

Bright MLS June 2022 Delaware County PA Residential Housing Report

Showing Time, using Bright Multiple Listing Service statistics, has released their Local Market Insight report for single-family homes in **Delaware County Pennsylvania** through June 2022. If you would like information about this or any other County or any specific municipalities in the Delaware Valley, please contact me or visit my website, AndrewWetzel.com. I am only a phone call, email or text away! I respond promptly to all inquiries.

We are at the halfway point for 2022 and the Real Estate market continues to be affected by the lingering effects of the pandemic as well as recent economic developments, all of which have added uncertainty to what is generally considered a long-term decision involving our biggest asset and our largest investment. While many of us contend that our present circumstances should not be confused with the “bubble” we experienced some 15 years ago, it is difficult to really assess what is going on as information ebbs and flows. More about that later in this report.

The pandemic caused many sellers to stay off the market, dramatically reducing inventory levels and creating an inventory shortage. While many buyers delayed taking action, the easing of the pandemic released pent-up demand for housing shifting the “supply and demand” ratios. In many areas, the result was a huge advantage for sellers. Complicating this were several underlying factors.

On the “supply” side, housing starts are down, complicated by supply-chain issues driving up lumber and other costs, a general shortage of existing housing as the number of overall households has been increasing and a drop-off in foreclosures due to a moratorium that will be changing. Do not be surprised by what may look like a sharp increase in foreclosures as there is about a two-year supply to manage.

On the “demand” side, millennial buyers have entered the market looking to buy. In addition, a significant number of investors are buying in bulk, typically with cash and limited contingencies, solely for the purpose of using them as rentals. Those purchases are estimated to consume about 25% of the inventory. Unfortunately, many of these purchases include properties that generally appeal to first-time buyers. The competition for them has driven up prices and prevented many new buyers from becoming homeowners. As long as rental income remains strong, these investors will continue to acquire properties. The irony is two-fold. First, rental income remains strong as many are unable to purchase their own homes which creates competition. Second, the elevated rental pricing is preventing many from saving for the down payment they need to obtain financing. I am not sure there is a way to change this in the short term.

Interest rates, while still considered historically low, have risen in recent months putting pressure on monthly payments. While interest rates have not historically suppressed pricing, they can influence selling and buying which affects “supply and demand” on local levels. Locally, I am seeing inventory levels increasing, some of which is attributed to sales falling through due to inspection and financing issues. The “auction-type” environment of recent memory has subsided in many areas resulting in longer times on the market and buyers being better able to work through the buying process which should help them with their decision-making.

Competition in some areas remains intense. Many sellers and their listing agents remain overly optimistic as evidenced by a number of dramatic price reductions. Many buyers are refusing to continue the panic-buying hysteria we have been seeing. It appears that, as with the “bubble years”, many sellers waited too long to try selling although, if they are buying, that may have been in their best interests. From a selling perspective, once again I would remind people not to try to “time the market”. 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 many sellers stay off the market while some buyers still do extraordinary things to beat their competition.

As always, this report compares current year-to-date results to one-year ago, the same time period. 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, whether you may be 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 is a personal decision typically involving a number of variables, some of which you can control and some of which you cannot. Data and information can be found in many places with no way to know how accurate they are or what they mean. 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 are *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 having settled or closed today, the real question is when was the offer *negotiated*? Typically, financed sales can take 45 to 60 days to close so the market today may be different from when the offer was presented and negotiated. This is especially true in changing markets. Up-to-date information, even if not perfect, is important!

As far as the statistics, there were **4419** new “For Sale” listings through June 2022 compared to **4802** through June 2021, a *decrease* of **8%**. There were **3538** closed sales through June 2022 compared to **3699** through June 2021, a *decrease* of **4.4%**. The median selling price through June 2022 was **\$295,000** compared to **\$265,000** through June 2021, an *increase* of **11.3%**. The decline in the number of newly listed properties impacted the number sold while substantially increasing their selling prices. Real Estate is a “supply and demand” commodity!

The number of currently available properties (**649**) is slightly below one year ago (**665**) and well above last month (**487**). The Days on the Market (DOM) (**21**) through June 2022 is up, the “Sold to List Price” ratio (101.8%) is down while the MSI (Months of Supply) remains less than 1 month (at .9 months), about the same as one year ago. Again, these numbers vary throughout the County: the underlying data shows a wide range of results in all categories among the 49 different municipalities in Delaware County. What happens going forward?

Generally speaking, low inventory levels in some areas will continue to produce multiple offers even if not the same “auction-type” frenzy we have seen among buyers. In fact, some newer owners are already regretting a hasty decision to get a property under contract. This is amplified in areas where prices are flat or declining as those trends make re-selling costly. The “frenzy” is over or easing in many areas which caused many buyers to make offers “sight unseen” and/ or waive property inspections to improve their odds. I appreciate buyers trying to be creative to give themselves an advantage but combining buying “sight unseen” with waiving inspections is a recipe for disaster. There are not enough pictures, videos or words that can replace actually walking through a property and, regardless of how honest and knowledgeable a seller is, a completed property disclosure such as we have in Pennsylvania, is not the same as having a skilled inspector looking at the major components of a house, looking for problems with wood infestation, radon and other situations that can be unhealthy and/ or costly to repair. The effects of such creativity remain to be seen, perhaps taking a number of years, even for new owners happy with their purchases. I would highly recommend hiring

professionals to do these inspection on your home in case there are unknown issues. Problems only get worse and costs to cure them increase.

The fact is that Real Estate, perhaps with the exception of those properties acquired strictly as “investments” with documented income, properly written leases and paying tenants, 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.

The overall economy, despite some people touting specific statistics, has serious issues that will keep some out of the market. 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.

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 the available information, is waiting something you would consider?

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

HIRE WISELY: We are not “*all the same*”!