HOUSING REPORT

WASHTENAW | MAY 2018

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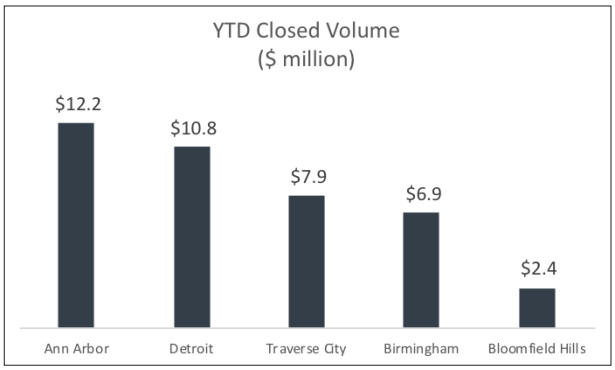
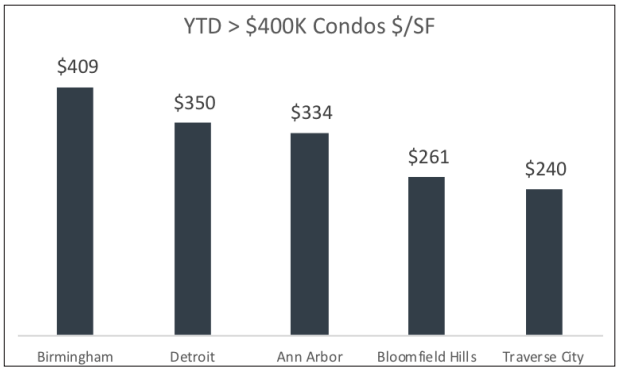
Detroit Condos: Among the Most Valuable Properties in Michigan

The high-end Detroit condo/loft market, which did not exist five years ago, is developing into one of the hottest, most valuable real estate markets in Michigan.



In 2013, only one Detroit condo sale exceeded $400k. That property sold for $440k ($177 per square foot). Twenty Detroit condos closed over $400k between January 1st and April 30th, with an average price per square foot of $350.



Comparing the Detroit luxury condo market to other luxury (over-$400k) condo markets around the state, year-to-date, Detroit ranks 2nd for closed units, price per square foot and closed volume.

Detroit is second behind Ann Arbor in both closed units and dollar volume and second behind Birmingham in price per square foot.

Who would have guessed a few years ago that at $350 per square foot Detroit's luxury condos would have higher price per square foot values than most Birmingham and Bloomfield Hills homes?

An insatiable demand, combined with new developments, is largely responsible for the rapid market growth and increasing prices. Of the 56 active units available on May 1st, 16 were new construction units. Most were not yet completed. Twenty-six of the thirty-six units currently pending have build dates of 2018 or later.

With 36 pending sales and 20 already closed, expect Detroit's 2018 luxury condo numbers to more than double last year's total of 32 units. The final numbers will be significantly impacted by the number of new construction units that come online in the next few months. Expect to see more than 60 over-$400k sales and a sales volume approaching $35 million. In the past 5 years, Detroit's luxury condo market has gone from virtually non-existent to one of the most sought-after markets in the state.

April 2018 YTD Over-$400k Sales			
Condos	Units	$/SF	Vol $M
Birmingham	7	$ 409	$ 6.9
Detroit	**20**	**$ 350**	**$ 10.8**
Ann Arbor	21	$ 334	$ 12.2
Bloomfield Hills	3	$ 261	$ 2.4
Traverse City	14	$ 240	$ 7.9
Single-Family			
Birmingham	77	$ 291	$ 68.0
Bloomfield Hills	14	$ 284	$ 19.5

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Summary

Single Family

2017 vs 2018

657	538 MAY 1ST INVENTORY -18% from last year
939	886 YTD CLOSED SALES -7% from last year
$298K	$326K YTD AVG SALE PRICE +9% from last year
$154/SF	$162/SF YTD PRICE PER SQ. FT. +8% from last year
$280M	$288M YTD SALES VOLUME +2% from last year

Inventory— While May 1 inventory increased 20% from last month, it was down 18% compared to last year. A late spring arrival may have contributed, but expect tight inventory levels heading into summer.

Closed Units— April closings jumped 40% compared to March. Year-to-date closed sales were down 7%.

Values— Average sale price continues to rise at a steady pace—increasing 9% from last year.

