

HOUSING REPORT

SOUTHEAST MICHIGAN | 3RD QUARTER 2018



Real
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One®

Southeast Michigan

Consumer Market Perception

Is now a good time to buy a home? Is now a good time to sell? Although real estate markets go through cycles, there will always be people who need to move. But whenever possible, most consumers try to move when they think the market conditions will be favor them. Consumer confidence and perceptions play a big role in shaping market movement.

63%  falling

Good Time to Buy a Home

Prices have been rising for several years. In the third quarter of 2018, 63% of U.S. consumers believed that now is a good time to buy a home. While that number is still above half, it's been falling since 2015.

Across all demographics, the majority of consumers still feel that now is a good time to buy. But those who are currently renting, living with someone else, under age 34, or living in urban areas are less confident. Those demographics generally describe the largest population of first-time new home buyers a.k.a. millennials.

The Midwest scored highest in terms of consumer confidence with 67% of buyers indicating that now was a good time to buy. The Western region was lowest at 55%. Affordability is a big factor. The fewer property options consumers thinks they can afford, the less likely they will be to try become active in the market.

77%  rising

Good Time to Sell a Home

Home prices have been on the rise since 2011. As they continue to rise, increasing numbers of home owners are looking to sell. Seventy-seven percent of U.S. consumers believe that now is a good time to sell. That is the highest since 2015 and is up 14% from the 3rd quarter of 2016. As seller confidence rises, more listing inventory is becoming available.

Both buyers and sellers should keep an eye on these trending mindsets. In western markets like California, respondents to the poll were most likely (85%) to think that now is a good time to sell. This is also the region where the fewest consumers think it's a good time to buy. The Midwest markets usually follows behind the coastal trends.

Final Thoughts:

1. Sellers who will be buying a replacement home wear both hats.
2. Rising interest rates reduce both buyer affordability and seller profits. How do forecasts of continued rising rates impact their positions?



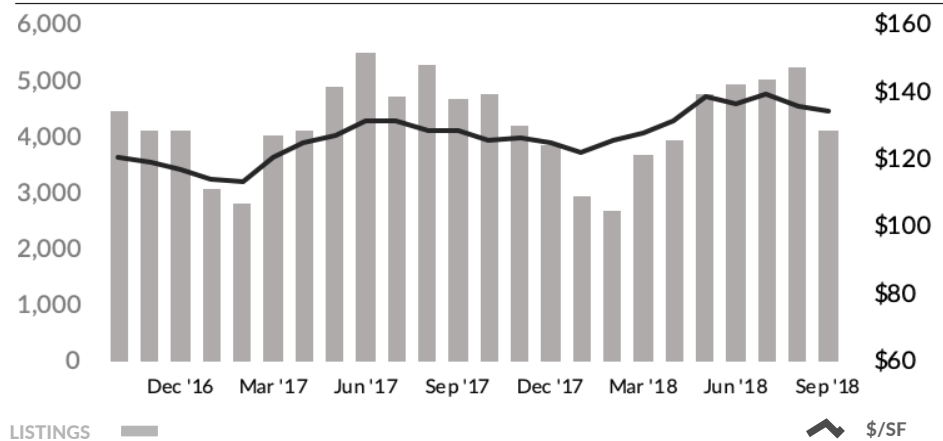
Q3 2018 HOUSING REPORT

Southeast Michigan

Summary



Closed Single Family Home Sales



YTD Closed Volume: 8.5 Billion (+1%)

Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	12,740	12,000	6%
	Closed	14,371	14,709	-2%
	Months Supply	2.7	2.4	9%
	Avg. Sale Price	234k	222k	5%
	\$ Vol (million)	3,369	3,276	3%
\$10-150k	Available	4,042	3,940	3%
	Closed	4,891	5,404	-9%
	Months Supply	2.5	2.2	13%
	Value Change			3%
\$150-250k	Available	2,419	2,265	7%
	Closed	4,332	4,497	-4%
	Months Supply	1.7	1.5	11%
	Value Change			5%
\$250-500k	Available	4,132	3,787	9%
	Closed	4,268	4,053	5%
	Months Supply	2.9	2.8	4%
	Value Change			4%
\$500k+	Available	2,147	2,008	7%
	Closed	880	755	17%
	Months Supply	7.3	8.0	-8%
	Value Change			1%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

Inventory levels in the 3rd quarter were up 6% from this time last year. While seasonal inventory declines lie ahead, in the long run inventory has been and will continue to loosen as seller fears shift from, "there's nothing for us to buy if we sell" to "we better sell now so that we don't miss the market peak."

Despite the additional inventory, 3rd quarter closed sales were down 2% compared to last year. The combination of increasing inventory (this year versus last) and declining sales will continue to cause year-over-year supply levels to rise.

Looking at the more immediate future, we see a sharp decline (-24%) in new pending sales for September, indicating the market is nearing the end of its seasonal peak.

