AVG SALE PRICE no change from last year
$198	–	$198 PRICE PER SQ. FT no change from last year
$260M	▼	$255M SALES VOLUME -2% from last year

Inventory— Active listings are down 36% from a year ago. In the entry and middle (under-$300k) price ranges, there's less than 1 month of inventory—down 60%).

Closed Units— Despite the spring "lockdown", 2020 closed sales were nearly even with the prior year—down 1%. Sales priced below $150k were down 21% as due to a lack of inventory. Over-$150k sales were up about 20%.

Values— The 2020 Average sales price rose 4% over 2019. Most of the increase for the year occurred in the lower price ranges. While upper-end values dropped in the first half of the year, they were up YOY by 4% and 6% in the 3rd and 4th quarters. Expect that momentum to carry over into 2021.

Summary— With less than one month of under-300k supply, inventory continues to limit sales. Inventory isn't as restricted in the upper price range. Upper-end prices dropped in the early months of COVID but made a second half recovery. Expect a greater proportion of sales to shift towards the upper price ranges. Values will rise at all levels.

Inventory— While overall condo inventory is about even with a year ago, available units priced below $225k are down 37%. Over-$225k listings are up 17%.

Closed Units— Last year's condo sales fell just short of catching 2019. Under-$150k sales dropped 21%. On the other end of the spectrum, above-$600k increased by 13%. The lack of entry-level inventory will continue to limit sales.

Values— Both average sales price and price per square foot for Washtenaw condos were flat with no change in average price or price per square foot.

Summary— Like single family homes, affordable condos will be hard to find. COVID has temporarily slowed the upper-end condo markets in urban locations. Expect slower Ann Arbor sales while we pass through the pandemic. There was some YOY 4th quarter improvement in both sales and price per square foot. That could help to jump start the 2021 upper-end market.

YEAR END 2020
HOUSING REPORT

Washtenaw County

Single Family Homes

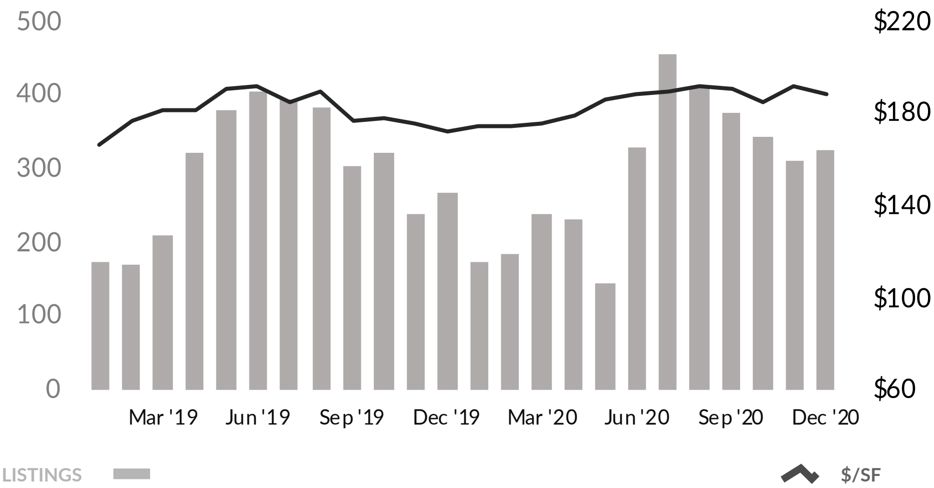
3,513
2020 CLOSED SALES
-1% from last year

$363K
2020 AVG SALE PRICE
+4% from last year

$186
2020 PRICE PER SQ FT
+2% from last year

$1.2B
2020 DOLLAR VOLUME
+3% from last year

Closed Sales



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	594	703	1,241	975	3,513
		8%	-36%	15%	18%	-1%
	$/SF	175	185	190	188	186
		0%	-2%	3%	8%	2%
	Avg Sale Price	$343K	$367K	$367K	$369K	$363K
		3%	2%	6%	7%	4%
$10-150k	Units	61	33	89	91	274
		-21%	-67%	-11%	28%	-21%
	$/SF	103	94	96	101	99
		9%	-6%	-1%	9%	3%
$150-300k	Units	240	265	459	358	1322
		19%	-34%	14%	4%	-2%
	$/SF	148	156	156	155	154
		7%	3%	3%	5%	4%
$300-600k	Units	238	336	557	420	1551
		7%	-31%	15%	23%	1%
	$/SF	183	189	192	191	190
		-5%	-3%	0%	5%	-1%
$600k+	Units	55	69	136	106	366
		15%	-40%	46%	58%	13%
	$/SF	222	238	261	251	247
		-7%	-7%	4%	6%	0%

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

Summary

Strong demand offset the lack of supply as 2020 sales finished 1% shy of 2019. While average price was up 4% for homes priced under $300k, it was flat for over-$300k sales. Expect tight inventory to keep competition fierce and limit the number of sales in the entry price ranges. The proportion of upper-end sales will continue to increase—over-$600k YOY sales were up 46% and 58% in the third and fourth quarters. Keep an eye on upper-end values. They lost ground in the first half of the year, but YOY price per square foot was up 4% and 6% in the third and fourth quarters.

