



3Q2019 Insight Report

A review of market trends in Philadelphia
and its suburban neighborhoods

COMPASS



A VERY Warm Welcome

VERY Real Estate is proud to share our 3Q19 VERY Insight Report, a year-over-year report outlining the market trends in the Center City Philadelphia residential market and its surrounding suburbs.

We are including a review of information critical to make a decision on whether to engage in a real estate transaction - either as a buyer, seller or investor - namely: interest rates, buying power and inventory.

The 3Q19 period experienced adjustments in mortgage rates and inventory. We saw a decline, in Center City, on sales volume and number of units sold. Throughout the market, Days on Market (DOM) has increased year-over-year indicating that perhaps the fervor of previous markets has declined.

Interest rates are at historic lows, yet buyers are not feeling the sense of urgency we've experienced in previous markets. Politics aside, with the all the uncertainty in the world currently, it's possible that consumers are being more cautious. But, like always, well-located and well-priced properties are still seeing significant demand.

Now, more than ever, as the market begins to show signs of a shift, it's critical to engage a qualified real estate professional to help guide you through the transaction process.

We hope you enjoy our report and as always, please reach out with questions.

Kind regards,

Elizabeth Convery
Founder

Market Snapshot

Market Conditions 3Q19				
Area	Units Sold	Sold Volume	Sold Avg	Medium DOM
Center City	851	\$394,330,000	\$460,000	56
Philadelphia County	4,451	\$1,166,100,000	\$262,000	44
Suburban Philadelphia	9,768	\$3,521,290,000	\$360,000	39

Source: Trend MLS



The Greater Philadelphia market including suburban counties saw over \$4 billion of sales volume across 15,000 transactions in 3Q19.

The days of quick sales at under 30 Days on Market (DOM) are over. The DOM in Center City crept to 8 weeks. Philadelphia County and the surrounding suburbs fared better, but transactions are taking longer than in recent years to come together.

Center City continues to dominate the landscape for priciest properties.

Market Conditions Year-over-Year Comparison

Breakdown Comparison 3Q Year-over-Year								
Zip Codes	Units Sold	Differential	Sold Volume	Differential	Sold Avg	Differential	Median DOM	Differential
Center City								
2019	851	-46	\$394,330,000	-\$8,440,000	\$460,000	\$10,000	56	6
2018	897		\$402,770,000		\$450,000		50	
Philadelphia County								
2019	4,451	24	\$1,166,100,000	\$49,630,000	\$260,000	\$10,000	44	5
2018	4,427		\$1,116,500,000		\$250,000		39	
Suburban Philadelphia								
2019	9,786	-120	\$3,521,300,000	\$71,270,000	\$360,000	\$10,000	39	-2
2018	9,906		\$3,450,000,000		\$350,000		41	

Source: Trend MLS



Philadelphia County as a whole and suburban Philadelphia showed year-over-year Sold Volume increases as a result of rising prices.

Volume and quantity of sales have fallen in Center City indicating a slow down.

Historically, the city leads the suburbs in market trends. We'll continue to monitor the performance of the suburbs in months ahead.

Interest Rates

Interest rates continue to be a driving factor in a purchase or sale decision.

Interest rates have decreased significantly year-over-year in 3Q and are projected to continue to trend downward in the remaining quarter of 2019.

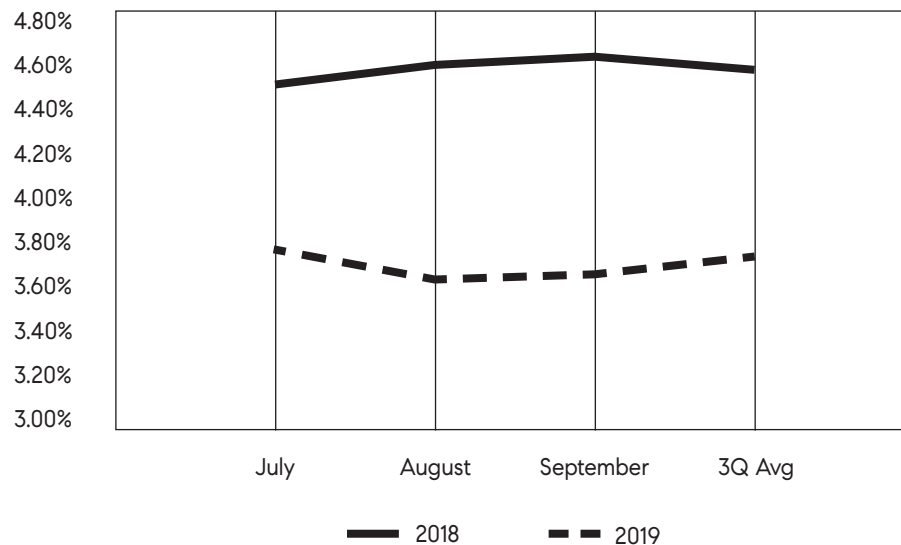
The 3Q19 interest rates show a 0.90% downward movement year-over-year with a pattern of decreasing rates each month during the quarter.



