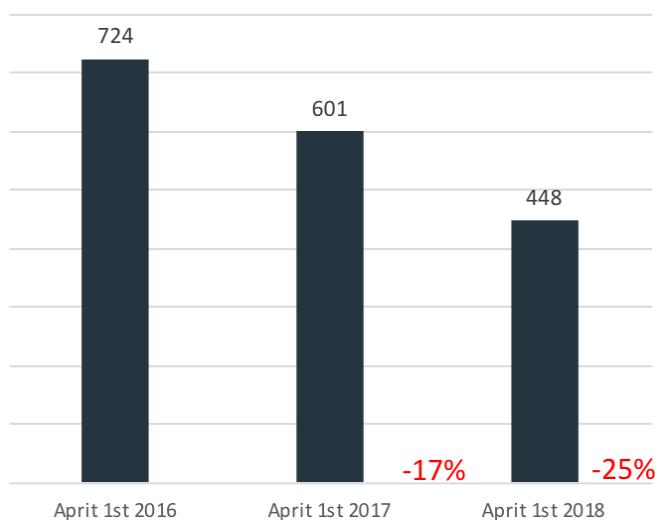


HOUSING REPORT

WASHTENAW | 1ST QUARTER 2018



Inventory Continues to Control the Market



Demand and Supply

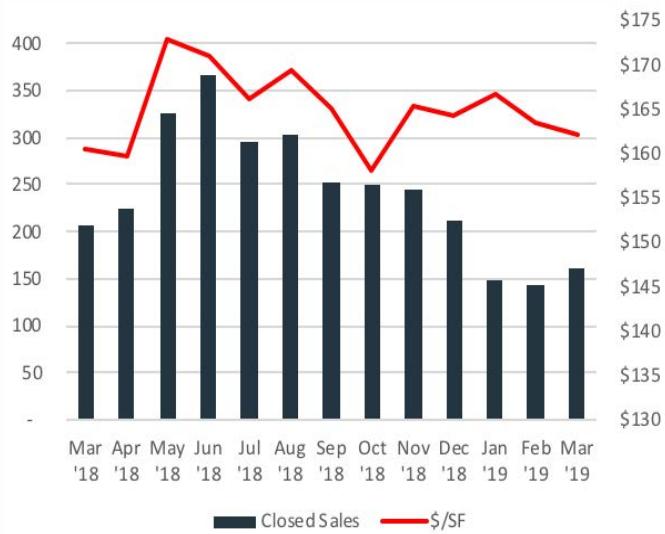
1. Steady and Rising Demand

In addition to growing seasonal demand, a large number of new millennial buyers and last year's left-over buyers are competing for homes.

2. Declining Inventory

Listing levels have been shrinking for years. April 1st inventory was down 25% from last year and 38% lower than it was in 2016.

Projections



Looking Ahead

1. Gearing Up

As fresh new inventory hits the market, buyers will vigorously compete for the best listings. Sales and price per square foot will rise sharply in the second quarter.

