

HOUSING REPORT

WASHTENAW | APRIL 2022

Reinhart
REALTORS

Pricing Competing Offers

The market continues to run hot with inventory shortages and the best new listings selling within hours for well over asking price. Many of our clients have lost out on previous bidding wars. When we see a gorgeous new listing that's sure to create a feeding frenzy, how can we write offers that will likely be accepted?

1. Listing to Pending Ratio:

Look at the ratio of available active comps to pending/under contract (UC) properties. In a balanced market there are about three active listings for every UC. Two-to-one is a fast market, and one-to-one means there's only 30 to 45 days of inventory. We're seeing extreme ratios of 1:2, 1:3 and sometimes even 1:5—where there are 5 UCs for every available active listing. Look at comparables to ensure we understand current market balance.

2. Level of Excitement:

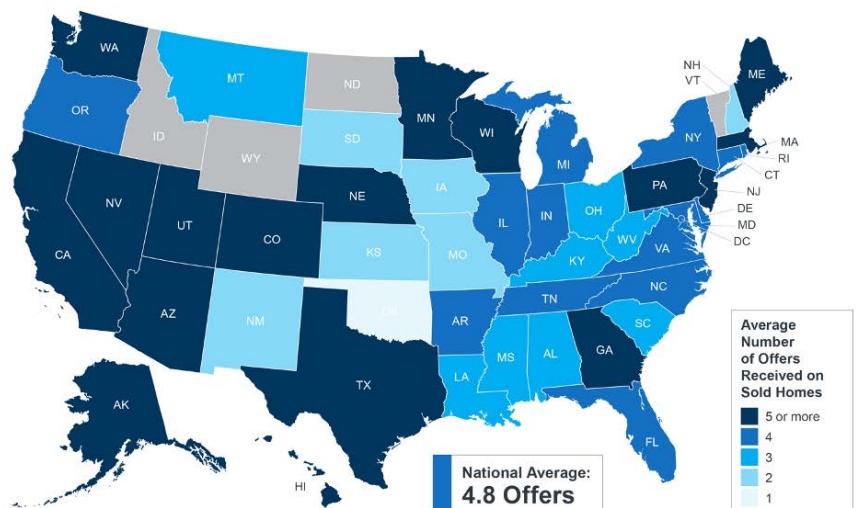
If we're excited about the listing and perceive it as a great "value" compared to the other similarly priced properties, other buyers are too. Ask yourselves, "If we make an offer but don't get it, what are the chances we'll find something that we like more within this price range?" Also, "If we don't get this, how much more would you likely have to pay to get something we like as much?"

3. Consider the Difference Between Sale Price and List Price with Comps:

Pull the most recent 10 or 20 sold comps. With a spreadsheet or notepad create a list that includes list price, sold price and price per square foot (see example on next page). Add a column where you can calculate the difference between list price and sold price. This spreadsheet will help us see both how many similar listings are selling at or over list price and more importantly, how much they are selling over asking price. Note that we'll be looking at all comparably priced properties—the more extraordinary our subject property is, the more it moves toward the higher end of the range of previous over-asking-price offers.

Average Number of Offers

March 2022



Source: NAR

Example Scenario

Our client wants to make an offer on 1730 S Maple.

1. There's only 3 active comps and 9 UCs— 1:3 ratio is extremely hot market. When everything is selling put more weight on active and uc list prices and \$/SF. Note the \$199/sf is low compared to other listings, pendings and sold comps.

2. If we perceive this is better than most comps, the listing may be under-priced. We need to figure out, with our agent and lender, how much over asking we can and should go.

