

Southeast Michigan Monthly Market Update May 2016

Dear All,

Homeowners in SE Michigan have more jobs, money, and equity in their homes than they have had in 10 years, and many who had been financially locked into homes which no longer suited their needs, are now free to move.

Southeast Michigan is diversifying and stabilizing its economy with growth in construction, hospitality, financial and other professional business services. Fiat Chrysler Automobiles is working with Google to develop automated driving technologies and Warren Buffet and Dan Gilbert are together in a quest to obtain Yahoo. According to the U.S. Bureau of Labor Statistics, job growth in the Detroit area has been outpacing the national average at 2.2%, with Ann Arbor's new job opportunities growing even faster at 4%.

Housing Supply: In all SE Michigan markets and throughout most of the country there is a shortage of available homes. The effects of the past recession continue to impact supply, in that many homes were physically damaged or lost through deferred maintenance and for years nobody was building new ones. Today, inventory levels which typically build during the spring remain tight and in almost every market inventories are lower than they were at this time last year. The number of *New Pending* homes has been keeping pace with or exceeding the number of *New Listings* coming onto the market.

Demand: The number of Homes Pending priced over \$100,000 is up in every market as is the average closed price per square foot. In his May 12th presentation at the annual NAR conferences in Washington D.C., Chief Economist Lawrence Yun indicated that while the US population continues to rise, the average household size has dropped from 3.7 in 2007 to 1.5 in 2016. We need more single and multi-family homes for all the extra households. Yun also indicated that homeowners are gaining equity as values rise in relation to mortgage debt. Total mortgage debt throughout the US has dropped to less than 50% of total residential home value. The higher levels of equity provide new freedom to many homeowners, who previously were financially locked into homes that no longer matched their needs. Combine all that with the availability of below-4% mortgage rates (lower than any time since 1970)... we need more houses!

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Equity grows as values increase while mortgage balances slowly decline.

Today with more income, more savings, more equity in the homes they are selling, increasing populations and decreasing household sizes, buyers continue racing to get their offers in on the clean, new listings. Tired properties hang around a little longer. Today's retail buyers are not looking to do the kind of work that they were willing to do ten years ago. Detailed homes are selling fast and to acquire them, some buyers are even willing and have the ability to waive "subject to appraisal".

Overall, housing demand in Southeast Michigan remains strong and sales continue to exceed last year's pace. The market under \$250,000 is especially brisk with falling inventories, the \$250-500,000 range is more stable as inventory growth is matching sales growth, and the over \$500,000 market is slower, relatively speaking, with inventories rising faster than sales.

Dan

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Total Company Summary - April 2016	2015	Change	2014	2013	2012
# of Showing Appointments	19,791	26%	14,838	16,401	19,554
# of Homes Sold/Leased	2,479	17%	1,763	2,156	1,572
# of Web Inquiries (Unique Visitors)	183,767	12%	160,640	156,285	235,854
# of Mortgage/Title/Insurance Closings	821	9%	582	671	576

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\$0 to \$100,000 Home Values Past 90 Day Trends

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Apr-16	Trend	Apr-16	Trend	Apr-16	Trend
Oakland County	304	Up	449	Down	62	Up
Macomb County	389	Up	594	Down	56	Up
Livingston County	10	Down	14	Down	72	Down
Washtenaw County	39	Up	39	Down	67	Up
Wayne County (- Detroit & G.P.)	335	Up	594	Down	60	Up
Detroit*	340	Up	2,046	Up	18	Up
Grosse Pointe(s)	16	Up	61	Down	56	Up
St. Clair County	78	Up	161	Down	51	Up
Northwest Michigan**	102	Up	2,523	Down	59	Up
Total	1,613	Up	6,481	Down	50.3	Up

Area	Median Sale Price		Months Supply Inv	
	Apr-16	Trend	Apr-16	Trend
Oakland County	\$70,000	Up	1.5	Down
Macomb County	\$64,000	Up	1.8	Down
Livingston County	\$88,000	Up	1.4	Down
Washtenaw County	\$72,950	Up	1.0	Down
Wayne County (- Detroit & G.P.)	\$65,000	Up	1.8	Down
Detroit*	\$15,514	Up	6.0	Neutral
Grosse Pointe(s)	\$62,950	Up	3.8	Down
St. Clair County	\$59,250	Up	2.1	Down
Northwest Michigan**	\$40,000	Down	24.7	Down
Total	\$53,726	Up	4.1	Down

Over \$100,000 in Home Values Past 90 Day Trends

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Apr-16	Trend	Apr-16	Trend	Apr-16	Trend
Oakland County	2,186	Up	4,187	Down	141	Up
Macomb County	1,086	Up	1,907	Down	113	Up
Livingston County	347	Up	730	Down	131	Up
Washtenaw County	615	Up	797	Down	166	Up
Wayne County (- Detroit & G.P.)	889	Up	1,279	Down	131	Up
Detroit*	48	Up	128	Up	127	Up
Grosse Pointe(s)	101	Up	239	Down	136	Up
St. Clair County	150	Up	592	Down	100	Up
Northwest Michigan**	342	Up	2,363	Neutral	131	Up
Total	5,764	Up	12,222	Down	134	Up

Area	Median Sale Price		Months Supply Inv	
	Apr-16	Trend	Apr-16	Trend
Oakland County	\$234,750	Up	1.9	Down
Macomb County	\$175,000	Neutral	1.8	Down
Livingston County	\$223,000	Up	2.1	Down
Washtenaw County	\$254,000	Neutral	1.3	Down
Wayne County (- Detroit & G.P.)	\$189,900	Neutral	1.4	Down
Detroit*	\$230,000	Up	2.7	Neutral
Grosse Pointe(s)	\$253,000	Down	2.4	Down
St. Clair County	\$152,000	Up	3.9	Down
Northwest Michigan**	\$195,000	Neutral	6.9	Down
Total	\$213,690	Up	2.1	Down

Data Source: MiRealsource, Realcomp, Ann Arbor Board, NGLR & BrokerMetrics

Months Supply Inventory represents the current sales pace to sell the existing inventory (months)

* Includes Hamtramck and Highland Park

** Includes Grand Traverse, Kalkaska, Antrim, Leelanau and Benzie counties, waterfront properties and vacant land

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