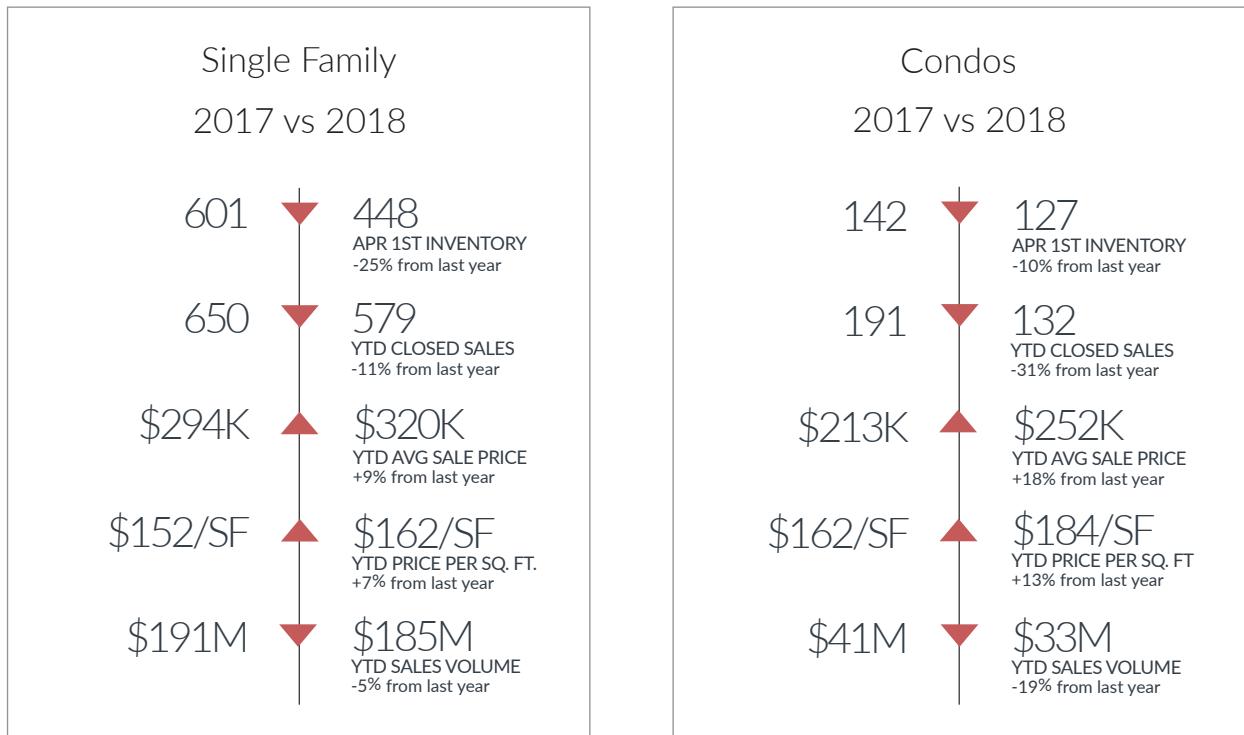
2. Falling Off

In the 3rd or 4th quarter, expect sales and average price per square foot to level and then decline. The drop won't be an indication of falling demand or values, but an indication that the late season available inventory contains fewer above-average listings.

With continued insatiable buyer demand and an ongoing shortage of listings, inventory quality and quantity will continue to control both the price and the pace of sales.

* Starting with actual March 2018 numbers and assuming the same month-over-month changes as experienced in the past year.

Summary



Inventory—As the market moves into spring, inventory is growing, but with 448 April 1st listings, it is 25% lower than it was a year ago.

Closed Units— While the monthly totals started to rise in March, year-to-date closed units are down 11% compared to last year.

Values— Average sale price is up 9% year-to-date and average closed price per square foot is up 7%. Values are rising faster in the middle and lower-priced markets. They have been flat for upper-end properties.

Summary—Tight inventory levels, especially in the lower and middle level price ranges have been limiting entry and mid price range sales while the number of homes sold in the \$400k to \$800k price range was up 16%. The 7% increase in price per square foot is probably a more relevant indicator of value change than the 9% increase in average price.

Inventory—New spring listings have been lifting inventory levels, but they are 10% lower than a year ago.