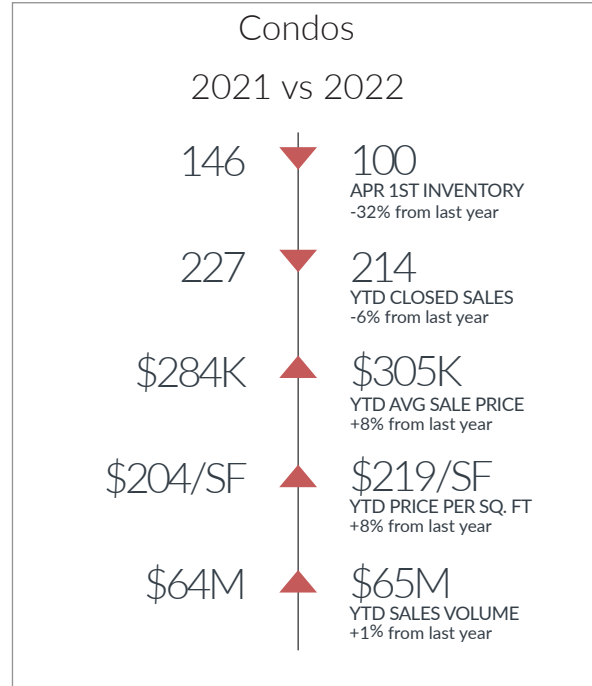
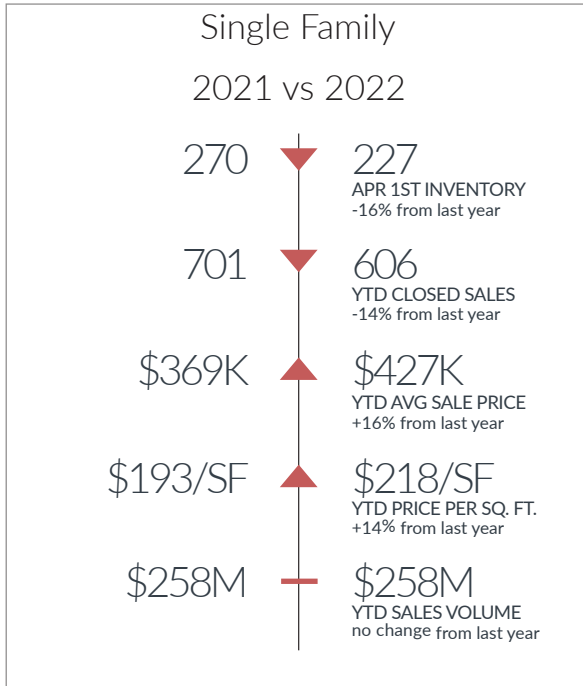
3. Looking at the difference between the sale prices and list prices for Sold Comps. Thirteen of last 15 closings have sold at or over asking—only 2 didn't. Over-asking amounts range from \$0 to \$63k. The median is \$12k over. Being aware of what others have "paid-over-asking" will help us strategize in calculating our offer amount. Be sure to ask your agent about additional tools like appraisal gap guarantees, occupancy, etc. we can use to enhance our offer.

Stat	Address	List Price	Close Price	SP-LP	\$/SF
ACTV	1039 BLUESTE	\$319,500			\$195
ACTV	1730 S Maple	\$339,900			\$193
ACTV	1015 MAIDEN	\$375,000			\$421
3 Active					

PEND	1111 Freesia C	\$319,900			\$359
PEND	1050 Wall Strc	\$325,000			\$269
PEND	1908 Lindsay I	\$339,000			\$214
PEND	133 W OAKBR	\$342,900			\$274
PEND	235 W OAKBR	\$369,000			\$251
PEND	1155 Freesia C	\$369,900			\$399
PEND	2735 Winter C	\$379,900			\$170
PEND	424 LITTLE LA	\$390,000			\$204
PEND	5535 Gallery F	\$399,888			\$242
9 UC					