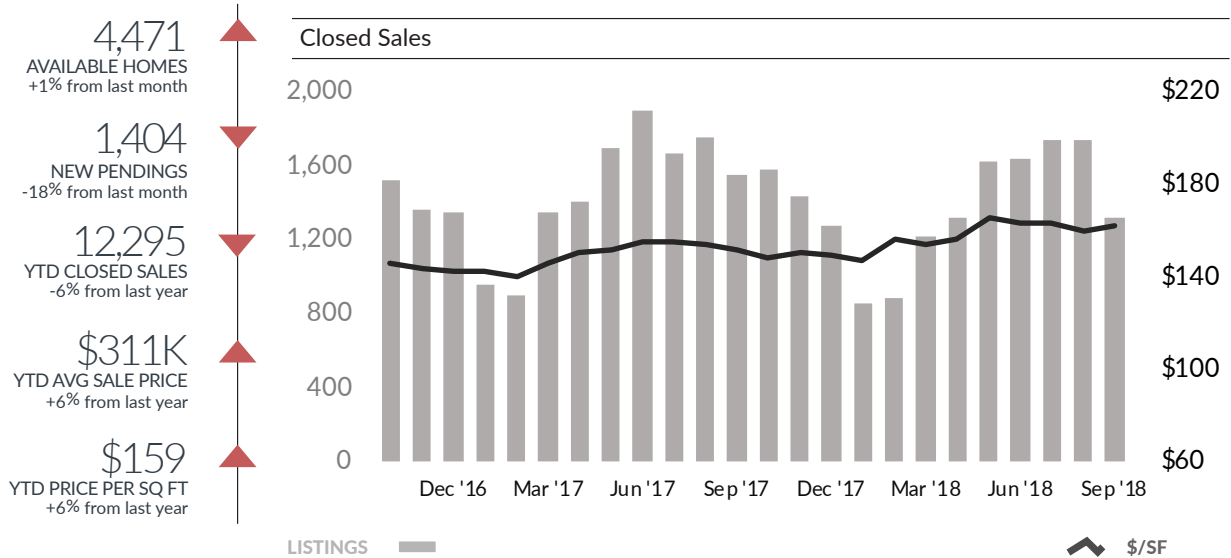
Moving forward, expect both average price and price per square foot to decline as buyers take advantage of year-end deals.



Q3 2018
HOUSING REPORT

Oakland County

Single Family Homes



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	4,471	4,265	5%
	Closed	4,786	4,941	-3%
	Months Supply	2.8	2.6	8%
	Avg. Sale Price	314k	298k	5%
	\$ Vol (million)	1,503	1,477	2%
\$10-200k	Available	778	815	-5%
	Closed	1,420	1,700	-16%
	Months Supply	1.6	1.4	14%
	Value Change			6%
\$200-400k	Available	1,682	1,521	11%
	Closed	2,322	2,250	3%
	Months Supply	2.2	2.0	7%
	Value Change			4%
\$400-800k	Available	1,431	1,365	5%
	Closed	919	869	6%
	Months Supply	4.7	4.7	-1%
	Value Change			2%
\$800k+	Available	580	573	1%
	Closed	125	122	2%
	Months Supply	13.9	14.1	-1%
	Value Change			6%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

Available listings are up both from last month and last year. Closed sales were down 6% for the year but only down 3% for the 3rd quarter.

Entry-level markets are shrinking as prices continue to rise. Entry-level sales (under \$200k), which were 35% of last year's total sales, dropped to 29% this year. Available inventory levels, which were increasing in all other price ranges, have been down 5% in the under \$200k price range. The lack of entry-level inventory has created another hurdle for first-time buyers.

As new pending sales dropped in September, expect to see closed sales follow as the market moves toward the end of the year.