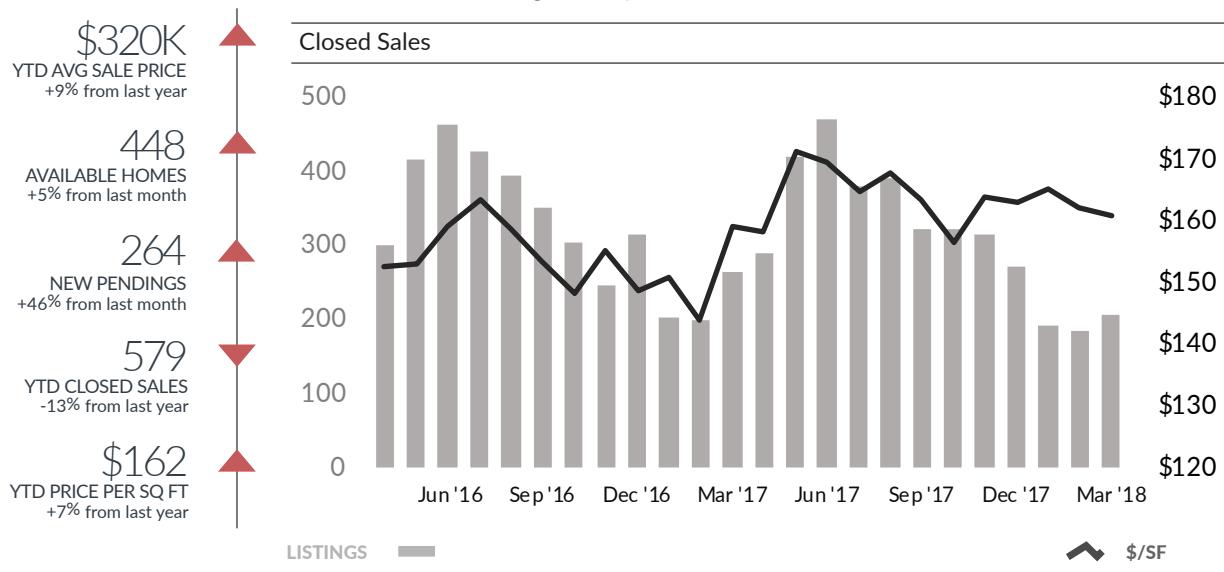
Closed Units—The number of first quarter closed units fell from 191 last year to 132 this year (a 31% decline in sold units).

Values—The 1st quarter average sale price of \$252k was up 18% and the average price per square foot was up 13% compared to last year. Values of condos in the lower and middle price ranges have seen the most growth, while values of higher-end units have been flat.

Summary— Much of the increase in average sale price has been the result of change in the mix of what has been selling. There have been more high-end condos and fewer medium-to-low priced units in that mix. While the large number of high-end units sold has driven up average sale price, the values of those upper-end units have been flat or declining.

Washtenaw County

Single Family Homes



Price Range	Field	1st Q '18	1st Q '17	'18 vs '17
All	Available	448	601	-25%
	Closed	579	662	-13%
	Months Supply	2.3	2.7	-15%
	Avg. Sale Price	\$320k	\$293k	9%
	\$ Vol (million)	186	194	-5%
\$10-200k	Available	34	77	-56%
	Closed	79	120	-34%
	Months Supply	1.3	1.9	-33%
	Value Change			14%
\$200-400k	Available	162	203	-20%
	Closed	361	416	-13%
	Months Supply	1.3	1.5	-0.1
	Value Change			5%
\$400-800k	Available	178	231	-23%
	Closed	121	104	16%
	Months Supply	4.4	6.7	-34%
	Value Change			4%
\$800k+	Available	74	90	-18%
	Closed	18	22	-18%
	Months Supply	12.3	12.3	0%
	Value Change			-9%

Summary

Inventory, new pending, and closed sales were up compared to last month.

Heading into April, single family inventory was down 25%, closed sales were down 13%, but average sale price was up 9% compared to last year.