			Close Price	SP-LP	\$/SF
SOLD	767 Peninsula	\$330,000	\$365,100	\$35,100	\$241
SOLD	2206 Applewc	\$385,000	\$388,000	\$3,000	\$241
SOLD	1032 Greenhil	\$315,000	\$317,500	\$2,500	\$216
SOLD	247 Fieldcrest	\$289,900	\$353,000	\$63,100	\$283
SOLD	791 Skynob D	\$300,000	\$351,500	\$51,500	\$232
SOLD	2736 Barclay \	\$330,000	\$335,000	\$5,000	\$206
SOLD	1870 LINDSAY	\$325,000	\$317,000	(\$8,000)	\$226
SOLD	2791 Barclay \	\$330,000	\$345,500	\$15,500	\$213
SOLD	2176 Overlook	\$384,900	\$384,900	\$0	\$227
SOLD	2510 Traver B	\$329,000	\$362,500	\$33,500	\$255
SOLD	3210 CARDIN/	\$359,900	\$360,000	\$100	\$239
SOLD	1050 Wall Strc	\$324,900	\$325,000	\$100	\$275
SOLD	2256 Pine Gro	\$424,000	\$390,000	(\$34,000)	\$210
SOLD	2848 Barclay \	\$320,000	\$332,000	\$12,000	\$205
SOLD	2890 Barclay \	\$349,800	\$364,000	\$14,200	\$181

Summary



Inventory— Available listings are down 16% from last year, but are bouncing back—up 32% compared to last month.

Closed Units— Off to a slow start. Overall, YTD sales are down 14% but above-\$600k sales have increased 77%. The mix in closed sales will continue to shift upward as prices rise.

Values— With rising prices and proportionally fewer available homes in the lower price brackets, both average sale price and price per square foot are rising at double-digit rates. Within price brackets, upper-end values are rising fastest.

Summary— While sales activity is trailing 2021, the increase in home values has closed volume even with last year. Look for sales and prices to rise as new listings arrive over the next few months, before leveling through the summer.

Inventory— Available condo listings are down 32% from last year. Although the 100-unit inventory is level with last month, the increasing number of new pendings (225 compared to 153 last month) has shrunk supply to under two weeks of inventory.

Closed Units— Lack of inventory has YTD sales down 6% from last year. In Ann Arbor where the largest concentration of condos are located, closed sales are down 22%.

Values— Although both average sale price and price per square foot are up 8%, value increases vary within price ranges. Although the number of over-\$400k sales is up 29%, YTD price per square foot of those upper-end sales is down 6%.

Summary— Limited inventory has restricted YTD sales, but expect both sales activity and prices to rise over the next few months as buyers compete for the best new listings. Activity and prices will settle in the summer as the arrival of new inventory drops back off.

