

HOUSING REPORT

SOUTHEAST MICHIGAN | JUNE 2019



Southeast Michigan

Buyers Want Move-in-Ready Homes

After years of watching made-up “shows” on HGTV, everyone becomes a “Real Estate Expert”. Passing through a major recession and with all the information and misinformation that’s available online, buyers’ interests and expectations have changed. To maximize their profit, sellers need to understand that the hot buttons which motivated them when they bought may not be the same as what today’s buyers are looking for and expect.

Past – In the late ‘90s and pre-recession 2000s, financial speculation often played a substantial role in buyer decisions. Buyers wanted the biggest home they could afford in a nice neighborhood. Ironically, the demand for fixer-uppers was so high that buyers sometimes paid a premium for homes that needed work because of the perception that those properties provided the greatest sweat equity potential.

Present – While homes will always be thought of as an investment, today’s buyers are more interested in their homes being a base from which they can enjoy their busy/fun lifestyle after long days at work. The last thing they want is to come home to a property that needs work.

Today’s Housing Stock is Tired

The majority of available listings need work. Homeowners stopped investing in new kitchens and baths during the recession. Homes that needed updates 15 or 20 years ago need them even more today. Many of the roofs, windows, driveways, and furnaces in today’s listings hit retirement age years ago. The market is flooded with homes that need updating at a time when buyers are not interested in buying someone else’s unresolved problems.

Baby-boomers and their parents had home workshops, toolboxes and time. Remember pegboards with outlined tools? They often felt a sense of accomplishment when they had a chance to use their stuff. The priorities of today’s buyers are different. Instead of tools and time, today’s buyers have smartphones for figuring out what needs to be done and who can do it best. They have busier lives. They have no interest nor time to “tinker” and do the projects that a seller never got around to.

Financing Limitations

Pre-recession home-equity loans were easily available and a popular way to finance updates. Post-recession, equity loans are harder to come by. Most buyers don’t have the cash or equity needed to finance improvement projects.

There are two primary reasons that affordable move-in-ready homes are so popular and sell for so much. First, buyers don’t want the hassle of having to get the work done. Second, the cost of improvements previously completed by sellers is rolled into the price and financed through the buyer’s new mortgage.

To maximize profits, sellers need to understand that there is a shortage of move-in-ready listings. The shortage is even more extreme with entry-level properties. Move-in-ready homes are what buyers want. They sell quickly and buyers are willing to pay a premium for them.



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Southeast Michigan

Summary

11,061
AVAILABLE HOMES
+14% from last month

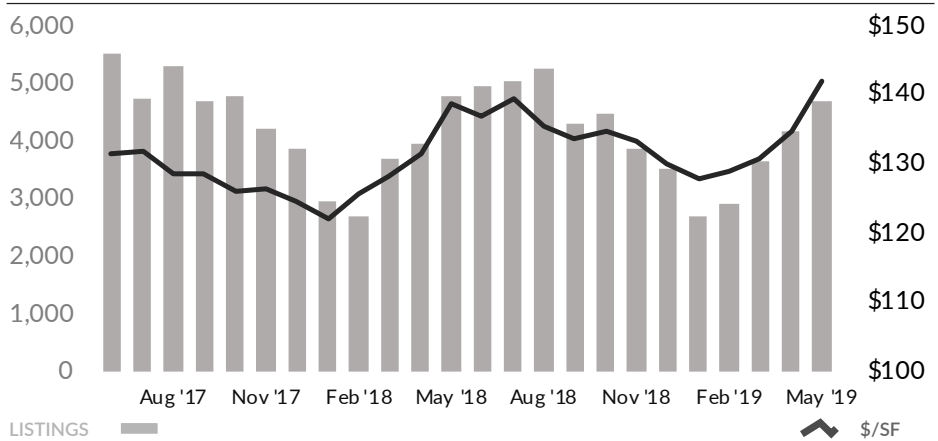
5,552
NEW PENDING
+1% from last month

18,029
YTD CLOSED SALES
no change from last year

\$226K
YTD AVG SALE PRICE
+2% from last year

\$134
YTD PRICE PER SQ FT
+3% from last year

Closed Single-Family Home Sales



YTD Closed Volume: \$4.1B (+2%)