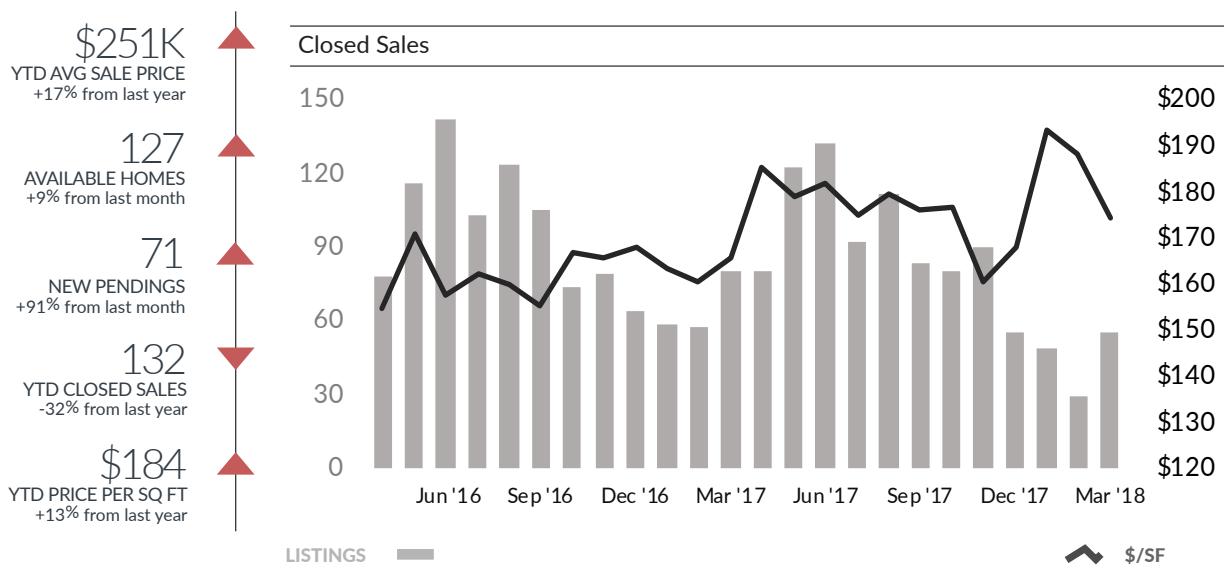
Low and middle price ranges face the biggest inventory shortages and the highest increase in value.

Upper-end markets have had normal supply levels—12 months of inventory for homes priced over \$800k. First quarter price per square foot for those high-end sales dipped 9% compared to the first quarter of 2017.

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot (\$/SF)

Washtenaw County

Condos



Price Range	Field	1st Q '18	1st Q '17	'18 vs '17
All	Available	127	142	-11%
	Closed	132	195	-32%
	Months Supply	2.9	2.2	32%
	Avg. Sale Price	\$251k	\$214k	17%
	\$ Vol (million)	33	42	-21%
\$10-150k	Available	6	20	-70%
	Closed	29	57	-49%
	Months Supply	0.6	1.1	-41%
	Value Change			18%
\$150-225k	Available	33	43	-23%
	Closed	38	72	-47%
	Months Supply	2.6	1.8	0.5
	Value Change			5%
\$225-400k	Available	43	47	-9%
	Closed	49	57	-14%
	Months Supply	2.6	2.5	6%
	Value Change			2%
\$400k+	Available	45	32	41%
	Closed	16	9	78%
	Months Supply	8.4	10.7	-21%
	Value Change			-24%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot (\$/SF)

Summary

March inventory and new pendings were up compared to February. While March new pendings were up 91%, they were even with March of 2017.