YEAR END 2020
HOUSING REPORT

Washtenaw County

Condos/loft

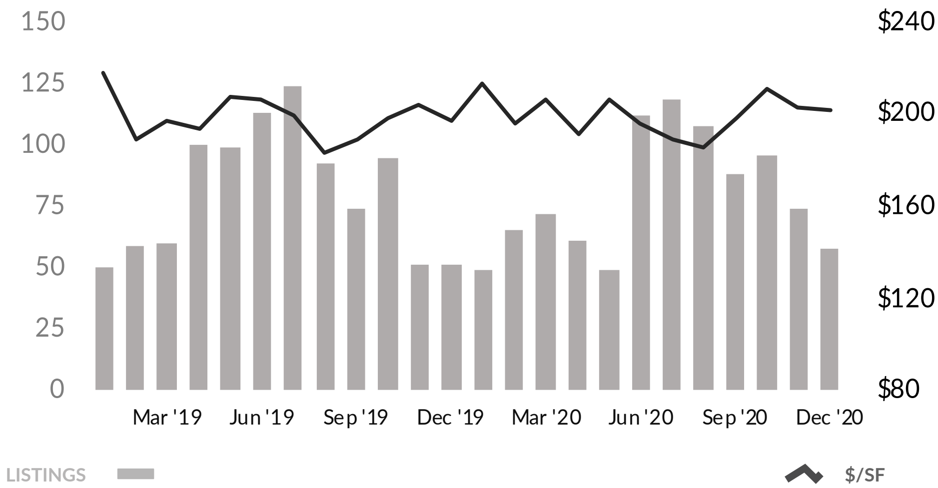
942
2020 CLOSED SALES
-2% from last year

$271K
2020 AVG SALE PRICE
no change from last year

$198
2020 PRICE PER SQ FT
no change from last year

$255M
2020 DOLLAR VOLUME
-2% from last year

Closed Sales



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	184	220	313	225	942
		10%	-29%	8%	15%	-2%
	$/SF	204	196	190	206	198
		2%	-3%	0%	3%	0%
	Avg Sale Price	$270K	$265K	$259K	$293K	$271K
		-6%	-2%	3%	4%	0%
$10-150k	Units	24	34	43	31	132
		-11%	-26%	-25%	0%	-18%
	$/SF	128	134	134	121	130
		3%	2%	12%	-4%	4%
$150-225k	Units	62	79	110	65	316
		15%	-21%	6%	-6%	-3%
	$/SF	153	166	162	160	161
		-4%	3%	0%	8%	1%
$225-400k	Units	70	77	124	87	358
		56%	-35%	39%	50%	15%
	$/SF	206	201	192	199	198
		6%	1%	-3%	2%	1%
$400k+	Units	28	30	36	42	136
		-32%	-36%	-8%	11%	-18%
	$/SF	316	268	272	293	286
		20%	-10%	-2%	0%	1%

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

Summary

Bouncing back from the spring shutdown and with the help of third and fourth quarter rallies, last year's condo sales finished within 2% of 2019. With under-$250k inventory down 37%, buyers will continue to compete for entry and mid-priced units. In the over-$250k price ranges, year-over-year inventory is up 17%. In most urban markets, COVID has slowed upper-end condo sales, flattened prices and lengthened market times. It's unclear if it will be a long-term trend or if buyers will be eager to return to urban centers of activity.

YEAR END 2020
HOUSING REPORT

Ann Arbor

Single Family Homes

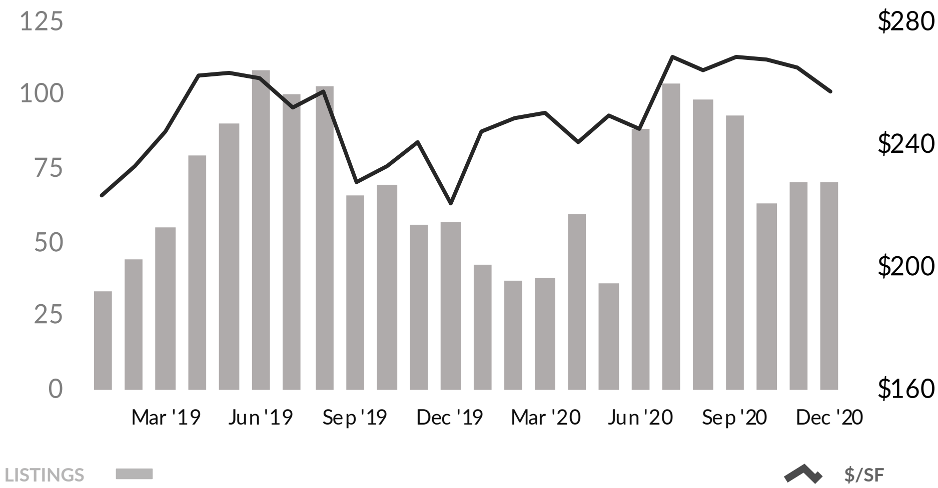
798
2020 CLOSED SALES
-7% from last year