Q3 2018
HOUSING REPORT

Birmingham

Single Family Homes

201
AVAILABLE HOMES
+2% from last month

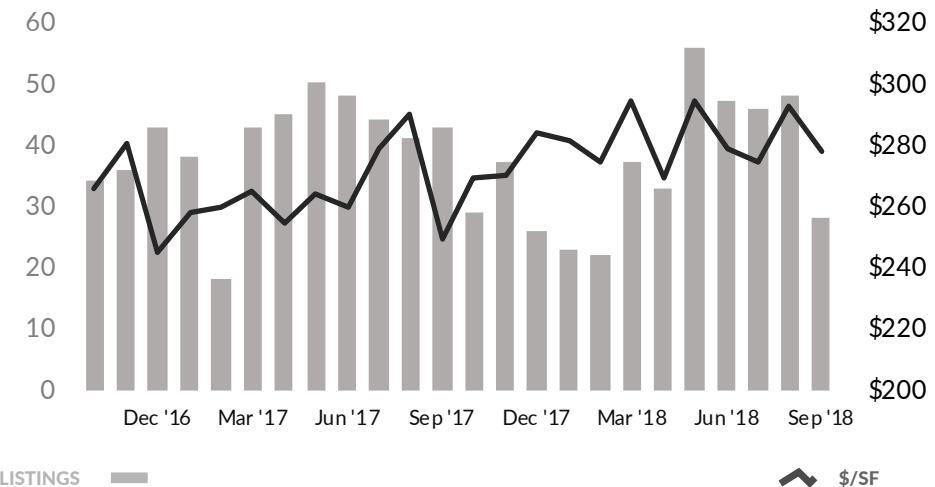
33
NEW PENDINGS
-18% from last month

217
YTD CLOSED SALES
-10% from last year

\$689K
YTD AVG SALE PRICE
+7% from last year

\$284
YTD PRICE PER SQ FT
+7% from last year

Closed Sales



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	201	167	20%
	Closed	122	128	-5%
	Months Supply	4.9	3.9	26%
	Avg. Sale Price	663,147	632,680	5%
	\$ Vol (million)	81	81	0%
\$10-400k	Available	27	29	-7%
	Closed	39	46	-15%
	Months Supply	2.1	1.9	10%
	Value Change			7%
\$400-800k	Available	64	53	21%
	Closed	58	52	12%
	Months Supply	3.3	3.1	8%
	Value Change			-3%
\$800-1.4m	Available	55	45	22%
	Closed	17	23	-26%
	Months Supply	9.7	5.9	65%
	Value Change			3%
\$1.4m+	Available	55	40	38%
	Closed	8	7	14%
	Months Supply	20.6	17.1	20%
	Value Change			10%

Summary

Birmingham inventory was up 20% from a year ago. While the number of available units priced under \$400k dropped, upper-end (1.4M+) inventory jumped from 40 to 55 units. The increasing inventories have bumped listing supply up from 3.9 to 4.9 months.

Average sale price continues to rise. The 3rd quarter average was up 5% from last year and the YTD average was up 7%.

These increases have been driven in large part by an increase in luxury sales priced over \$1.4M. Closed sales volume in that market jumped from \$40M last year to \$64M this year. It's also twice as high as it was in 2016.

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot



Q3 2018
HOUSING REPORT

Macomb County

Single Family Homes

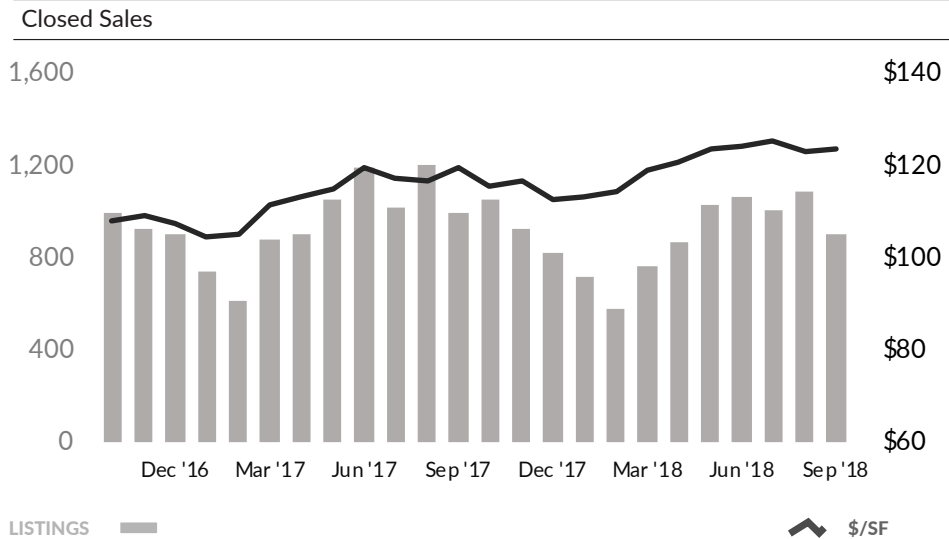
2,341
AVAILABLE HOMES
+4% from last month

972
NEW PENDINGS
-13% from last month

8,013
YTD CLOSED SALES
-6% from last year

\$198K
YTD AVG SALE PRICE
+5% from last year

\$121
YTD PRICE PER SQ FT
+6% from last year



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	2,341	2,279	3%
	Closed	2,999	3,201	-6%
	Months Supply	2.3	2.1	10%
	Avg. Sale Price	202k	191k	6%
	\$ Vol (million)	608	614	-1%
\$10-100k	Available	305	380	-20%
	Closed	460	564	-18%
	Months Supply	2.0	2.0	-2%
	Value Change			4%
\$100-200k	Available	689	673	2%
	Closed	1,278	1,437	-11%
	Months Supply	1.6	1.4	15%
	Value Change			4%
\$200-400k	Available	878	841	4%
	Closed	1,092	1,040	5%
	Months Supply	2.4	2.4	-1%
	Value Change			4%
\$400k+	Available	469	385	22%
	Closed	169	160	6%
	Months Supply	8.3	7.2	15%
	Value Change			3%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

Closed sales continue to lag behind last year's pace by 6%. Entry-level markets continue to shrink (down 13%) while the number of sales above the \$200k is 5% higher.

Average sale price and price per square foot are both up—5% and 6% respectively.

Macomb market times have generally been short. YTD closed sales average just 34 days—3 days shorter than last year. Those averages, however, jump up to 83 days for closed sales priced over \$400k.