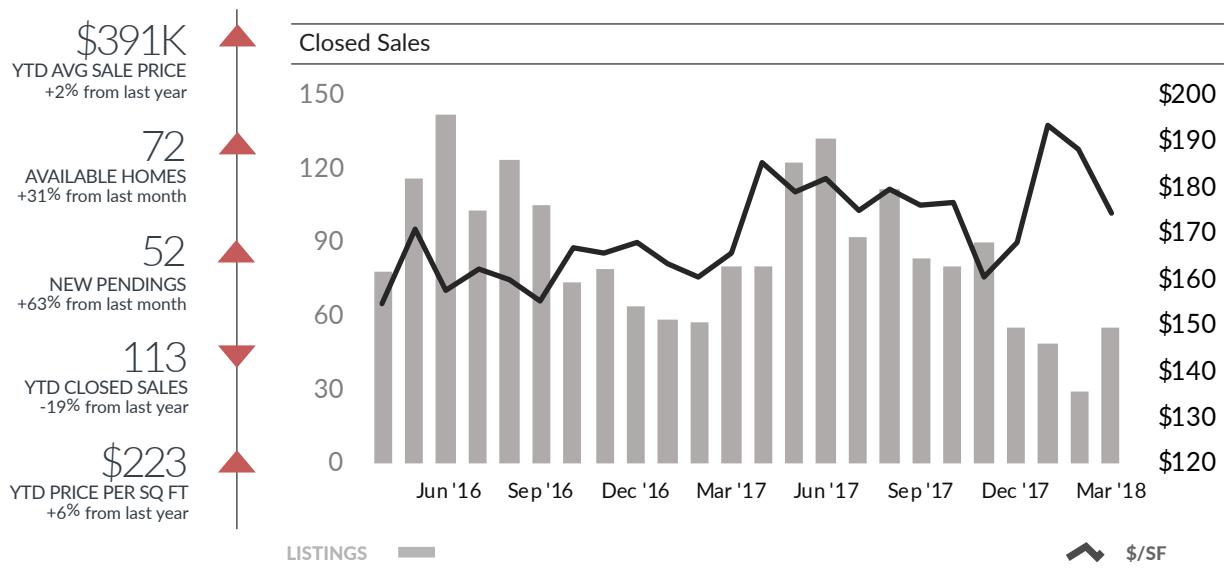
Compared to this time last year, single family inventory was down 11%, closed sales were down 32%, and average sale price was up 17%. With 32% fewer YTD closed sales, first quarter closed volume was down 21%.

Low and middle price ranges have seen the greatest supply shortages. Buyer competition has been pushing up values for condos priced below \$400k.

While there has been a significant increase in the number of over-\$400k condo sales in the first quarter, high-end price per square foot dropped compared to the first quarter of last year. Heading into April, there was 11 months of supply.

Ann Arbor

Single Family Homes



Price Range	Field	1st Q '18	1st Q '17	'18 vs '17
All	Available	72	88	-18%
	Closed	113	140	-19%
	Months Supply	1.9	1.9	1%
	Avg. Sale Price	\$391k	\$382k	2%
	\$ Vol (million)	44	54	-18%
\$10-200k	Available	1	5	-80%
	Closed	12	14	-14%
	Months Supply	0.3	1.1	-77%
	Value Change			15%
\$200-400k	Available	19	27	-30%
	Closed	56	84	-33%
	Months Supply	1.0	1.0	0.1
	Value Change			11%
\$400-800k	Available	35	20	75%
	Closed	40	34	18%
	Months Supply	2.6	1.8	49%
	Value Change			0%
\$800k+	Available	17	36	-53%
	Closed	5	8	-38%
	Months Supply	10.2	13.5	-24%
	Value Change			-2%

Summary

As the market moved into spring, inventory, new pending, and closed sales were up compared to last month.

Heading into April, single family inventory was down 18%, closed sales were down 19%, and average sale price was up a slight 2%. First quarter total sales volume dropped \$10 million, from \$54m to \$44m, compared to last year.

With only 20 available listings priced under \$400k on April 1st, entry and mid-level homes faced the biggest inventory and supply shortages. As a result, they had a greater value increase from last year.

