

HOUSING REPORT

WASHTENAW | SEPTEMBER 2021

WELCOME

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Washtenaw County

Student Loan Hurdle

Younger Americans and Michiganders alike are dealing with a hurdle that is slowing down would-be home buyers from entering the housing market. A recent study produced by the National Association of Realtors (NAR), “The Impact of Student Loan Debt”, looks at the relationship between student loan debt and homeownership. When asked specifically about purchasing a home, half of non-homeowners say student loan debt is an obstacle that is preventing them from purchasing. While it’s a significant barrier, nearly one quarter of all homeowners have some amount of student loan debt. Thirty-seven percent of first-time home buyers have outstanding student loans.



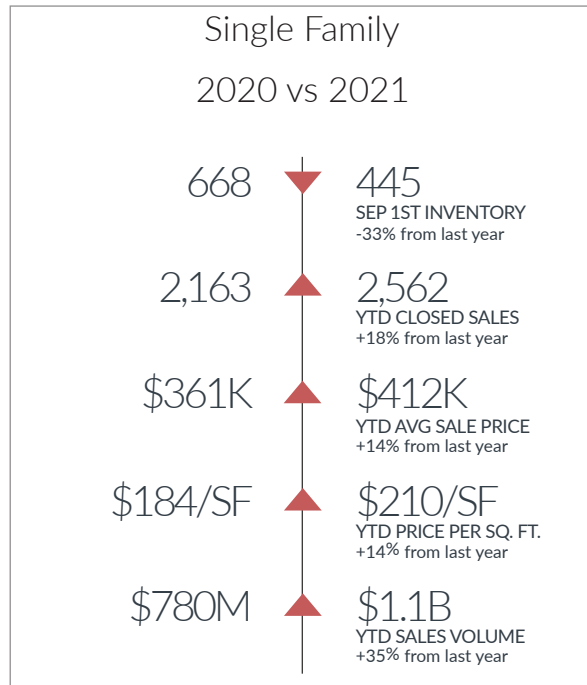
The pandemic has also caused people to consider college alternatives. Enrollment had already been declining since its peak in 2011. The national clearing house reported this spring that we’re in the middle of the largest college enrollment decline in the past decade as potential students have been getting priced out of continuing their education.

With over 93 colleges and universities spread across Michigan the state ranks 13th. Unfortunately, those Michigan schools saw one of the largest declines as enrollment dropped 6.4%. If this trend continues, markets that are considered “College Towns” will see a decline in the need for student housing on or off campus. Anyone invested in student housing may want to monitor enrollment reports closely.

It’s clear that tuition costs and student debt continues to rise. When non-homeowners were asked if their debt is a barrier preventing them from purchasing, 60% of Millennials, followed by 53% of Generation X, and only 39% of Generation Z respondents answered yes that loans were holding them back.

On the flip side, 38% of those carrying student loans responded that the pandemic limited their expenses and helped them save in a way that has brought them financially closer to reducing their debt and has put them in a better position to be able to afford purchasing their first home. Higher education and homeownership are considered cornerstones of the American dream.

Summary



Inventory— Available listings peaked in August at 500, but have been dropping off since. They are down 33% compared to the same time last year.

Closed Units— Monthly closed sales peaked in June and have been declining since. Expect some leveling over the next couple of months before the fourth quarter decline as the market normalizes into traditional seasonal trends. YTD sales are up 18% compared to last year and 6% compared to 2019.

Values— Values rose sharply earlier in the year as buyer competition and bidding drove up prices. They leveled in June and have been adjusting down since. YTD average sale price and \$/SF are both up 14%.

Summary— Expect buyer competition and prices to ease as the market moves into the fourth quarter.



Inventory— Condo inventory grew through spring, peaked in July and has been declining since. It dropped 9% in the past month and 34% since this time last year.