The best properties sell quickest in all price ranges while not-so-impressive properties sit. Average market time for current pending listings is 35 days (86 for homes priced over \$400k) and for active listings that average jumps up to 73 days (141 for over \$400k actives).

Serious sellers need to pay close attention to their competition and make necessary adjustments to be competitive.



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Wayne County

Single Family Homes

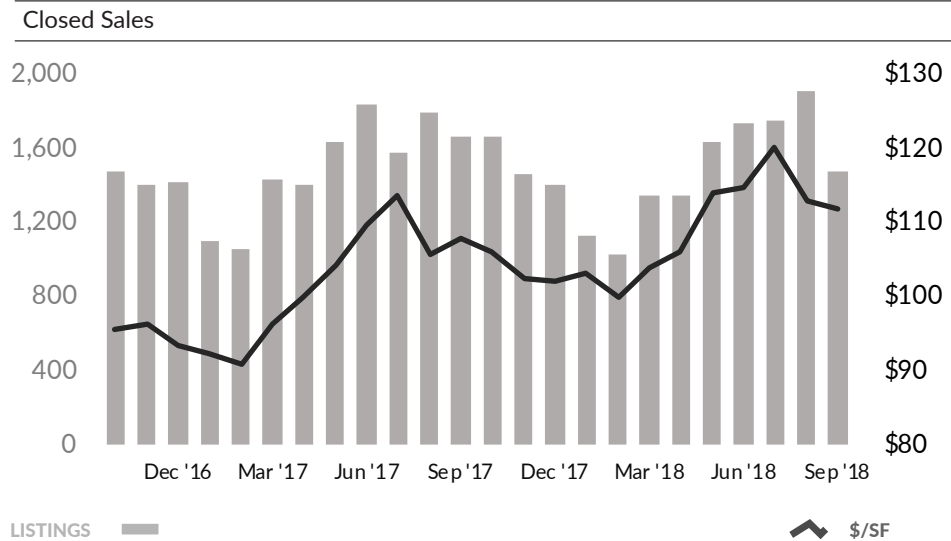
4,535
AVAILABLE HOMES
+3% from last month

1,340
NEW PENDING
-36% from last month

13,307
YTD CLOSED SALES
-1% from last year

\$166K
YTD AVG SALE PRICE
+6% from last year

\$111
YTD PRICE PER SQ FT
+7% from last year



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	4,535	4,088	11%
	Closed	5,119	5,016	2%
	Months Supply	2.7	2.4	9%
	Avg. Sale Price	173k	166k	4%
	\$ Vol (million)	889	834	7%
\$10-100k	Available	2,066	1,908	8%
	Closed	1,658	1,756	-6%
	Months Supply	3.7	3.3	15%
	Value Change			1%
\$100-200k	Available	1,132	1,004	13%
	Closed	1,912	1,835	4%
	Months Supply	1.8	1.6	8%
	Value Change			5%
\$200-400k	Available	808	752	7%
	Closed	1,191	1,109	7%
	Months Supply	2.0	2.0	0%
	Value Change			5%
\$400k+	Available	529	397	33%
	Closed	358	316	13%
	Months Supply	4.4	3.8	18%
	Value Change			0%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

Wayne County inventory, which had previously been falling year-over-year is up 11% from where it was last year at this time. This is the largest increase of any area in Southeast Michigan. While inventory is up in all price ranges, the biggest increase took place in the over \$400k market.

Thanks to a strong closing month in August, 3rd quarter sales were up 2% compared to last year, but the YTD number is just short of even. The "post-peak" months have hit with September sales falling off 23% and September's new pending sales (future closings) down 34%.

YTD average sale price and price per square foot have increase 6% and 7% respectively. These increases are misleading in that they are more the result of a shrinking entry-level market combined with an expanding upper-end market—even though the upper-end (over \$400k) values show a 0% increase.