Summary

May new pending sales were about even with the prior month, available inventory and closed sales continue to rise. June 1st inventory was up 18% compared to last year and May new pendings were down 1%. YTD closed sales are even with the prior year, and closed volume, average sale price and price per square foot are all up 2-3%. Despite the additional inventory, supply levels in the entry and middle price ranges are all less than two months. Supply levels jump to nearly six months for upper-end homes priced over-\$500k. Move-in-ready homes continue to be rare in entry and middle price ranges.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	11061	14%	5552	1%	2.0	13%
\$10k - 150k	3226	5%	1819	-1%	1.8	6%
\$150k - 250k	1697	22%	1638	2%	1.0	20%
\$250k - 500k	3895	20%	1710	1%	2.3	18%
\$500k +	2243	14%	385	13%	5.8	1%

YTD Closed Activity

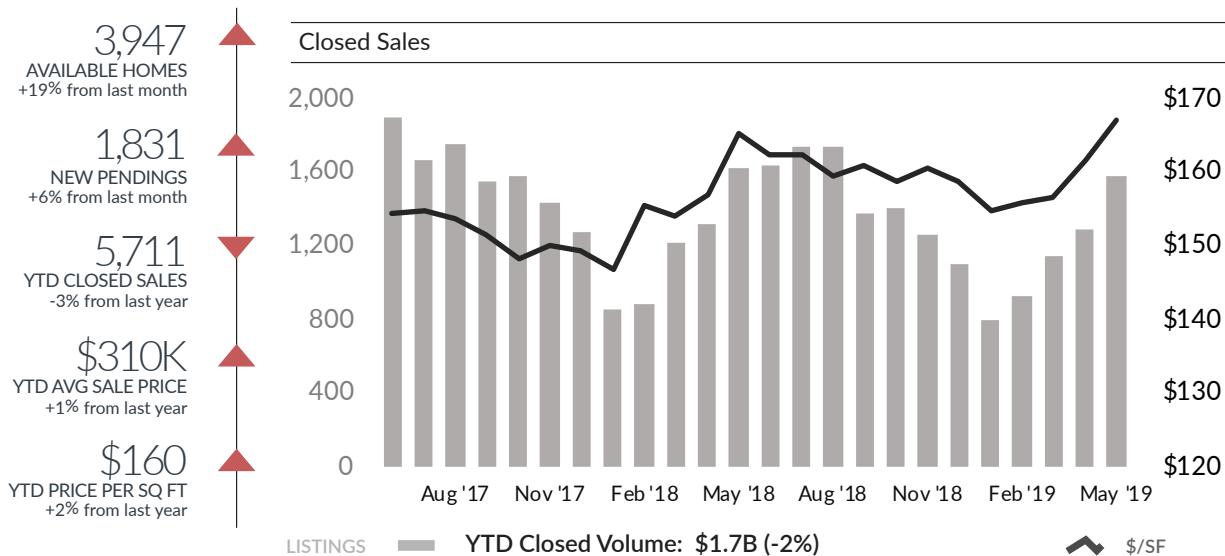
	YTD Closed	Change	YTD \$/SF	Change
All	18029	0%	\$134	3%
\$10k - 150k	6671	-5%	\$80	4%
\$150k - 250k	5269	3%	\$132	3%
\$250k - 500k	5059	4%	\$149	2%
\$500k +	1030	1%	\$204	0%

Data source: Realcomp MLS using Great Lakes Repository Data.



Oakland County

Single-Family Homes



Summary

May new pendingings were up just 1% from the prior month, but both inventory and closed sales rose just under 20%. Inventory levels continues to run about 10% higher than they were a year ago while YTD closed sales are slightly behind last year's pace. Despite the additional inventory, supply levels for listings priced under-\$400k are less than two months and it continues to be difficult to find affordable move-in-ready homes. The market is more balanced and sales are up slightly in the \$400k-\$800k price range. Values have been leveling out, especially in the upper price ranges.

Monthly Activity

	Listings	Change	New Pendingings	Change	Months Supply	Change
All	3947	19%	1831	6%	2.2	12%
\$10k - 200k	480	13%	502	1%	1.0	12%
\$200k - 400k	1405	23%	895	6%	1.6	16%
\$400k - 800k	1502	20%	376	14%	4.0	5%
\$800k +	560	11%	58	0%	9.7	11%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	5711	-3%	\$160	2%
\$10k - 200k	1797	-9%	\$117	4%
\$200k - 400k	2708	2%	\$152	3%
\$400k - 800k	1049	-3%	\$172	0%
\$800k +	157	-7%	\$289	0%

Data source: Realcomp MLS using Great Lakes Repository Data.