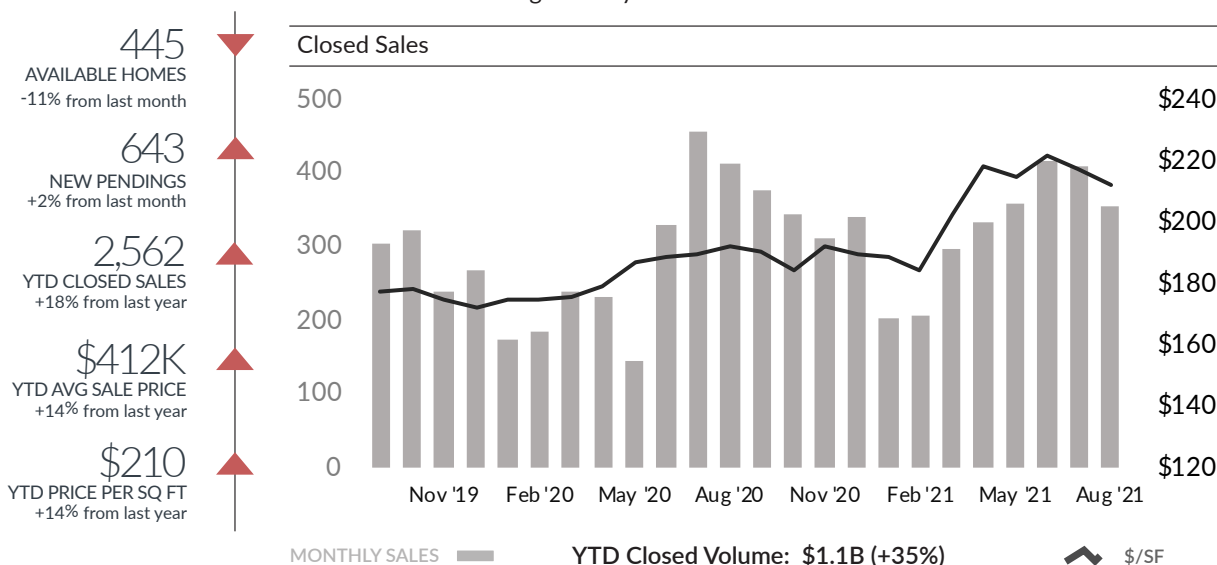
Closed Units— After slowing down in the middle of the pandemic, condo sales have been rebounding. YTD sales are up 31% compared to last year and 19% compared to 2019. Expect the energy of that bounce to ease as we head into the fourth quarter.

Values— Strong demand and buyer competition drove prices up sharply in the spring. Prices have since eased off as many of those who had been looking have now bought. Expect buyer competition and prices to ease as the market returns to more traditional seasonality.

Summary— After an initial COVID chill, condo markets had a strong bounce back through the first half of this year. Expect fourth quarter slowdowns as the market settles.

Washtenaw County

Single Family Homes



Summary

Strong spring demand combined with low inventory levels fueled buyer competition, which caused a sharp rise in values. Inventory rose through the summer before peaking in August. It has been gradually declining since. Closed sales and price per square foot peaked in June and have recently been fading. Expect some leveling in the fall before dropping off in November and December as the market returns to more typical seasonal cycles. YTD sales are up 18% compared to last year and 6% compared to 2019. Both YTD average sale price and price per square foot are up 14%. Over-\$400k YTD price per square foot rose 10 to 11% in the past year—some of that was bounce-back after dipping last year, early in the pandemic.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	445	-11%	643	2%	0.7	-13%
\$10-250k	58	-6%	142	6%	0.4	-12%
\$250-400k	121	-7%	265	9%	0.5	-14%
\$400-600k	115	-17%	157	2%	0.7	-18%
\$600k+	151	-11%	79	-19%	1.9	9%

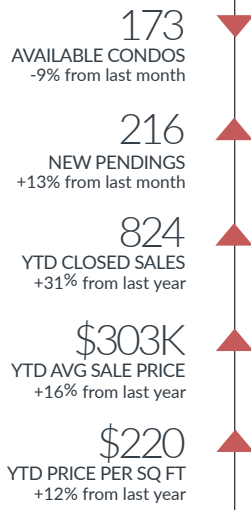
YTD Closed Activity

	YTD Closed	21 v 20	21 v 19	\$/SF	21 v 20	21 v 19
All	2,562	18%	6%	\$210.07	14%	14%
\$10-250k	548	-13%	-32%	\$151.62	11%	17%
\$250-400k	947	11%	6%	\$187.13	8%	6%
\$400-600k	707	52%	42%	\$215.35	11%	4%
\$600k+	360	64%	57%	\$268.09	10%	7%

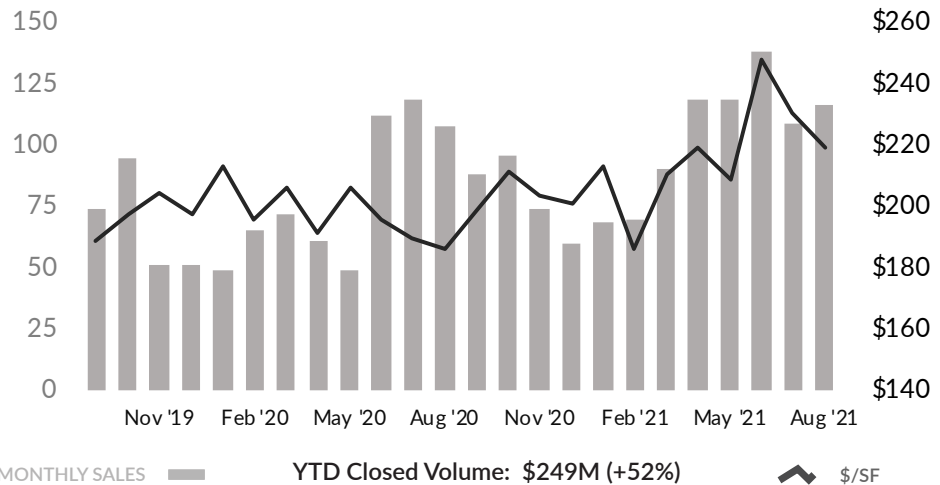
Data source: Realtor MLS using Great Lakes Repository Data. Value Change= Change in price per square foot (\$/SF)