Summary— Inventory remains tight despite the seasonal rise in available units. The supply level for homes priced under-$400k was less than one month. While the number of sales has been held down by a lack of inventory, higher prices offset the decline in sales and year-to-date sales volume is up 2% compared to the same time last year. As values continue to rise, entry-level buyers will have a harder time finding available homes.

Condos

2017 vs 2018

163	165 MAY 1ST INVENTORY +1% from last year
271	208 YTD CLOSED SALES -24% from last year
$220K	$251K YTD AVG SALE PRICE +14% from last year
$170/SF	$186/SF YTD PRICE PER SQ. FT +10% from last year
$59M	$52M YTD SALES VOLUME -13% from last year

Inventory— Unlike single family homes, condo inventory was up slightly compared to last year. Inventory was up in all but the under $150k price range.

Closed Units— Sales were down 24% from last year, but with April being off by only 1 unit compared to last year, sales made a move toward getting back on track.

Values— Average sale price was up 14% from last year. Average price per square foot increase in all categories with the exception of homes priced above $400k.

Summary— Of the 208 units sold this year, 146 had an Ann Arbor address. Eighty percent of this over $400k sales were in Ann Arbor. Lack of inventory has sales down while competing buyers push prices up in all but the over $400k price range. There, inventory levels are more typical and values are flat. While it may be temporary, high-end values have been showing signs of declining.

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Washtenaw County

Single Family Homes

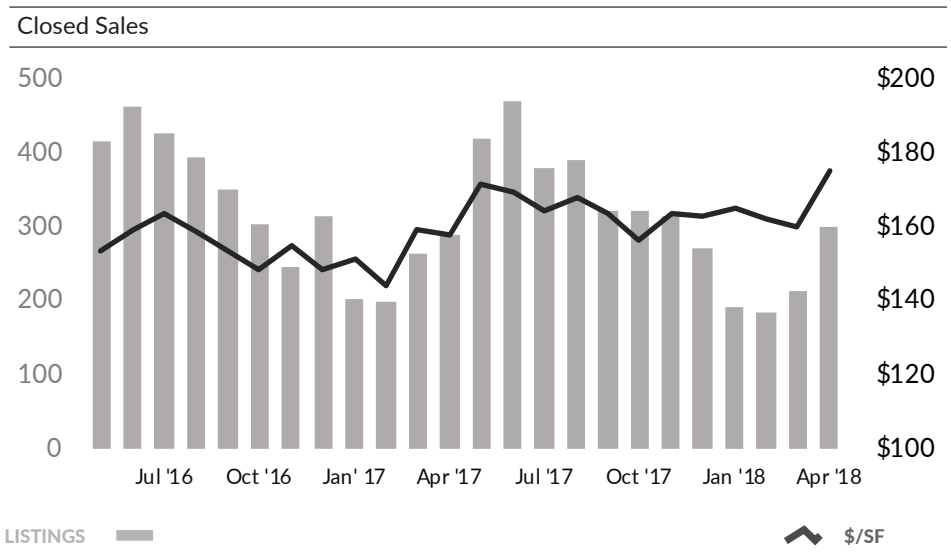
$326K
YTD AVG SALE PRICE
+9% from last year

538
AVAILABLE HOMES
+20% from last month

363
NEW PENDINGS
+38% from last month

886
YTD CLOSED SALES
-7% from last year

$166
YTD PRICE PER SQ FT
+8% from last year



Summary

Inventory, values, new pendings and closed sales were all rising through April. Year-to-date average sale price was up 9% compared to last year but the number of homes sold through April was down 7%. As prices rise, fewer entry-level homes are available. Supply levels are under one month for homes priced under $400k. Shortages are driving lower-end prices up. Upper-end homes priced over $800k on the other hand, have maintained over ten months of supply and those values have been stagnant. They slipped 5% year-to-date from a year ago.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	538	20%	363	38%	1.5	-13%
$10-200k	27	-21%	40	48%	0.7	-46%
$200-400k	184	14%	228	30%	0.8	-12%
$400-800k	244	37%	87	55%	2.8	-12%
$800k+	83	12%	8	60%	10.4	-30%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	886	-7%	$166	8%
$10-200k	106	-32%	$93	14%
$200-400k	552	-8%	$152	6%
$400-800k	205	27%	$197	6%
$800k+	23	-21%	$222	-5%

