Bright MLS September 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 September 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, an email or a text away! I respond promptly to all inquiries.

We are at the three-quarter point for 2022 and the Real Estate market continues to be affected by recent economic developments which have resulted in a substantial increase in the interest rate and the lingering effects of the pandemic (which contributed to an inventory shortage and then pent-up demand for housing). All of these have added uncertainty to what is generally considered a long-term decision. While many of us contend that our present circumstances should not be confused with the "housing bubble" we experienced some 15 years ago, it is difficult to really assess what is going on as information ebbs and flows. What will sellers and buyers think later when they reflect on these days and how they responded to them?

For example, the pandemic caused many sellers to stay off the market, dramatically reducing inventory levels. While many buyers delayed taking action, the easing of the pandemic contributed to many jumping into the market 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 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. There has also been a drop-off in foreclosures due to a moratorium. That will be changing so 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 entered the market looking to buy. In addition to the "supply" side issues already mentioned, many of the "bulk" purchases include properties that generally appeal to first-time buyers. The competition for them and other properties 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 a "catch-22". First, rental income remains strong meaning high as many are unable to purchase their own homes which creates competition for rentals. 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 dynamic in the short term.

Interest rates, while still considered historically favorable, have risen rapidly 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 has subsided in many areas resulting in longer times on the market and buyers being better able to work through the buying process.

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, <u>your</u> 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 or wait for a better offer.

Some buyers are waiting for a "bubble" to burst as interest rates rise. I recently heard a slogan aimed at buyers that makes a lot of sense: "date the interest rate and marry the house"! That makes sense. You can refinance the interest rate if it drops so what do you do if you find the perfect house for your "needs and wants"? Will something better come along? Alternatively, buying the "wrong "house" will have financial and other consequences. Will interest rates continue to rise while you think there is a better home waiting for you? Maybe; maybe not! As with all serious decisions, having options can present problems! When do you commit?

As always, this report compares current year-to-date results to one year ago during the same time period. As with <u>all</u> Real Estate statistics, two things are true. First, the performance within individual zip codes can <u>and</u> 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, again a personal decision, typically involves a number of variables, some of which you can control and some of which you cannot. I can provide the *knowledge* and *insight* to help you decide what works for you.

My second point is that, unfortunately, <u>all</u> Real Estate statistics involving sold data are *stale*. This is especially true if you are relying on Internet valuation models which use *recorded* sales 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 <u>when</u> 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 as markets change. Up-to-date information, even if not perfect, is <u>important</u>!

As far as the statistics, there were **6414** new "For Sale" listings through September 2022 compared to **7403** through September 2021, a *decrease* of **13.4%**. There were **5496** closed sales through September 2022 compared to **6041** through September 2021, a *decrease* of **9.0%.** The median selling price through September 2022 was **$300,000** compared to **$270,000** through September 2021, an *increase* of **11.1%**. 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 (**667**) is above last month (**615**) and well below one year ago (**767**). The Days on the Market (DOM) (**21**) is up from last month (**16**), the "Sold to List Price" ratio (**99.3%**) is down slightly while the MSI (Months of Supply) rose above one month (at 1.2 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? Only time will tell.

There is <u>no</u> <u>time</u> for inexperience, empty promises *or* false expectations!

HIRE WISELY: We are <u>not</u> "*all the same*"!