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HOUSING REPORT

Detroit

Single Family Homes

1,766
AVAILABLE HOMES
+7% from last month

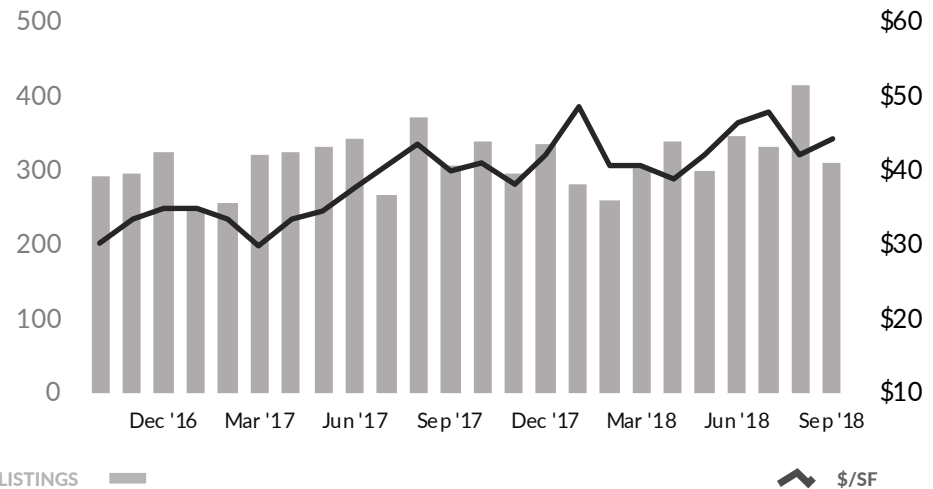
325
NEW PENDINGS
-35% from last month

2,879
YTD CLOSED SALES
+4% from last year

\$57K
YTD AVG SALE PRICE
+17% from last year

\$43
YTD PRICE PER SQ FT
+19% from last year

Closed Sales



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	1,766	1,452	22%
	Closed	1,053	943	12%
	Months Supply	5.0	4.6	9%
	Avg. Sale Price	57k	56k	2%
	\$ Vol (million)	61	53	14%
\$5-30k	Available	583	660	-12%
	Closed	430	453	-5%
	Months Supply	4.1	4.4	-7%
	Value Change			8%
\$30-100k	Available	948	667	42%
	Closed	483	381	27%
	Months Supply	5.9	5.3	12%
	Value Change			10%
\$100-200k	Available	135	52	160%
	Closed	94	62	52%
	Months Supply	4.3	2.5	71%
	Value Change			10%
\$200k+	Available	100	73	37%
	Closed	46	47	-2%
	Months Supply	6.5	4.7	40%
	Value Change			-4%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

The Detroit single family market continues to normalize. Last year at this time more than half (55%) of single family closed sales were priced under \$30k. This year that number dropped to 46%, but it is remarkable nearly half of Detroit homes sell for under \$30k.

In the 3rd quarter, the \$100k to \$200k market showed the largest increase in both unit and value growth with a 52% increase in closed units and a 10% increase in value. The homes sold in this price range also have the shortest market times with a 26 day average.

Looking at upper-end (over \$200k) sales, YTD sales were up 39%, but despite strong sales activity in the first half of the year, in the 3rd quarter they dropped 2% compared to last year.

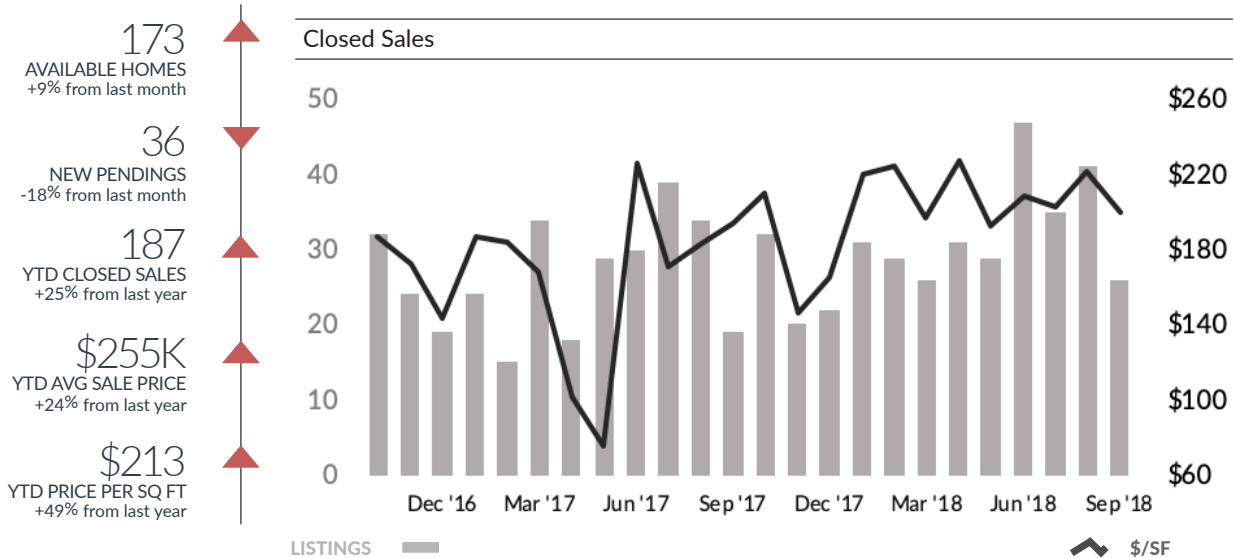
In all price ranges there are still shortages of good move-in-ready Detroit homes.



Q3 2018 HOUSING REPORT

Detroit

Condos/Lofts



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	173	121	43%
	Closed	102	92	11%
	Months Supply	5.1	3.9	29%
	Avg. Sale Price	264k	234k	13%
	\$ Vol (million)	27	22	25%
\$10-100k	Available	37	20	85%
	Closed	15	23	-35%
	Months Supply	7.4	2.6	184%
	Value Change			13%
\$100-200k	Available	19	10	90%
	Closed	23	22	5%
	Months Supply	2.5	1.4	82%
	Value Change			5%
\$200-400k	Available	61	57	7%
	Closed	46	36	28%
	Months Supply	4.0	4.8	-16%
	Value Change			5%
\$400k+	Available	56	34	65%
	Closed	18	11	64%
	Months Supply	9.3	9.3	1%
	Value Change			12%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

Quality condos in Detroit have been hard to come by, but that is starting to change as competition increases in all price ranges. New listings are up 43% from a year ago giving prospective buyers more options.

