

Bright MLS March 2022 Delaware County PA Residential Housing Report

Showing Time, using Bright MLS statistics, has released their Local Market Insight report for single family homes in **Delaware County Pennsylvania** through March 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 web site, AndrewWetzel.com. I am only a phone call, email or text away! I respond promptly to all inquiries.

The overall market continues to be affected by lingering effects of the pandemic which contributed to (if not caused) an inventory shortage. Combined with historically low interest rates and increased post-pandemic interest in home ownership, the historically low inventory levels created a huge surge in pricing which many are confusing with the “bubble” we experienced some 15 years ago.

Interest rates have risen rather dramatically in the short term with some increase in inventory but, for the most part, prices and competition remain intense. 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 many buyers do extraordinary things to beat their competition.

The report compares current year-to-date results to one-year ago, 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. 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 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. Up-to-date information, even if not perfect, is important!

As far as the statistics, there were **1868** new “for sale” listings through March 2022 compared to **1862** through March 2021, a slight *decrease* of **.7%**. There were **1577** closed sales through March 2022 compared to **1498** through March 2021, an *increase* of **5.3%**. The median selling price through March 2022 was **\$269,000** compared to **\$245,000** through March 2021, an *increase* of **9.8%**. The flat number of newly listed properties had no effect on the number sold while substantially increasing their selling prices. The number of currently available properties (391) is below one year ago (444). The Days on the Market (DOM) (29 vs 27) and “Sold to List Price” ratio (101.2% vs 99.5%) are improved while the MSI (Months of Supply) is less than 1 month (at .7 months), down 42% from one year ago. The low inventory combined with pent-up demand has created our current market. 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 continue to produce multiple offers and a frenzy among buyers, some of whom may live to regret a hasty decision to get a property under contract. During the shutdown when “in-person” Real Estate activity was not permitted, many buyers

started making offers “sight unseen”, some without inspections to improve their odds. Buyers have tried to be very creative to give themselves an advantage. The effects of that remain to be seen, perhaps taking a number of years, but Real Estate, perhaps with the exception of those 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.

One major difference between the present day and past years in terms of competition and all that results from that is the presence of investment groups buying large blocks of Real Estate, often with cash and limited contingencies, solely for the purpose of using them as rentals. 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.

What about the properties that **did not sell**? *Many* came off the market and still remain off the market. As the pandemic has evolved, some properties did come back on the market but many have not. Did owners *delay, change* or *give up* their plans? Buying activity has been very strong but some sellers are reluctant to allow showings or may have issues they are dealing with, especially if they need to buy their own “next home”. While selling their home may produce a ‘windfall’, what will buying cost? My only concern is whether people are making an informed decision or reacting to what they “think” is happening in the market. As with the market 15 year ago, the sellers who jumped in early may have had the best success if they needed to buy another home. Along the same line, some sellers will wait too long and miss an opportunity to maximize their proceeds.

Buyers and sellers need to do the same planning and preparation that those tasks typically require, regardless of the market. Easier said than done! Anyone looking to sell or buy needs to understand their local market and decide how to react to the pandemic as a “variable” that has evolved over the past two years and, hopefully, will be gone in the near future. However, the effects of buying and selling 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 will not 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 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 even make “full price” or higher offers just to control the process only to have remorse later as inspection results are revealed. Of course, this may well depend on the ratio of buyer and sellers so there is more to this than raw statistics.

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 open to negotiating their price will never get the chance. I will be happy to discuss specifics with you.

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 what we experienced in 2021, 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*”!