Washtenaw County

Condos



Closed Sales



Summary

After leveling for a few months, condo inventory has recently been declining—down 17 units from 190 to 173 in the past month. Part of that decline was due to an increase in new pending sales, which rose 13% from the prior month. YTD closed sales are up 31% compared to last year and 19% compared to 2019. While YTD average sale price and price per square foot are up 16% and 12%, when looking at appreciation rates within price ranges (see 2nd table below) values are up 5% to 7% for properties price under \$350k and 2% to 5% for properties priced above \$350k. As seen in the chart above, condo sales slowed in the height of the pandemic and have been bouncing back. Expect this wave to run a little longer before fading near year-end.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	173	-9%	216	13%	0.8	-19%
\$10-200k	23	-8%	57	12%	0.4	-18%
\$200-350k	61	-12%	100	27%	0.6	-30%
\$350-500k	38	6%	29	-3%	1.3	9%
\$500k+	51	-15%	30	-3%	1.7	-12%

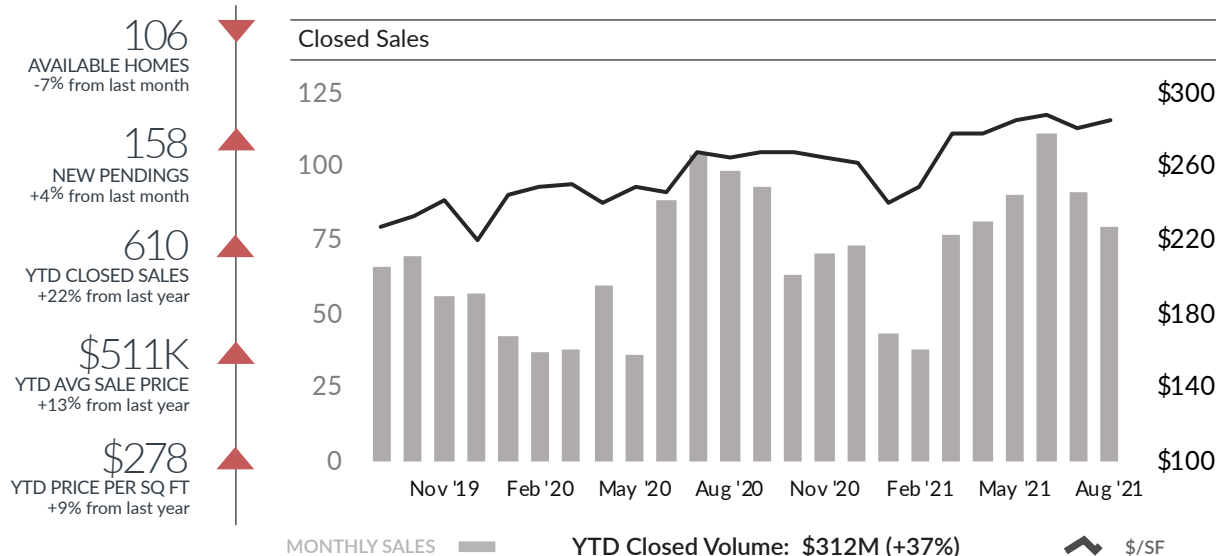
YTD Closed Activity

	YTD Closed	21 v 20	21 v 19	\$/SF	21 v 20	21 v 19
All	824	31%	19%	\$219.64	12%	11%
\$10-200k	213	5%	-15%	\$155.46	5%	7%
\$200-350k	387	25%	31%	\$197.61	7%	6%
\$350-500k	137	78%	46%	\$231.80	2%	-1%
\$500k+	87	118%	64%	\$338.71	5%	5%