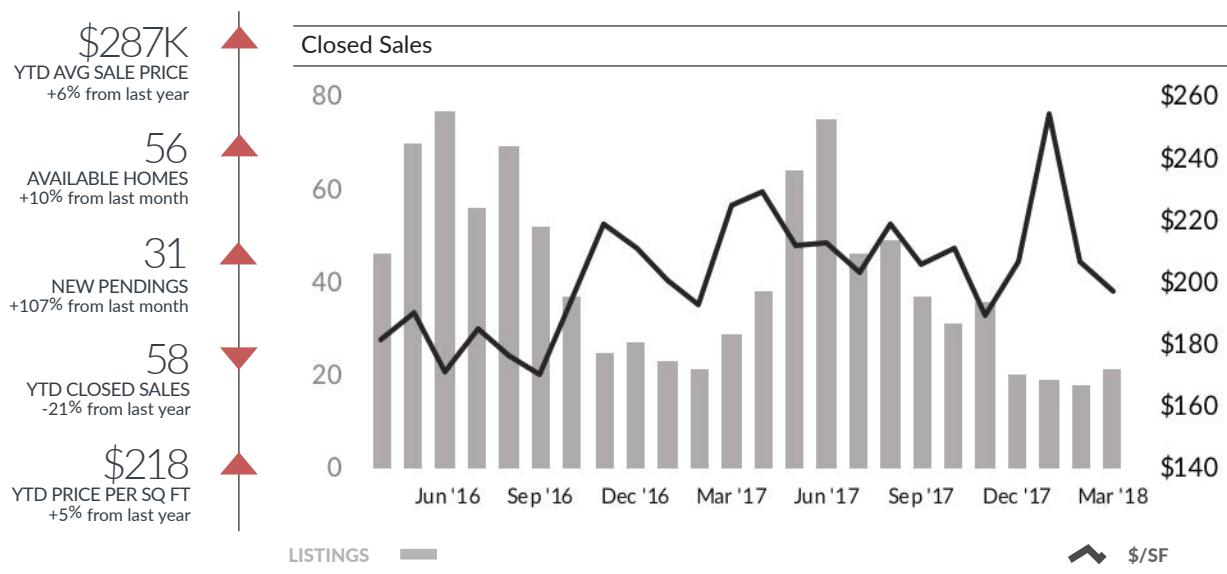
Available inventory jumped and closed sales were also up in the \$400k to \$800k range.

The over-\$800k market had half the inventory compared to a year ago. There were only 5 first quarter sales and values were flat compared to last year.

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot (\$/SF)

Ann Arbor

Condos



Price Range	Field	1st Q '18	1st Q '17	'18 vs '17
All	Available	56	62	-10%
	Closed	58	73	-21%
	Months Supply	2.9	2.5	14%
	Avg. Sale Price	\$287k	\$270k	6%
	\$ Vol (million)	17	20	-16%
\$10-150k	Available	2	9	-78%
	Closed	12	15	-20%
	Months Supply	0.5	1.8	-72%
	Value Change			7%
\$150-225k	Available	11	10	10%
	Closed	14	25	-44%
	Months Supply	2.4	1.2	1.0
	Value Change			6%
\$225-400k	Available	11	14	-21%
	Closed	20	26	-23%
	Months Supply	1.7	1.6	2%
	Value Change			1%
\$400k+	Available	32	29	10%
	Closed	12	7	71%
	Months Supply	8.0	12.4	-36%
	Value Change			-27%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change= Change in price per square foot (\$/SF)

Summary

Inventory has started to pick up. March new pending doubled compared to February, but were about the same as March of last year.

Compared to last year, April 1st available condo inventory was down from 62 units to 56. YTD closed sales were down 21%, but average sale price was up 6%. First quarter closed volume was also down 16%.

Supply levels are less than 2 months in all but the over-\$400k price range. With over 12 months of available high-end inventory, average price per square foot for over-\$400k closed sales dropped 27%.

While the number of 1st quarter over-\$400k condo sales was up this year, the \$218 average price per square foot of those sales was down from the \$433 average last year. While it is a small sample size, keep an eye on the higher-end market. The 12 month supply combined with flat values could be an indication that the upper-end market is softening.