30-year Fixed-rate Mortgage Interest Rates			
	2018	2019	Movement
July	4.53%	3.77%	-0.76%
August	4.55%	3.62%	-0.93%
September	4.63%	3.61%	-1.02%
3Q Avg	4.57%	3.67%	-0.90%

Source: Freddie Mac 30 year
Fixed-rate Mortgages since 1971

30-year Fixed-Rate Mortgage 3Q Year-over-Year Comparison



Buying Power



30-year Fixed-rate Mortgage Comparison		
	3Q2018	3Q2019
Purchase Price	\$500,000	\$500,000
20% down payment	\$100,000	\$100,000
Mortgage	\$400,000	\$400,000
Interest Rate	4.57%	3.67%
Monthly Payment	\$1,828	\$1,468

The lower trending interest rates significantly impact Buying Power year-over-year.

The market saw a 0.90% decrease in rates from 3Q18 to 3Q19.

To put this into perspective, a buyer purchasing a \$500,000 home in 3Q18 would have paid \$1,828 per month in a mortgage payment. One year later with the decrease in interest rates, this same buyer would pay \$1,468 per month in a mortgage payment holding all other factors steady. This \$360 per month decrease is significant on it's own, but amortized over the entire 30 year loan period accounts for significant savings over time.



Inventory



Inventory 3Q19 Year over Year Comparison			
Area	2019 Months Supply	2018 Months Supply	Movement
Center City	7.00	6.50	+0.50
Philadelphia County*	4.10	5.30	-1.20
Suburban Philadelphia*	3.10	4.30	-1.20

*Units for sale as of October 15, 2019

Source: Trend MLS



The level of inventory in a market is measured by Months of Supply. Months of Supply calculates how long it would take to deplete current inventory assuming that no new supply hits the market.

A balanced market has 6 months of supply. When you include pending sales in the calculation, the Greater Philadelphia region is averaging 8.0 months of supply with Center City at 11.6 months and 8.6 months for the suburbs.

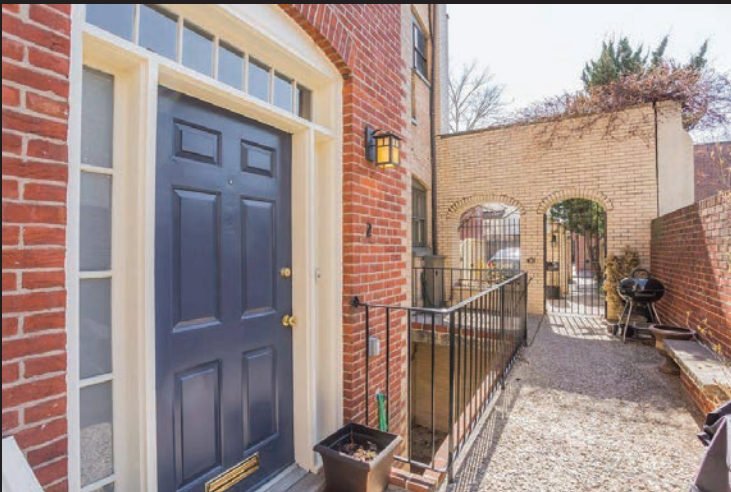
For years the supply in the market was scarce with Months of Supply favoring the seller in all markets. This is still the case in Philadelphia County and Suburban Philadelphia with Months of Supply still quite low. However, the market is shifting to a balanced market in Center City and even tipping in the buyer's favor.