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

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Washtenaw County

Condos

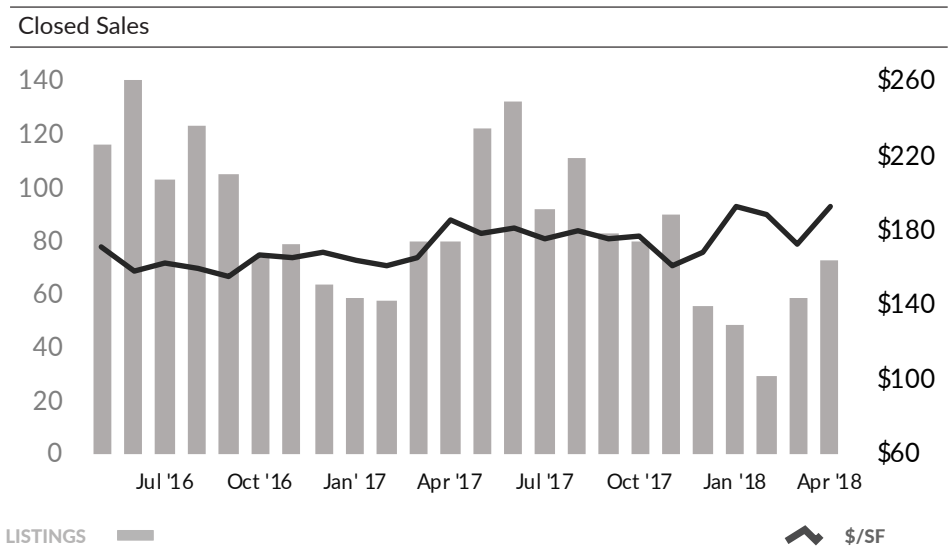
$251K
YTD AVG SALE PRICE
+14% from last year

165
AVAILABLE HOMES
+30% from last month

83
NEW PENDINGS
+17% from last month

208
YTD CLOSED SALES
-24% from last year

$186
YTD PRICE PER SQ FT
+10% from last year



Summary

Inventory, values, new pendings and closed sales were all rising through April. Year-to-date average sale price was up 14% compared to last year, but the number of condos sold through April fell 24% compared to last year. As prices rise, fewer entry-level homes have been available. There were 18 April new pendings priced under $150k which left only 4 available listings by the end of the month. While the upper-end over $400k market has had 25 year-to-date closed sales compared to 15 last year, the average price per square foot for those properties dropped significantly. Twenty of the twenty-five over $400k sales were from Ann Arbor.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	165	30%	83	17%	2.0	11%
$10-150k	4	-33%	18	38%	0.2	-52%
$150-225k	46	39%	20	-31%	2.3	102%
$225-400k	51	19%	34	36%	1.5	-13%
$400k+	64	42%	11	175%	5.8	-48%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	208	-24%	$186	10%
$10-150k	46	-39%	$117	14%
$150-225k	56	-45%	$153	2%
$225-400k	81	-1%	$188	1%
$400k+	25	67%	$300	-22%

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

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Ann Arbor

Single Family Homes

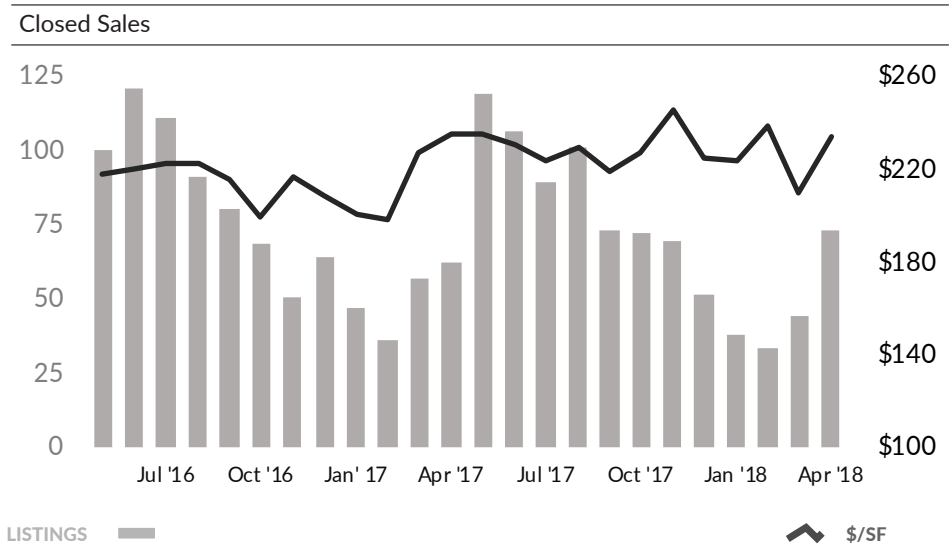
$400K
YTD AVG SALE PRICE
+3% from last year

