MEMORANDUM

TO: VICTOR CARDENAS, CITY MANAGER

FROM: JAN ZIOZIOS, ASSESSOR

SUBJECT: YEAR-END 2024 REAL ESTATE MARKET OVERVIEW

DATE: JANUARY 2, 2025

Happy New Year! This month's real estate market update includes residential data from Realcomp and the National Association of Realtors. Additionally, I've included two new reports from Integra Realty Resources, the largest independent commercial real estate valuation and consulting firm in North America. The Integra reports cover the metro Detroit Multifamily market and Retail market.

Realcomp Update – November 2024

Supply

The Realcomp reports for Novi and Oakland County for November 2024 are attached for your review. At the end of November, Novi had a 1.6 months' supply of non-condominium home inventory, an 11.1% decrease over the prior year. Oakland County reflected a 1.9 months' supply in November.

Novi's condominium supply in November was 1.4 months, a 40% increase over November 2023. This compares to the county's November supply of 2.0 months. On average, non-condominium homes are marketed for an average of 26 days before sale and condominium homes are on the market for 36 days.

A snapshot of current inventory in Novi is presented below:

Active Listings			
Type	No. of Active Listings	Low Price	High Price
Detached	32	$289,000	$4,525,000
Attached Condo	24	$185,000	$750,000

Pricing

For Novi's non-condo homes, the November average percent of list price received was 99.1% compared to the September average of 99.3%. Novi's median sale price was $475,000, compared to the prior year's median price of $455,000.

Novi's condominium home sales in November had an average percent of list price received of 98.4% compared to 99.4% in November 2024. The median sale price was $352,000, compared to $270,000 in November 2023.

Novi's housing market is becoming more balanced, with supply and demand working towards equilibrium. The number of days on the market has significantly increased, even though new listings are down, and inventory remains somewhat limited. The increase in the number of days on the market is due in part to initial asking prices that are reminiscent of the 2022 – 2023 market where homes were regularly selling over asking price with multiple offers. Homes that are priced too high for current market conditions, which include 30-year mortgage interest rates that recently hit **6.91%,** will linger on the market.

Sales Volume

Twenty-nine (29) non-condo homes sold in Novi in November 2024, a 10.7% decrease over the prior year, and 13 condo sales closed, a 31.6% decrease over the previous year.

Housing Affordability Index

The monthly housing affordability index provides a way to track, over time, whether housing is becoming more, or less, affordable for the typical household. The HAI incorporates changes in key variables affecting affordability: housing prices, interest rates, and income.

- A ratio of 100 indicates that median household (i.e., family) income is just sufficient to purchase the median-priced home.
- When the ratio falls below 100, the typical household has less income than necessary to purchase the typical house.

According to the National Association of REALTORS® Housing Affordability Index, housing affordability decreased in October 2024. The national index is now above 100, currently at 102.3. An index above 100 means a household with a median income has more than the income required to afford a median-priced home. Generally, a mortgage is considered affordable if the mortgage payment (i.e., principal and interest) is 25% or less of the family's income.

NATIONAL ASSOCIATION OF REALTORS: *HOUSING AFFORDABILITY IN*

Year		Median Priced Existing Single Family Home	Mortgage Rate*	Monthly P & I Payment	Payment as a % of Income	Median Family Income	Qualifying Income**	Affordability Fixed
2021		357,100	3.01	1206	16.9	85,806	57,888	148.2
2022		392,800	5.40	1765	23.0	92,148	84,720	108.8
2023		394,100	6.88	2072	25.8	96,401	99,456	96.9
2023	Oct	396,000	7.70	2,259	27.8	97,478	108,432	89.9
2023	Nov	392,200	7.52	2,198	27.0	97,814	105,504	92.7
2023	Dec	385,800	6.90	2,033	24.9	98,109	97,584	100.5
2024	Jan	382,900	6.72	1,981	23.9	99,364	95,088	104.5
2024	Feb	388,000	6.86	2,036	24.5	99,749	97,728	102.1
2024	Mar	396,600	6.90	2,090	25.0	100,281	100,320	100.0
2024	Apr	411,100	7.07	2,204	26.3	100,616	105,792	95.1
2024	May	422,400	7.14	2,280	27.1	101,025	109,440	92.3
2024	Jun	432,900	7.00	2,304	27.3	101,254	110,592	91.6
2024	Jul	427,200	6.93	2,258	26.7	101,660	108,384	93.8
2024	Aug	419,800	6.58	2,140	25.2	101,846	102,720	99.1
2024	Sep r	411,400	6.26	2,029	23.8	102,136	97,392	104.9
2024	Oct p	412,200	6.51	2,086	24.4	102,425	100,128	102.3