Despite that new influx of entry-level inventory, closed sales dropped 35% for properties priced under \$100k.

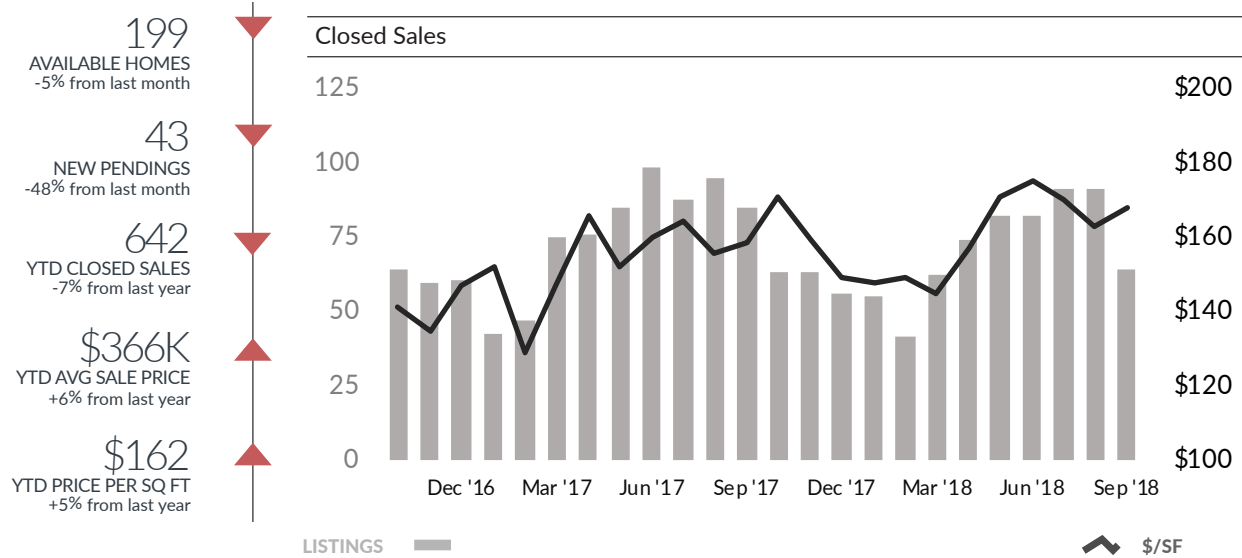
The upper-end (over \$400k) market has had a 65% increase in available listings. While 3rd quarter sales were up 64%, the 48 YTD sales is double last year's figure. YTD price per square foot of has leveled at \$325—about even with last year. As new high-end developments continue to come online with their new 15-year Neighborhood Enterprise Zone (NEZ) tax abatements, expect seller competition to increase.



Q3 2018
HOUSING REPORT

Grosse Pointe

Single Family Homes



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	199	196	2%
	Closed	246	267	-8%
	Months Supply	2.4	2.2	10%
	Avg. Sale Price	386k	340k	14%
	\$ Vol (million)	95	91	5%
\$10-200k	Available	17	29	-41%
	Closed	24	58	-59%
	Months Supply	2.1	1.5	42%
	Value Change			5%
\$200-350k	Available	70	58	21%
	Closed	109	113	-4%
	Months Supply	1.9	1.5	25%
	Value Change			-1%
\$350-700k	Available	77	72	7%
	Closed	95	80	19%
	Months Supply	2.4	2.7	-10%
	Value Change			5%
\$700k+	Available	35	37	-5%
	Closed	18	16	13%
	Months Supply	5.8	6.9	-16%
	Value Change			-1%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

Inventory has passed its seasonal peak and is beginning to decline. It's about even with where it was last year at this time.

Closed sales continue to be down from last year's pace—an 8% drop for the 3rd quarter and down 7% YTD.

While YTD average sale price was up 6%, a big part of that increase comes from fewer entry-level sales (under \$200k) being in the mix of what has sold. Last year, 171 properties (25%) had sale prices below \$200k. This year that number dropped to 89 properties (14%). While values in some price ranges (see table to the left) did rise about 5% in the past year, others including higher-end properties priced over \$700k typically declined about 1%.

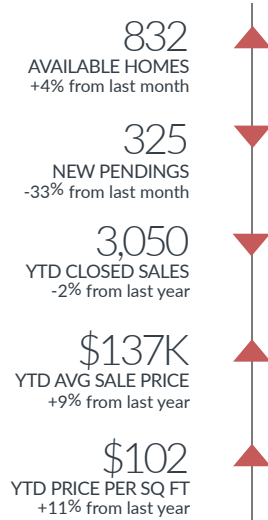
In all price ranges, the best move-in-ready properties continue to sell fast. This year's average market time has been 43 days. It jumps to 96 days for homes priced above \$700k.