Washtenaw County

Single Family Homes

227
AVAILABLE HOMES
+32% from last month

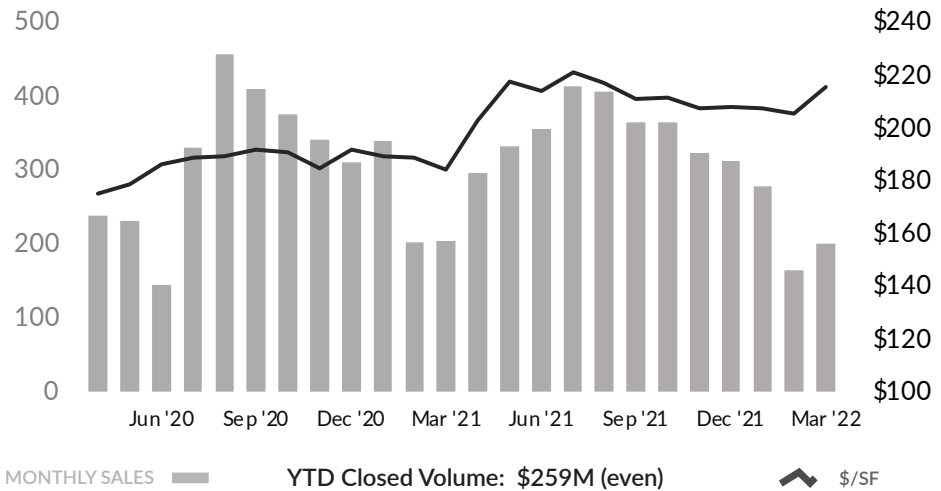
275
NEW PENDING
+19% from last month

606
YTD CLOSED SALES
-14% from last year

\$427K
YTD AVG SALE PRICE
+16% from last year

\$218
YTD PRICE PER SQ FT
+13% from last year

Closed Sales



Summary

First quarter sales got off to a slow start as inventory has been tight (down 16% from a year ago) and buyers waited for properties to become available. Last month's increase in listings provided some relief and fueled an increase in new pendings—up compared to the prior month but still short of the same month last year. Supply remains tight with only three weeks of available listings. Both YTD average sale price and price per square foot are up 16% and 13%, respectively. About half of that increase is the result of a change in the sale mix—a 77% increase in the number of over-\$600k sales while sales in the other price ranges declined. Upper-end properties have also seen the highest YOY value appreciation—up 9%.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	227	32%	275	19%	0.8	11%
\$10-250k	42	24%	65	33%	0.6	-7%
\$250-400k	40	82%	92	10%	0.4	66%
\$400-600k	50	22%	71	39%	0.7	-12%
\$600k+	95	27%	47	0%	2.0	27%

YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	606	-14%	2%	\$218	13%	25%
\$10-250k	151	-20%	-32%	\$149	5%	13%
\$250-400k	200	-24%	-5%	\$191	7%	10%
\$400-600k	147	-22%	37%	\$221	7%	18%
\$600k+	108	77%	96%	\$279	9%	25%

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

Washtenaw County

Condos

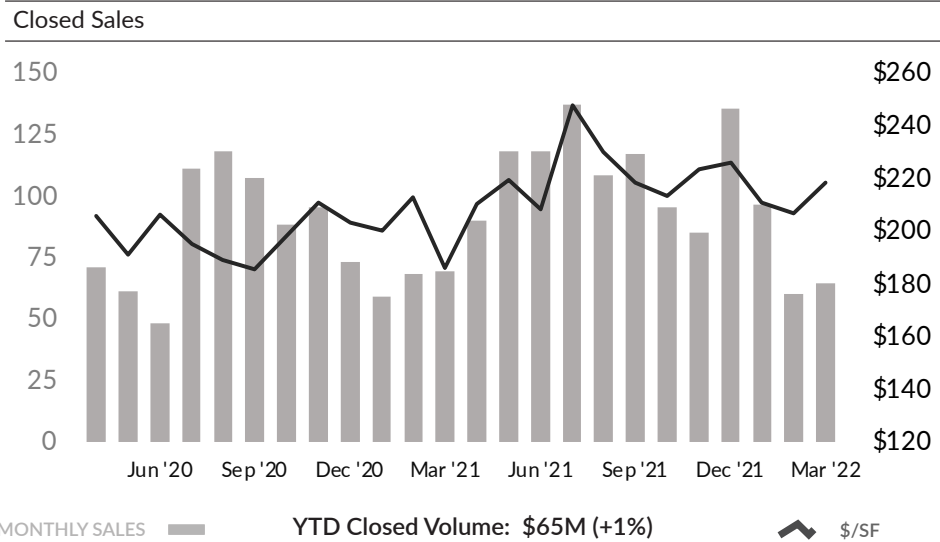
100
AVAILABLE CONDOS
-1% from last month

124
NEW PENDING
+75% from last month

214
YTD CLOSED SALES
-6% from last year

\$305K
YTD AVG SALE PRICE
+8% from last year

\$220
YTD PRICE PER SQ FT
+8% from last year



Summary

Monthly new pendings rose 75% from the previous month to shrink supply levels to about 3 weeks. The shortage is most pronounced in the entry levels. There were 82 new pendings last month in the under-\$350k price range. Heading into this month there were only 32 available listings priced under \$350k. The listing shortage is limiting sales—down 6% through the first quarter compared to last year. Values, which faded in the second half last year, dropped further in January and February before rising in March. Expect prices to rise over the next few months as the best listings in the “class of ‘22” immediately sell for premium prices. Expect a run of activity over the next few months.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	100	-1%	124	75%	0.8	-43%
\$10-200k	1	-86%	31	94%	0.0	-93%
\$200-350k	31	11%	51	55%	0.6	-28%
\$350-500k	32	10%	25	92%	1.3	-43%
\$500k+	36	-3%	17	89%	2.1	-48%