Select 3Q19 Transactions



**5933 Woodridge Drive
Green Lane, PA**

Buyer Representation



**2 Willings Alley Mews
Philadelphia, PA**

Seller and Buyer Representation



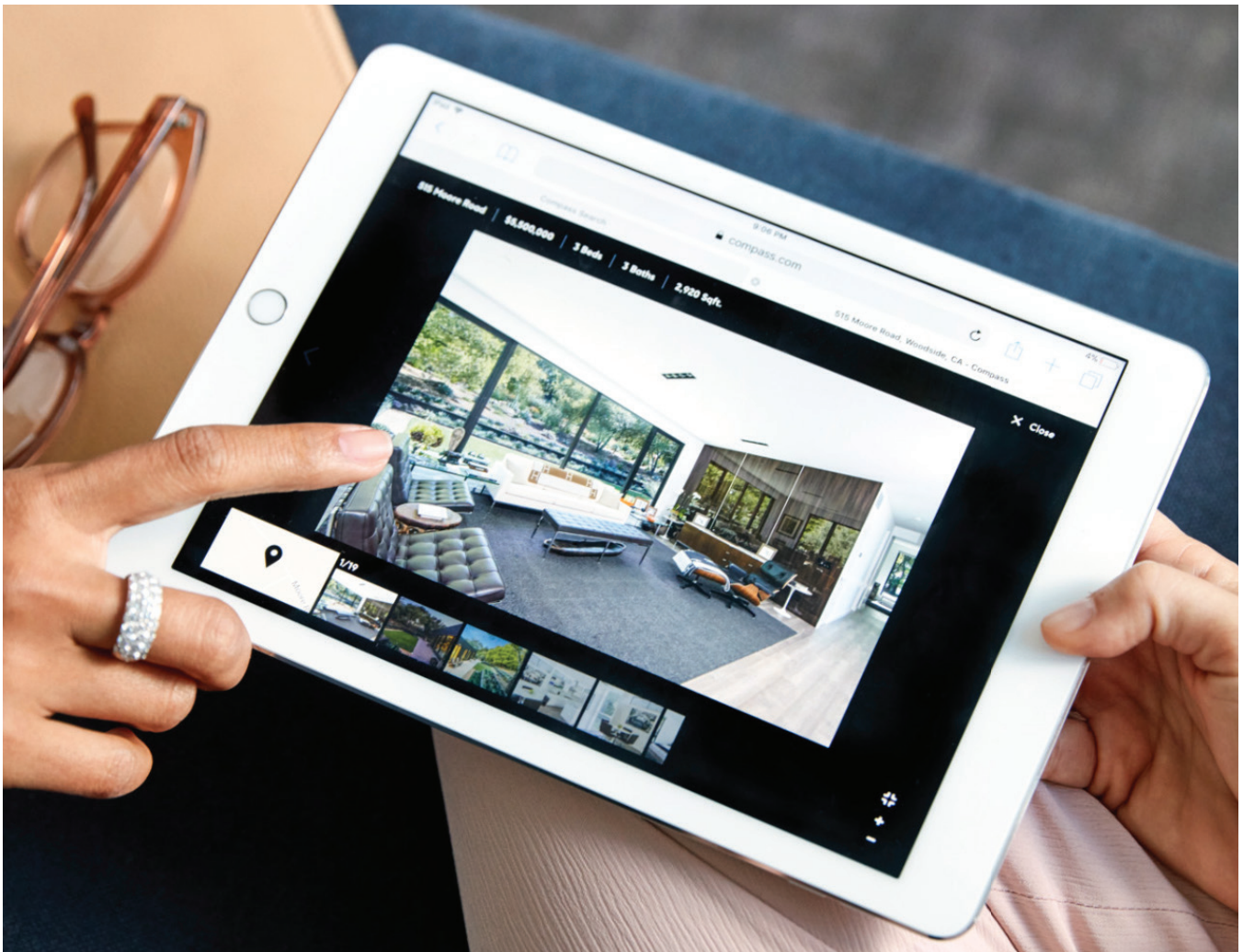
**882 N 21st Street
Philadelphia, PA**

Seller Representation

About VERY Real Estate

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