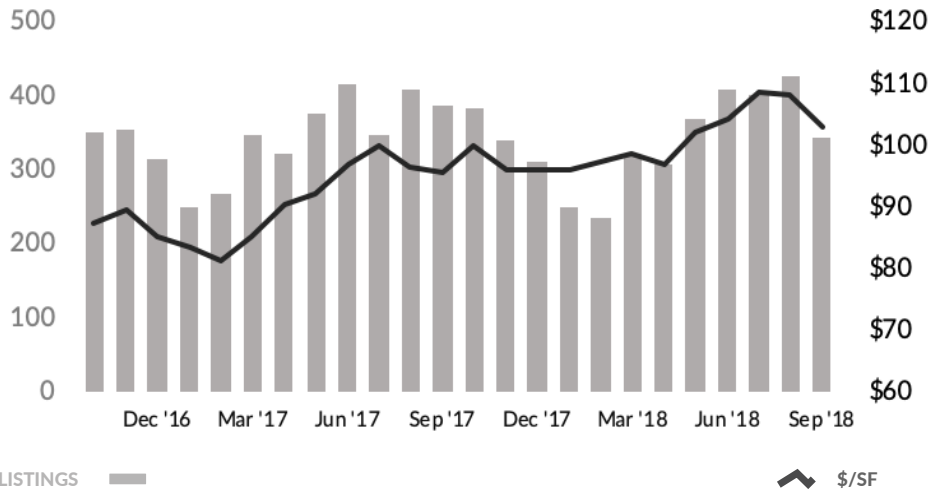
Q3 2018
HOUSING REPORT

Downriver

Single Family Homes



Closed Sales



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	832	733	14%
	Closed	1,168	1,138	3%
	Months Supply	2.1	1.9	11%
	Avg. Sale Price	142k	133k	7%
	\$ Vol (million)	167	152	10%
\$10-75k	Available	133	154	-14%
	Closed	160	220	-27%
	Months Supply	2.5	2.1	19%
	Value Change			7%
\$75-125k	Available	231	209	11%
	Closed	371	369	1%
	Months Supply	1.9	1.7	10%
	Value Change			5%
\$125-250k	Available	302	248	22%
	Closed	530	463	14%
	Months Supply	1.7	1.6	6%
	Value Change			8%
\$250k+	Available	166	122	36%
	Closed	107	86	24%
	Months Supply	4.7	4.3	9%
	Value Change			6%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

Entry-level listings and sales in the Downriver market continue to shrink while the upper half of the market (homes priced over \$125k) expand. Last year, 58% of closed sales were below \$125k and 42% above it. This year, sales are split 50/50 while available listings are up 22% in the \$125–\$250k price range and 36% in the over \$250k range.

The \$137k YTD average sale price is up 9% from last year, but some of that is artificially inflated due to the shift in the price mix noted above. The values of most Downriver properties are up about 7% compared to last year.



Q3 2018
HOUSING REPORT

Livingston County

Single Family Homes

784
AVAILABLE HOMES
-2% from last month

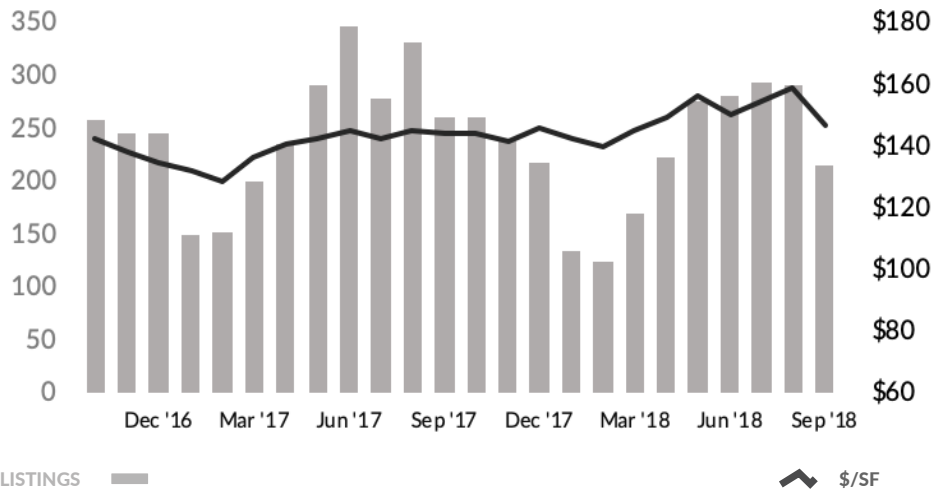
240
NEW PENDINGS
-16% from last month

2,001
YTD CLOSED SALES
-11% from last year

\$295K
YTD AVG SALE PRICE
+7% from last year

\$151
YTD PRICE PER SQ FT
+7% from last year

Closed Sales



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	784	768	2%
	Closed	798	869	-8%
	Months Supply	2.9	2.7	11%
	Avg. Sale Price	303k	276k	10%
	\$ Vol (million)	242	240	1%
\$10-200k	Available	96	101	-5%
	Closed	138	223	-38%
	Months Supply	2.1	1.4	54%
	Value Change			-3%
\$200-300k	Available	223	238	-6%
	Closed	336	362	-7%
	Months Supply	2.0	2.0	1%
	Value Change			5%
\$300-500k	Available	303	301	1%
	Closed	265	242	10%
	Months Supply	3.4	3.7	-8%
	Value Change			4%
\$500k+	Available	162	128	27%
	Closed	59	42	40%
	Months Supply	8.2	9.1	-10%
	Value Change			13%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

Inventory peaked last month at just under 800 available properties. It dropped slightly in the past month and is roughly where it was last year at this time.