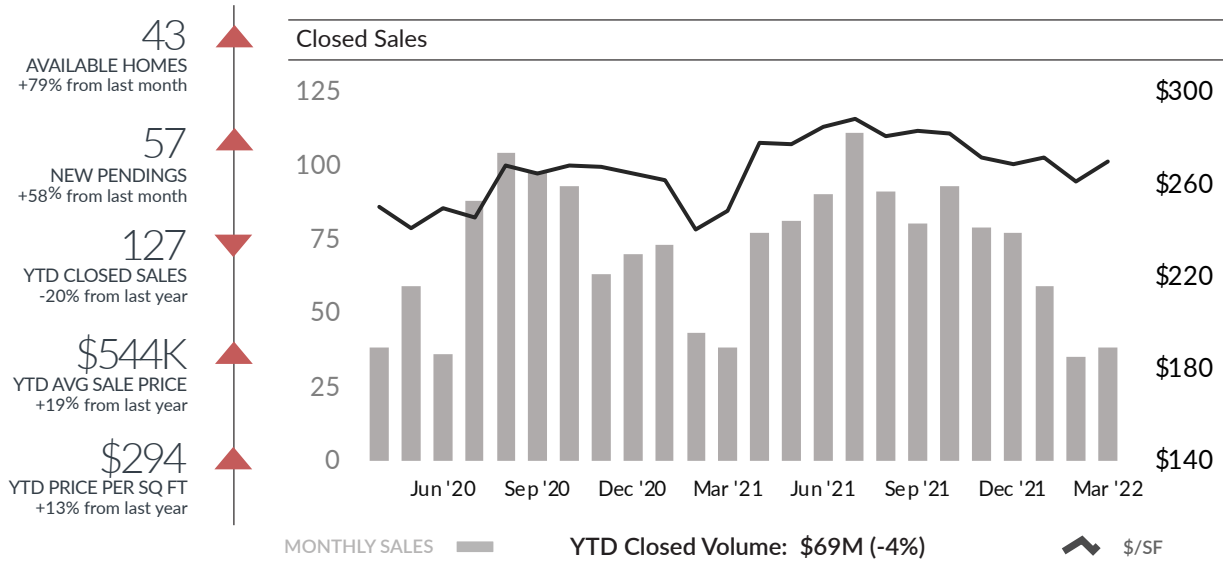
YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	214	-6%	16%	\$220	8%	8%
\$10-200k	51	-27%	-16%	\$159	7%	12%
\$200-350k	94	-4%	11%	\$207	10%	11%
\$350-500k	46	24%	92%	\$231	5%	-10%
\$500k+	23	5%	64%	\$290	-6%	-20%

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

Ann Arbor

Single Family Homes



Summary

Single family inventory bounced back to 43 units after hitting a low of just 24 last month. With 57 new pendings last month, new listings are getting snatched up quickly. Closed sales are down 20% through the first quarter and will continue to be restricted by limited supply levels. Under-contract properties currently outnumber available listings by a ratio of two to one. As illustrated by the \$/SF line in the chart above. Sharp buyer competition and bidding wars drove prices up through the first half of last year before they settled through the second half of the year. Even with the settling, YTD average price and price per square foot are up 19% and 13%. Expect a similar pattern this year as buyers compete for the best new listings as they arrive early in the year.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	43	79%	57	58%	0.8	13%
\$10-250k	2	0%	3	50%	0.7	-33%
\$250-400k	9	125%	21	133%	0.4	-4%
\$400-750k	18	64%	24	33%	0.8	23%
\$750k+	14	100%	9	29%	1.6	56%

