

2020 Delaware County PA Real Estate Market Update

I wish you a *Happy Holiday Season* and a *Healthy 2021!* 2020 has certainly been an unusual year, one which many of us would like to soon forget. I hope this update finds you well. Thank you for taking the time to read it. Please feel free to share it.

At the end of the year I like to provide an overview of the local Real Estate market and I decided to do it *online* this year. After you read this please look at the other “tabs” and articles I have posted on my web site. I personally created and have recently updated most of the content and I encourage you to use it. There is a *lot* of good information and interesting links to explore. Community information and reports for a variety of areas, including Delaware County, are *always* available and they are regularly updated. I would be happy to provide you with any additional information that might interest you.

For example, I can email you my informative monthly e-newsletter (**Home Matters**), monthly zip-code-specific market information (**Neighborhood News**) and/or current property information if you want to see what is happening in areas that interest you. If you would like me to add your email address (it will **NOT** be shared!) to any of these “lists” please let me know. Please visit my other websites (or click on the BLOGS/ PODCASTS “tab” on the lower row) to read my Real Estate **BLOG** and listen to my Real Estate **PODCASTS**.

Please contact me with *any* questions and **please keep me in mind** if you (*or anyone you know*) is looking to sell *or* buy Real Estate. There are *always* opportunities in Real Estate and now is no exception! **I appreciate referrals!**

I have uploaded the **Market Minute** and **Local Market Insight** reports referred to in this update on the “tab” below this report. The Market Minute shows “*trends*” while the Local Market Insight shows “*year-to-date*” statistics. Here is my analysis of their major data points.

Year-To-Date 2020 vs 2019: The overall market continues to be affected by the pandemic and resulting economic impact. However, generally speaking, the results in many areas are encouraging and, as always, your experience may differ depending on your location and how you have been personally impacted. As I always say, the decision to buy or sell Real Estate is a personal one and the current environment typifies that.

As with all Real Estate statistics, two things are true. First, the performance within individual zip-codes can and will vary *significantly* from the overall County. Real Estate is *local* and results can vary from neighborhood to neighborhood and even block to block. There is **no such thing as a “national” Real Estate market** any more than there is a national weather forecast so, if you are thinking about selling or buying, please contact me for details about your areas of interest. I can provide current information and keep you informed about the evolving market. Deciding whether it is the right time to sell or buy typically involves a number of variables. While the Internet and other “sources” can offer data and information, I can provide the *knowledge* and *insight* to help you decide what works for you.

My second point is that, unfortunately, all Real Estate statistics involving sold data is *stale*. This is especially true if you are relying on Internet valuation models which use *recorded* data rather than up-to-date MLS information. Even then, while a sale may be reported as *settled* or *closed* today, the real question is when was the offer *negotiated*? Typically, sales can take 45 to 60 days to close so the market today may be different. Up-to-date information, even if not perfect, is important!

As far as the statistics, there were **7282** residential properties listed for sale through October 2020

compared to **8133** listed through October 2019, a *decrease* of over 10%. Low inventory levels directly influence several other statistics. There were **5684** “closed” sales through October 2020 compared to **5879** through October 2019, a *decrease* of over 3%. The median selling price through October 2020 was \$250,000 compared to \$227,500 through October 2019, an *increase* of almost **10%**.

The large decrease in properties listed had a relatively small effect on the number sold while *substantially* increasing their selling prices. Real Estate is essentially a “supply and demand” commodity meaning that prices are *somewhat* elastic or flexible, subject to a variety of external influences including consumer confidence. That raises the following question: is inventory really *down* or are houses just selling *faster*? The answer depends on your perspective.

As usual, the numbers vary throughout the County and the underlying data show a wide range of results in all categories among the 49 different municipalities in Delaware County. There continues to be some concern about the current trend repeating what happened last decade but *I think* that current lending practices have made that unlikely.

The “Active Inventory”, DOM (or “days on the market”) and MSI (or “months supply of inventory”) have been trending down this year putting pressure on pricing and the “sold vs list price” ratio. The MSI suggests a seller’s market overall with 3-month supply of available inventory generally considered a “balanced market”. The irony with the present market is that sellers may be concerned about finding their “next home” while buyers are *waiting* for houses to buy. Many buyers are finding that they may not get a “second chance” when they see something they like. Even with the pandemic, low interest rates have driven a very competitive market in many areas.

While interest rates continue to be historically competitive, issues with “affordability” continue. Credit scores, disposable income (money for a “down payment”, repairs/ upgrades) and, more recently, *student loan debt* are holding back many buyers. This is especially true for what is often referred to as the “starter home” market which, in turn, ties sellers to their homes longer than they may like. Many resort to renting out their homes so they can move. Many who want to buy turn to renting which may be less costly initially (there is no “down payment”) but it may curtail saving for a “down payment” given the high cost of renting in many areas due to competition.

Some buyers will simply not want to compete with other buyers. Many take a hard look at the amount of time a property has spent on the market and avoid stale listings as well as over-priced properties. This causes some properties to sell for less than they would have had they been more competitive from the start. There are many reasons “not” to buy if someone wants to talk him or herself out of it.

A question for sellers to consider is *whether they should wait to list (or, re-list)*? If they (perhaps, YOU!), need to “sell to buy”, the typical balancing act may be more difficult than “normal”. Are you more likely to sell your house or to put your “next home” under contract in the short-term? Is your sale dependent on finding your “next home”? If it is, how do you structure a sale on your current residence? Will a buyer wait for you to find something? How do the market values for your home and those you may be considering buying compare? Is waiting for a better offer on your home actually costing you money and opportunity? Of course, if you are only selling, the process is less complicated.