Birmingham

Single-Family Homes

209
AVAILABLE HOMES
+10% from last month

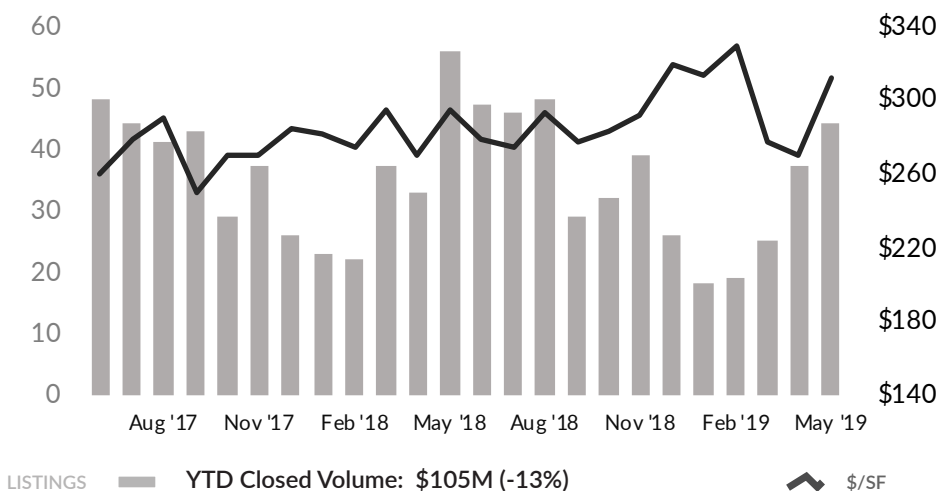
54
NEW PENDING
+46% from last month

143
YTD CLOSED SALES
-16% from last year

\$738K
YTD AVG SALE PRICE
+4% from last year

\$298
YTD PRICE PER SQ FT
+4% from last year

Closed Sales



Summary

Inventory continues to rise—it's up 10% from the prior month and 15% from the same time last year. May was a strong sales month. New pendings were up 46% from the prior month and 23% compared to May of last year. Although YTD closed sales lag behind last year's pace, the strong activity will help toward leveling sales. Average price and price per square foot continue to rise, but at a slower pace than previous years. The over-\$1.4m luxury market, which had increasing sales last year, has been showing signs of cooling. Sales have fallen off, days on market are up nearly 50%, yet price per square foot is still up 4%.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	209	10%	54	46%	3.9	-25%
\$10k - 400k	23	53%	9	-25%	2.6	104%
\$400k - 800k	75	3%	26	136%	2.9	-57%
\$800k - 1.4m	68	8%	18	80%	3.8	-40%
\$1.4m +	43	10%	1	-75%	43.0	341%

YTD Closed Activity

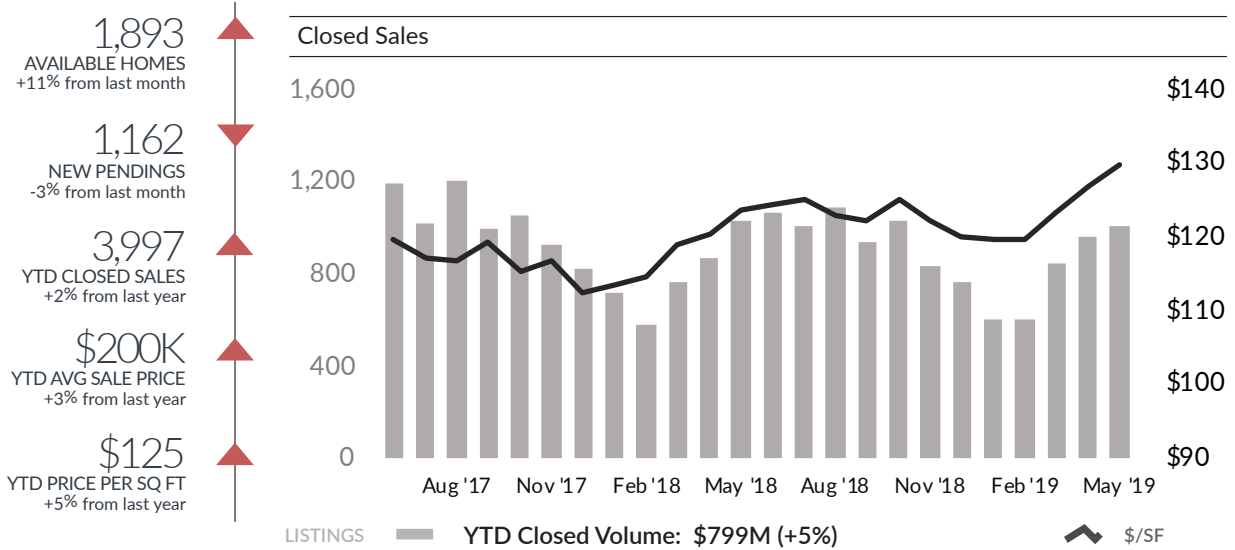
	YTD Closed	Change	YTD \$/SF	Change
All	143	-16%	\$298	4%
\$10k - 400k	42	-21%	\$238	0%
\$400k - 800k	59	-16%	\$246	-1%
\$800k - 1.4m	25	-7%	\$309	15%
\$1.4m +	17	-19%	\$417	4%

Data source: Realcomp MLS using Great Lakes Repository Data.