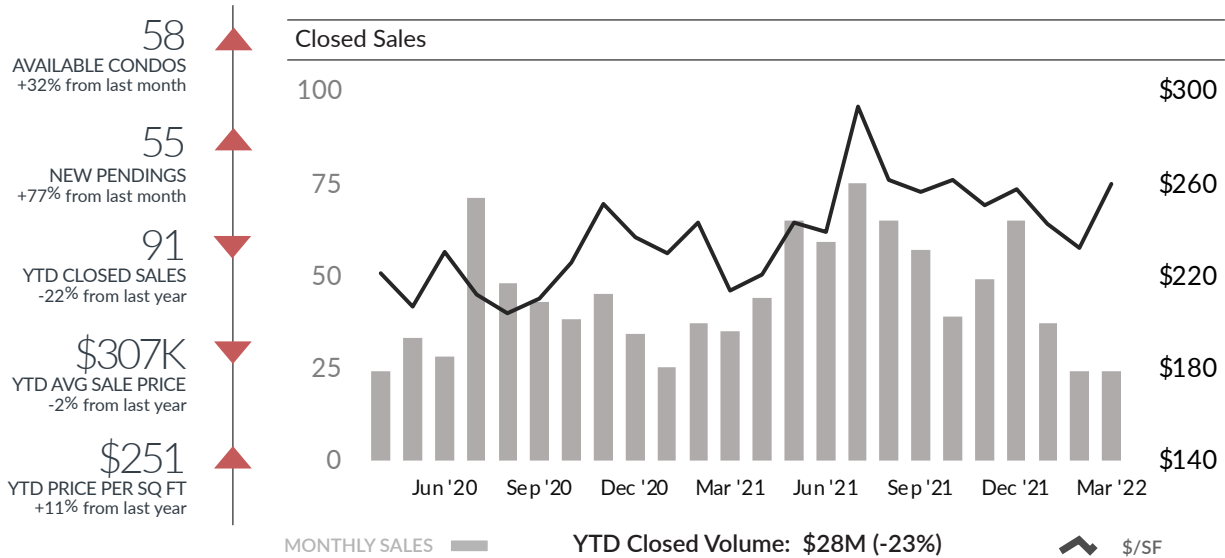
YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	127	-20%	9%	\$294	13%	19%
\$10-250k	11	-27%	10%	\$170	-8%	-23%
\$250-400k	37	-35%	-37%	\$282	17%	23%
\$400-750k	61	-19%	79%	\$279	8%	19%
\$750k+	18	64%	29%	\$356	3%	17%

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

Ann Arbor

Condos



Summary

Supply shortages have YTD closed sales down 22% compared to last year. Although inventory rose 32% last month, it's down 29% compared to this time last year. Buyers continue to wait for fresh listings in the more affordable price ranges and are jumping on the best ones the minute they arrive. Last month's additional new listings fueled a 77% month-over-month increase in new pendings—but they're even with the same month last year. Expect prices to be driven by inventory quality, they will rise as more quality listings arrive. Expect prices (not necessarily values) to fade later in the fall when most of the year's best listings are sold out and the arrival of new ones slows. As seen in the tables below, supply levels, activity and values vary dramatically within price levels.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	58	32%	55	77%	1.1	-26%
\$10-250k	7	40%	19	36%	0.4	3%
\$250-400k	14	100%	19	58%	0.7	26%
\$400-600k	13	18%	9	800%	1.4	-87%
\$600k+	24	14%	8	100%	3.0	-43%

YTD Closed Activity

	YTD Closed	22 v 21	22 v 20	\$/SF	22 v 21	22 v 20
All	91	-22%	11%	\$251	11%	10%
\$10-250k	41	-28%	5%	\$205	9%	11%
\$250-400k	31	-9%	7%	\$229	16%	9%
\$400-600k	13	-35%	44%	\$307	6%	1%
\$600k+	6	20%	20%	\$377	3%	2%

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