The entry-level market continues to shrink, with 100 fewer sales under \$200k this year compared to last. However, the upper-end (over \$500k) market has excelled with 40% more sales and a 13% increase in sold price per square foot compared to the 3rd quarter of last year.

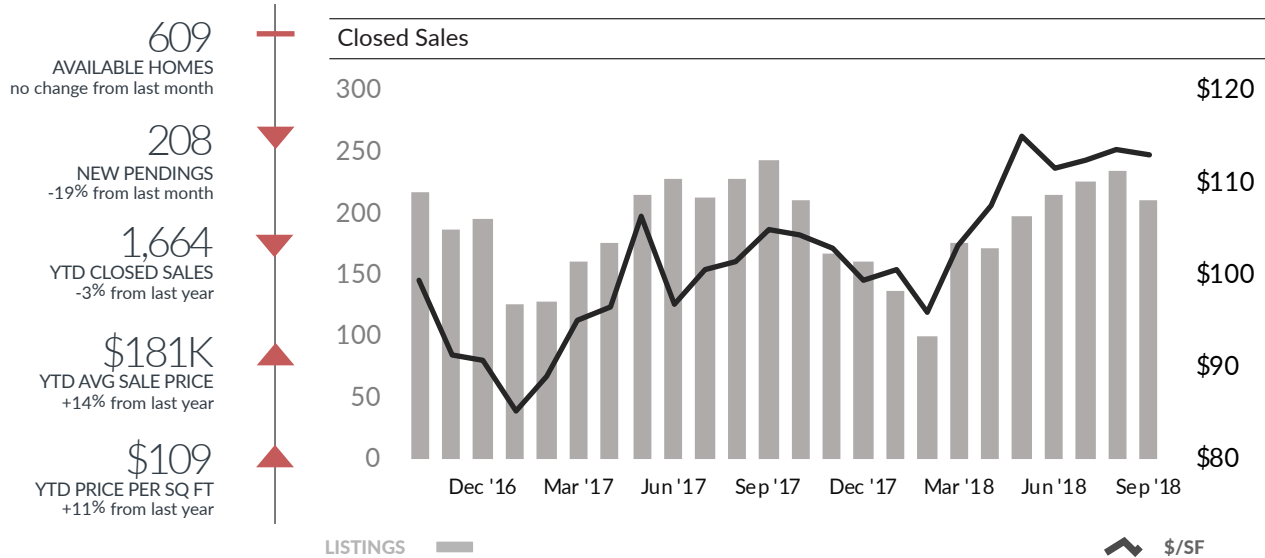
Overall, values are up 7% YTD, 3rd quarter sales were down 8% compared to last year. Expect to see closed sales tail off as the market moves toward year-end.



Q3 2018
HOUSING REPORT

St. Clair County

Single Family Homes



Price Range	Field	3rd Q '18	3rd Q '17	'18 vs '17
All	Available	609	600	2%
	Closed	669	682	-2%
	Months Supply	2.7	2.6	3%
	Avg. Sale Price	190k	163k	17%
	\$ Vol (million)	128	111	15%
\$10-100k	Available	108	105	3%
	Closed	120	190	-37%
	Months Supply	2.7	1.7	63%
	Value Change			-8%
\$100-200k	Available	179	200	-11%
	Closed	308	306	1%
	Months Supply	1.7	2.0	-11%
	Value Change			2%
\$200-400k	Available	236	213	11%
	Closed	209	169	24%
	Months Supply	3.4	3.8	-10%
	Value Change			6%
\$400k+	Available	86	82	5%
	Closed	32	17	88%
	Months Supply	8.1	14.5	-44%
	Value Change			1%

Data source: Realcomp MLS using Great Lakes Repository Data. Value Change = Change in price per square foot

Summary

Inventory levels are even with last month and this time last year. Closed sales, which were down 3% compared to last year will begin to tail off as the market has passed peak season.

As we have been seeing in other local markets, sales in the entry-level price ranges have been declining while the upper-end markets continue to expand.

Last year, 30% of all St Clair County sales had closed prices under \$100k. This year, with 167 fewer sales under \$100k, that percentage dropped to 21%. At the same time, upper-end activity (\$400k+) jumped from 46 to 70 closed sales.

While the upper and lower ends have been shifting, nearly half of St. Clair County's sales occur in the \$100k–\$200k price range. That price range has seen the least amount of change with nearly the same number of sales and only a 2% increase in value.