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

Ann Arbor

Single Family Homes



Summary

Inventory rose through the spring, leveled in July and has been declining since. There is less than a one month supply of listings. New pendings were down 7% last month. Closed sales have been declining since June, expect them to level out briefly before dropping off in the second half of the fourth quarter. Strong demand combined with low inventory drove spring prices up sharply. They dipped in July before bouncing up in August. The average August sale price was 102% of list price. Expect prices to hold briefly before declining later in the fourth quarter as the market normalizes and gets back to more traditional seasonality. Both sales and prices will temporarily dip as the best listings disappear and inventory quality fades.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	106	-7%	158	4%	0.7	-11%
\$10-250k	5	0%	14	17%	0.4	-14%
\$250-400k	36	16%	58	9%	0.6	6%
\$400-750k	42	-21%	67	-1%	0.6	-20%
\$750k+	23	-8%	19	0%	1.2	-8%

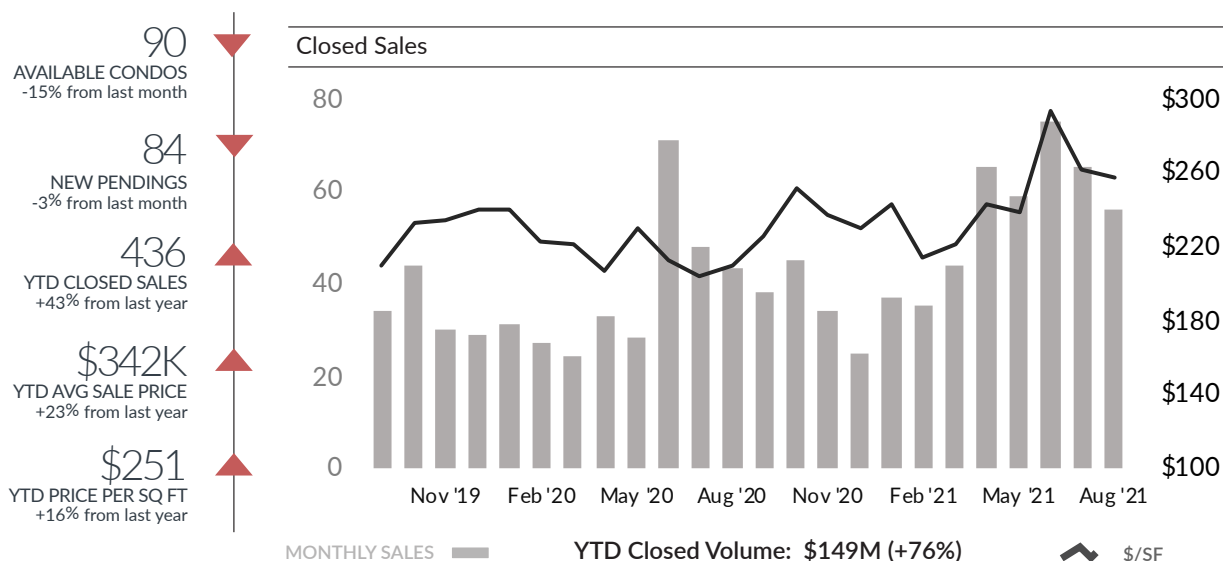
YTD Closed Activity

	YTD Closed	21 v 20	21 v 19	\$/SF	21 v 20	21 v 19
All	610	22%	0%	\$277.56	9%	9%
\$10-250k	39	5%	-34%	\$201.66	-2%	10%
\$250-400k	186	-16%	-24%	\$256.84	6%	8%
\$400-750k	320	61%	25%	\$267.41	9%	5%
\$750k+	65	48%	23%	\$343.51	10%	13%

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

Ann Arbor

Condos



Summary

Last year, the Ann Arbor condo market was temporarily slowed and prices dropped as a result of the pandemic. This year, condo sales have been rebounding—YTD closed sales are up 43% compared to last year and 31% compared to 2019. Average sale price is up 23% and 10% compared to 2020 and 2019. While spring inventory rose, it's been declining since May. Supply levels are currently at one month. Although demand for Ann Arbor Condos will continue to be fueled by buyers getting back to offices, restaurants and other social activities, expect the recent rebound of activity to fade over time and the market to return to typical seasonal cycles.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	90	-15%	84	-3%	1.1	-12%
\$10-150k	2	-83%	7	-70%	0.3	-45%
\$150-225k	12	-48%	21	-32%	0.6	-23%
\$225-400k	22	10%	32	167%	0.7	-59%
\$400k+	54	6%	24	14%	2.3	-7%

YTD Closed Activity

	YTD Closed	21 v 20	21 v 19	\$/SF	21 v 20	21 v 19
All	436	43%	31%	\$251.44	16%	8%
\$10-150k	34	-17%	-23%	\$145.04	-4%	-3%
\$150-225k	92	12%	24%	\$211.72	11%	10%
\$225-400k	192	41%	45%	\$215.30	6%	3%
\$400k+	118	157%	40%	\$321.51	7%	7%

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