

REAL ESTATE UPDATE

Winter 2023



Our local real estate market has changed significantly during the last half of 2022, primarily in the fourth quarter. While the jolt of the mortgage rate increases came to us earlier in the year, the effects took some time to reveal themselves. The rate increase reduced the number of buyers and this resulted in softening prices. While these softening prices are easy to see when one house sells for less today than a similar house sold for 6 months ago, the trend effects prices more subtly in the list prices that are posted. The higher rates and reduced demand compel seasoned agents to advise their sellers to be more moderate in their asking prices so as to achieve a timely sale. As prices are softening, sellers need to set their list prices in line with this decline to avoid languishing on the market for weeks including a series of price reductions. Better to get ahead of the market than to lag the market.

The retreat in prices is mild, in my opinion. The effect of these increases is to tamp down demand. If demand is down, the prices decline in response. Additional factors tamping down demand in the fourth quarter include the holiday season (typically a slower time in the market) and, given the brisk pace of the market over the past 2+ years, a good deal of the demand has been met.

Concurrently, the number of days on market has increased. Multiple offers and offers above the asking price are less common today than a year ago. A partial counter-balance to the price decline is the inflation rate. In the context of local real estate values, the continuing increase in the cost of materials and products (due to inflation and supply chain issues) which go into in new homes has resulted in increased costs to the builders and hence the increase in prices for these new homes. The resale market for homes is connected to the price of new homes insofar as buyers will compare the two options (new vs resale) and make their decision as to which to buy, at least in part, on the comparative prices of the two options. As new home prices go up, resale home values also increase.

There are still plenty of buyers circulating, looking for the right housing fit. As time goes by, more and more buyers (who often become sellers) will return to the market as the cycle of life continues to turn. I think the balance between the number of buyers and sellers is roughly even as compared to the hot market we recently experienced but the numbers are reduced (fewer sellers, fewer buyers). As this buyer-to-seller ratio is roughly in balance, it is unlikely that there will be significant price/value changes in 2023, in my opinion.

As always, providing you are buying and selling in the same market, the good news/bad news scenario applies. If you are selling your home at a top-of-the-market price, you will be buying a home at a top-of-the-market price. The exchange of properties can benefit you, of course. If, because the market is up 10%, you are able to sell your \$500,000 house for \$550,000, you'll need to pay \$250,000 for a house that was worth \$225,000 (when the house you're selling was worth \$500,000). The net gain in this buy/sell scenario is \$25,000; the direction of this gain would be reversed if you were selling at \$250,000 (instead of \$225,000) and buying at \$550,000 (instead of \$500,000). While the house you're selling is up \$25,000 (the good news), the house your buying is up \$50,000 (the bad news).

For the most part, the math and the market combine to make the monthly cost of a purchase in a high interest rate environment comparable to the monthly cost of buying a house when interest rates are low; prices tend to go down as rates go up. There are exceptions, of course. Please call or write to follow up if you have any questions.

Respectfully,

Bill Reilly



Bringing people and houses together since 1982

Homes Sold by The Bill Reilly Team in 2022

31410 Pier West, Avon Lake
 12981 Lake Avenue, Lakewood
 3994 West 227th St, Fairview Park
 31022 Walker Road, Bay Village
 120 Brookvalley Drive, Elyria
 1115 Wilbert Road, Lakewood
 3666 Higley Road, Rocky River
 632 Woodmere Drive, Berea
 123 Westwind Drive, Avon Lake
 33233 Belladon Court, Avon Lake
 3007 Klusner Avenue, Parma
 5401 Deerpath Dr, Sheffield Village
 579 Bay Hill Drive, Bay Village
 28501 West Oakland, Bay Village
 2181 Southampton Lane, Avon
 3327 Balsam Drive, Westlake
 6881 Paradise Way, N. Ridgeville
 360 Darbys Run #6, Bay Village
 32295 Monaco Place, Avon Lake
 3403 Dellwood Rd, Cleveland Heights

1218 Lakeland Avenue, Lakewood
 32151 Avon Road, Avon
 20363 Orchard Grove, Rocky River
 3467 West 145th Street, Cleveland
 30628 Maple Drive, Bay Village
 36105 W Shore Pkwy, N. Ridgeville
 1074 Quilliams Rd, Cleveland Heights
 535 Vintage Pointe, Avon Lake
 29220 Inverness Drive, Bay Village
 29932 Ednil Drive, Bay Village
 1512-1514 Clifton Blvd, Lakewood
 207 Beachwood Ave, Avon Lake
 22480 Lake Road #6, Rocky River
 158 Brunswick Drive, Avon Lake
 3207 Park Drive, Parma
 16410 Heather Ln 303, Middleburg Hts.
 4133 West 217th St, Fairview Park
 771 Lakeside Drive, Avon Lake
 4866 Lansing Drive, North Olmsted
 25067 Castlebar Ct, Columbia Station
 30 Astor Place, Rocky River

5488 Schueller Blvd, Sheffield Village
 31416 Nantucket Row, Bay Village
 3150 West 162nd Street, Cleveland
 6200 Fir Avenue, Cleveland
 7315 Wadsworth Road, Medina
 864 Andrews Road, Medina
 1386 Lakewood Ave, Lakewood
 30314 Provincetown Lane, Bay Village
 410 Juneway Drive, Bay Village
 34067 Gail Drive, North Ridgeville
 395 Creekside Drive, Avon Lake
 2000 King James Pkwy 120, Westlake
 1 Baldwin Lane #1, Rocky River
 5012 Yorkshire Avenue, Parma
 1488 Blossom Park Ave, Lakewood
 3720 Russett Dr, Broadview Heights
 2683 Goldwood Drive, Rocky River
 891 Exchange, Vermillion
 1412 Rio Street, Lakewood
 401 Bounty Way #204, Avon Lake



Homes Sold by The Bill Reilly Team in 2022



Please call or email to arrange a consultation.

2022 Sales Volume: \$24 Million Transaction Sides: 62

Featured Listing

410 Darbys Run #11, Bay Village



Offered at \$695,000



This is a beauty! Extensively remodeled townhouse in sought-after phase 1 of Cashelmara. Meticulous attention to detail. Chef's kitchen appointed with marble tops, Amish cabinetry, high-end appliances (Wolf, Sub-Zero, Bosch), oak flooring and tile back splash. Captivating lake views from several rooms. Originally built with 3 bedrooms on second floor adapted to 2 bedrooms allowing space for large closets, ultra master suite (including remarkable bath) and second floor laundry room. Adjacent to and overlooking Lake Erie and beautiful Sperry Creek.



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