61
AVAILABLE HOMES
-15% from last month

82
NEW PENDINGS
+58% from last month

188
YTD CLOSED SALES
-7% from last year

$227
YTD PRICE PER SQ FT
+4% from last year



Summary

Inventory, values, new pendings and closed sales were all rising through April. Year-to-date average sale price was up 3% compared to last year, but the number of homes sold through April was down 7%. With less than one month of available $200k to $800k inventory, Ann Arbor's middle and upper-middle price ranges have a significant supply shortage that has been limiting sales.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	61	-15%	82	58%	0.7	-46%
$10-200k	8	700%	4	-33%	2.0	1100%
$200-400k	19	0%	43	34%	0.4	-26%
$400-800k	19	-46%	28	115%	0.7	-75%
$800k+	15	-12%	7	600%	2.1	-87%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	188	-7%	$227	4%
$10-200k	18	20%	$159	14%
$200-400k	96	-20%	$222	10%
$400-800k	65	12%	$230	-1%
$800k+	9	0%	$273	-1%

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

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Ann Arbor

Condos

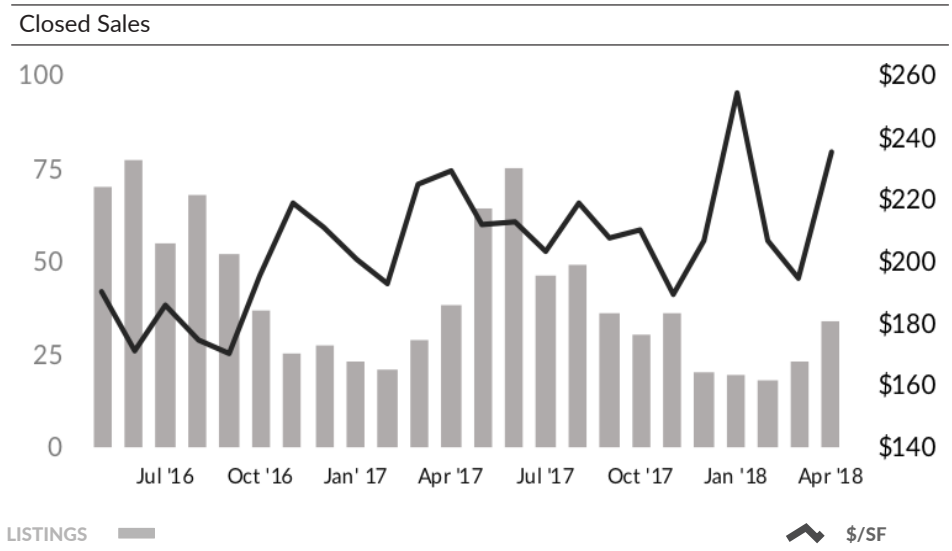
$287K
YTD AVG SALE PRICE
+8% from last year

61
AVAILABLE HOMES
+9% from last month

35
NEW PENDINGS
+13% from last month

146
YTD CLOSED SALES
-21% from last year

$223
YTD PRICE PER SQ FT
+4% from last year



Summary

Inventory, values, new pendings and closed sales were all rising through April. Year-to-date average sale price was up 8% compared to last year, but the number of condos sold through April dropped 15%. More than half of Ann Arbor's condo inventory is priced over $400k but less than 14% of its year-to-date sales were over $400k. While the number of high-end sales was up from last year, the price per square foot of this year's sales dropped significantly. While it could be an indication that the quality of the mix of closed properties was lower, it's more likely an indication that the high-end values have been flattening or dropping.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	61	9%	35	13%	1.7	-4%
$10-150k	1	-50%	8	33%	0.1	-63%
$150-225k	12	9%	5	-55%	2.4	140%
$225-400k	14	27%	15	36%	0.9	-7%
$400k+	34	6%	7	133%	4.9	-54%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	94	-15%	$223	4%
$10-150k	20	-20%	$144	5%
$150-225k	20	-44%	$184	3%
$225-400k	35	-8%	$196	2%
$400k+	19	58%	$329	-26%

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

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