

Delaware County PA March 2021 Residential Housing Market Update

Tri-County Suburban REALTORS and Showing Time have released their March 2021 Local Market Insight report for single family homes in **Delaware County Pennsylvania**. The report uses Bright MLS statistics. If you would like more 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, an email or a text away! I respond promptly to all inquiries.

Many areas continue to be affected by the pandemic and resulting economic impact. As always, your experience may differ depending on your location and how you have been personally affected. As I always say, the decision whether and when to sell or buy Real Estate is a personal one influenced by a number of lifestyle factors and external variables. The pandemic typifies that. Some have not been deterred causing a frenzied sellers' market while others have decided to delay their plans to sell or buy.

The report compares current year-to-date results to one-year ago, same time period. It only covers three months and crosses over from pre-pandemic to pandemic time frames so it is not "apples-to-apples". 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 greatly 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 as well as provide you with the *knowledge* and *insight* to help you decide what works best 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 Bright MLS information. Even then, while a sale may be reported as having settled or closed recently, 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 from when the offer was presented and negotiated. Up-to-date information, even if not perfect, is important!

As far as the statistics, please remember that these numbers include a variety of single-family homes throughout the County. There were **811** new listings in March 2021 compared to **667** in March 2020, an *increase* of **21.6%**. YTD 2021 shows 1882 new listings compared to 1941 in 2020, a *decrease* of **3.0%**. The 5-year March average is 859. There were **444** active listings in March 2021 compared to **848** in March 2020 with a 5-year average of 1337. Low inventory levels continue to affect the market: the "Months of Supply" is down 62% as compared to last year. There were **518** closed sales in March 2021 compared to **486** in March 2020, an *increase* of **6.6%** with a 5-year average of 498. The median selling price was **\$256,000** in March 2021 compared to **\$229,900** in March 2020, an *increase* of **11.4%** with a 5-year average of \$214,370.

What effect did the large decrease in new listings have on the market statistics? It created some anxiety resulting in multiple offers, perhaps well over asking price, and buyers taking other actions to make their offers more competitive. These include buying "sight unseen" and/ or waiving inspections. The result was a huge increase in selling prices along with a large decrease in the Days on the Market (DOM) which dropped from 43 to 27 and the "Sold to List Price" ratio which rose from 96.8% to 99.5%. 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.

Do we really have an inventory problem *or* pent-up demand? I think we have both and it remains to be seen what happens in the long run. I expect more sellers will take advantage of the market, even if

buying is not an option and they decide to rent to take advantage of current selling prices. How many buyers can this market continue to generate? For better or worse, at some point the market will normalize which means two things. First, many sellers may regret not taking advantage of the market. Second, activity will slow as we exhaust the number of buyers, many of whom decided to buy early. That is what has happened in the past.

On the other hand, some buyers may come to regret a hasty decision to get a property under contract at “all costs”. Buying “sight unseen”, especially without inspections comes with a risk. Sellers and their agents need to consider how to manage such offers as they may have appraisal issues and/ or be more likely to result in buyer remorse after the buyer gets to learn more. Given the expense and complexity of a typical Real Estate purchase, buyers and sellers need to fully understand what they are doing and what can go wrong. Even with our property disclosure law in PA, many sellers either do not know about underlying issues with their properties or forget to disclose them. Whatever your feelings about property inspections, they can provide important information to a buyer. Getting a contract signed is only the first step to completing a Real Estate sale.

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? While buying activity has generally been strong, some sellers are reluctant to allow showings or may have issues holding them back. Given the statistics, are people making an informed decision or reacting to what they “think” is happening in their local market? A brief conversation may be very helpful if you have any questions about selling or buying.

Anyone thinking about selling or buying needs to understand their local market and decide how to react to it. The effects of buying and selling remain for years as does inaction. These are important decisions and likely require the *knowledge* and *insight* that an experienced, trained and educated 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 keep 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.

No matter how good the market may appear, 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”, whatever that means today. 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 property was available to look at or purchase. Some buyers may make an attractive offer just to control the process only to have remorse later as inspection results are revealed or they see another property they prefer.

Regardless of the amount 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 or others offer more for the same price? Many sellers open to negotiating their price will never get the chance. I will be happy to discuss specifics with you.

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 always opportunities out there. As with the stock market, it is very difficult if not impossible 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. 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. If you need to buy in order to sell, let's have that conversation. Now may be the best time to start planning.

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

HIRE WISELY: We are not all the same!