Low inventory levels in many areas have produced multiple offers and a *frenzy* among buyers, some of whom may live to regret a hasty decision to get a property “under contract”. Having multiple buyers competing for a limited inventory of properties has led to many buyers (and their agents) having to write multiple offers before they get a property under contract. Creativity has produced some interesting scenarios.

During the shutdown when “in-person” Real Estate activity was not permitted, many buyers made offers “sight unseen”, some without inspections, to improve their odds. The effects of these remain to be seen but Real Estate, perhaps with the exception of properties acquired strictly as “investments” with documented income, is generally not something given its *expense* and *complexity* that the typical buyer would want to purchase without an in-person showing let alone removing the protection of an inspection contingency. Technology, however advanced, has its limitations. Such creativity also poses risks for sellers as buyers may develop “remorse” and decide to walk away. ***What to do???***

What about the properties that **did not sell**? *Many* came off the market and remain unavailable. That seems more apparent this year as the pandemic has evolved. Some properties did come back on the market but many have not. Perhaps some were rented. Did owners *delay*, *change* or *give up* their plans? Buying activity has been strong but sellers may be reluctant to allow showings or may have issues they are dealing with. Are people making an informed decision or reacting to what they “think” is happening in the market? Everyone seems to have an opinion and, again, emotion plays a role.

Buyers and sellers need to do the same planning and preparation that Real Estate typically requires. Anyone looking to sell or buy needs to understand their local market and decide how to react to the pandemic as a “variable” that was not here last year and, hopefully, will be gone in the near future. However, the effects of buying and selling can remain for years. They are important decisions and likely require the *knowledge* and *insight* that a professional can provide.

I tell my clients that I cannot guarantee that their house will sell if it is on the market but am fairly certain that it won't if they take it off the market. Anyone trying to sell now may have *less* competition and more offers to consider. Buyers may have *more* competition and fewer houses to consider. Hiring an experienced, trained and educated professional is more important than ever.

Despite the pandemic, every house will not sell. Houses may get showings without generating offers unless buyers think they are priced within the range of their perceived “worth”. Most property listings whose contracts are **canceled** or allowed to **expire** have “asking prices” considered high for their local market and/ or they were *poorly* marketed, meaning that some buyers and agents may not have even known that a house was available to look at or purchase. Some buyers may make “full price” or even “above asking price” offers just to control the process only to have *remorse* later as inspection results are revealed. Some sellers will ignore offers they think will not “appraise”. Of course, this may well depend on the ratio of buyer and sellers so there is more to this than raw statistics but there are unusual times given all of the conflicting variables.

If a market has a lot of inventory, some buyers may not be willing to look at houses priced high compared to the rest of the market: why try to negotiate a price down when other similar properties are available at more competitive prices? Many sellers who are open to negotiating their price will never get the chance. I will be happy to discuss specifics with you.

The overall economy is coming back but many are still hurting financially as the pandemic drags on. Statistics aside, **what are you planning to do?** Real Estate is generally a long-term investment unless you are looking to fix and flip it or planning to move within a short period of time. There are opportunities out there. As with the stock market, it is very difficult to pick the best time to make a move. All you can do is get the best available information, determine what is in your best interests and then start the process. I am a phone call or email away and getting started is easy once you take action.

Some owners will wait to sell, hoping for something to change. Many owners “take time off” saying they will **wait until Spring** which, while it may mean that more buyers are looking, typically leads to

their having more sellers/ houses to compete with. Look at this past Spring: how many regret waiting? Unfortunately, many with houses “under contract” had to wait for municipalities to open up.

Waiting in general may work for some but others may want to consider whether putting their life “*on hold*” is the best decision in the long run. If they are “moving up”, it may not be *if* the cost to buy is rising faster than the value of their home. Buyers waiting for prices to fall again may *miss* an opportunity especially if interest rates rise. You cannot “time” the market! Sellers should weigh *urgency and proceeds*: which is more important, **time** or **money**? For buyers, especially if you are paying someone else’s mortgage by renting, *what is the cost of waiting to buy?*

Outlook: “smart money” is *always* in Real Estate! “Today’s consumer” has easy access to more information and data than in years past. Is that good or bad? Much of what they access is misleading, incomplete or wrong. While the Internet has largely displaced agents as far as our providing property listings and information to consumers, it has **NOT** replaced our *knowledge, insight* and *experience*!

On a separate but related note, Delaware County is in the process of finalizing a court-ordered reassessment to “balance” the fairness and uniformity of property taxes. The result will be that some property owners will see lower taxes while others will see higher taxes. The “net” effect is not allowed to be a “windfall” to the County. My point is that many buyers are not aware of the process and may be surprised when they move and see their tax bills. I have spoken to a number of out-of-area sellers who said they were not aware of the reassessment and had no idea what their new assessment was.

If you want or need to sell *any* type of Real Estate, now or in the future, whether you tried and did not succeed before or are planning for the first time, it is **never too early** to start the planning and preparation. Please do not wait for what you think is a better or the best time to start. Buyers look all year long and can only see and buy properties that are available to see. Based on what we experienced this year, is waiting for Spring something you would consider?

Thank you again for taking the time to read this. I know these always run long but there is more to report than just the statistics.

Happy Holidays and Happy New Year!

Remember ...

There is no time for inexperience, empty promises or false expectations!

HIRE WISELY: We are not all the same!