$466K
2020 AVG SALE PRICE
+5% from last year

$258
2020 PRICE PER SQ FT
+4% from last year

$372M
2020 DOLLAR VOLUME
-2% from last year

Closed Sales



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	117	183	295	203	798
		-11%	-34%	10%	12%	-7%
	$/SF	247	245	267	263	258
		5%	-7%	8%	14%	4%
	Avg Sale Price	$459K	$440K	$467K	$493K	$466K
		11%	-8%	10%	13%	5%
$10-250k	Units	10	13	23	15	61
		-44%	-43%	-21%	-42%	-36%
	$/SF	221	191	205	197	203
		25%	4%	7%	1%	8%
$250-400k	Units	59	75	130	81	345
		5%	-28%	11%	14%	-1%
	$/SF	230	242	247	243	242
		3%	1%	4%	11%	4%
$400-750k	Units	34	83	111	81	309
		-31%	-30%	2%	16%	-11%
	$/SF	236	240	258	250	249
		-4%	-8%	3%	13%	1%
$750k+	Units	14	12	31	26	83
		56%	-61%	121%	73%	20%
	$/SF	305	284	341	324	320
		13%	-10%	11%	6%	5%

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

Summary

Ann Arbor sales made a strong early third quarter rebound, before new pendings dropped sharply in September. Despite that drop in activity, YOY fourth quarter sales were up 13% and values were up in all price ranges. As inventory levels continue to decline in the lower price ranges, expect an increased proportion of sales to shift to the upper price ranges. The combination of high demand and tight inventory will continue to push prices higher and lower market times.

YEAR END 2020
HOUSING REPORT

Ann Arbor

Condo/Loft

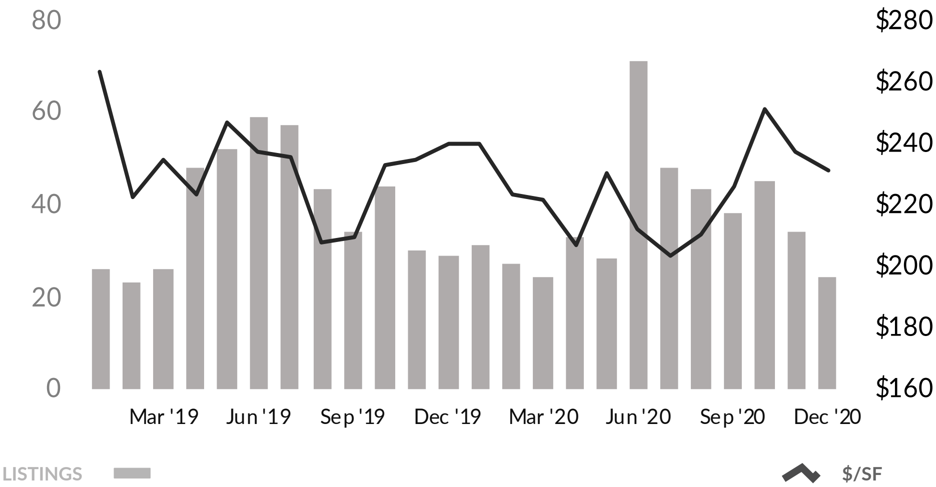
446
2020 CLOSED SALES
-5% from last year

$302K
2020 AVG SALE PRICE
-4% from last year

$224
2020 PRICE PER SQ FT
-3% from last year

$134M
2020 DOLLAR VOLUME
-9% from last year

Closed Sales



Price Range	Field	Q1	Q2	Q3	Q4	Total
All	Units	82	132	129	103	446
		9%	-17%	-4%	0%	-5%
	$/SF	229	215	213	242	224
		-5%	-9%	-3%	3%	-3%
	Avg Sale Price	$297K	$277K	$275K	$370K	$302K
		-11%	-13%	-4%	13%	-4%
$10-150k	Units	9	22	17	7	55
		-31%	5%	13%	-53%	-14%
	$/SF	155	145	156	135	148
		2%	-7%	16%	-5%	1%
$150-225k	Units	18	35	39	21	113
		6%	30%	-13%	-13%	0%
	$/SF	182	194	187	187	188
		-4%	-1%	2%	5%	1%
$225-400k	Units	41	53	55	40	189
		116%	-27%	20%	11%	9%
	$/SF	210	203	199	208	204
		0%	-3%	-3%	3%	-1%
$400k+	Units	14	22	18	35	89
		-46%	-42%	-36%	25%	-26%
	$/SF	333	285	298	301	301
		13%	-8%	2%	-6%	-1%

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

Summary

Condo markets were hit hard by the COVID and Ann Arbor was no exception. 2020 sales, average price and closed volume were all down as buyers have been slow to move into densely populated areas during the pandemic. A spike in May contracts led to the 72 June closings. Through the balance of the year, activity patterns were similar to prior years, with monthly pendings and sales running a little ahead of 2019. Expect inventory shortages to restrict entry and middle-priced sales. Watch upper-end sales and prices. They may be flat until Ann Arbor dining and other activities open back up.