Macomb County

Single-Family Homes



Summary

Sales activity in Macomb County continues to exceed last year's pace. Available listings, closed sales and values are all up compared to both last month and the same month last year. May new pendings, however, slipped slightly compared to both the previous month and the same month last year. The decline in new pendings was most prominent in the entry and lower-middle price ranges. It's increasingly more challenging for buyers in the entry and middle price ranges to find affordable move-in-ready homes.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	1893	11%	1162	-3%	1.6	14%
\$10-125k	264	-6%	233	-9%	1.1	4%
\$125-225k	397	21%	467	-6%	0.9	30%
\$225-400k	714	13%	386	5%	1.8	8%
\$400k+	518	10%	76	4%	6.8	6%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	3997	1%	\$125	5%
\$10-125k	995	-10%	\$77	4%
\$125-225k	1655	1%	\$124	3%
\$225-400k	1129	13%	\$135	2%
\$400k+	218	3%	\$164	10%

Data source: Realcomp MLS using Great Lakes Repository Data.



Wayne County

Single-Family Homes

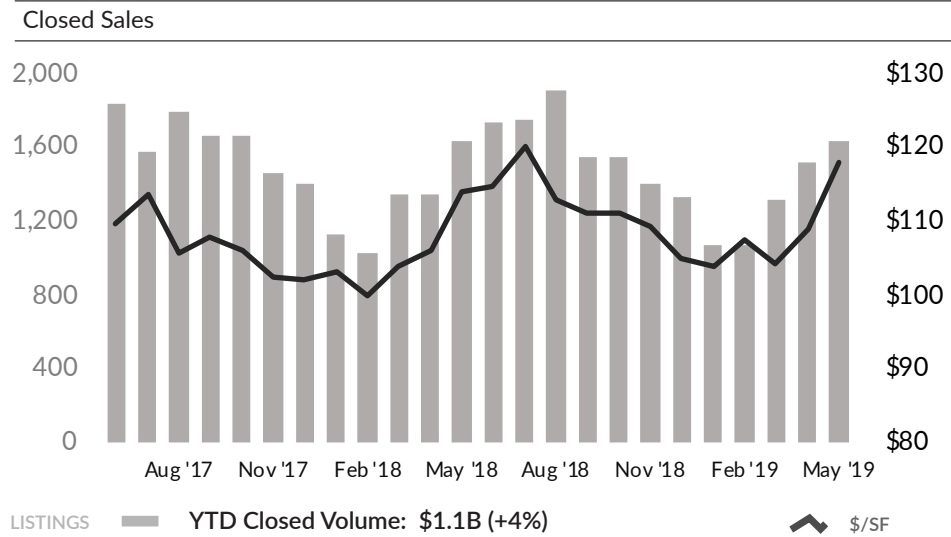
4,115
AVAILABLE HOMES
+10% from last month

2,039
NEW PENDING
+1% from last month

6,585
YTD CLOSED SALES
+2% from last year

\$161K
YTD AVG SALE PRICE
+2% from last year

\$109
YTD PRICE PER SQ FT
+3% from last year



Summary

Wayne County's sales activity continues to run ahead of last year's pace. Available listings, pendings, closed sales and values are all up compared to both last month and the same month last year. Buyers continue to struggle to find move-in-ready listings in all but the higher-end price ranges. Values continue to rise at a slower pace in all but the in the over-\$400k price range. YTD price per square foot in that upper-end market has been flat and is even with where it was a year ago.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	4115	10%	2039	1%	2.0	9%
\$10-100k	1932	4%	646	-7%	3.0	12%
\$100-200k	819	15%	768	8%	1.1	7%
\$200-400k	762	21%	471	1%	1.6	19%
\$400k+	602	13%	154	5%	3.9	7%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	6585	2%	\$109	3%
\$10-100k	2314	-5%	\$49	4%
\$100-200k	2531	11%	\$111	2%
\$200-400k	1389	1%	\$138	2%
\$400k+	351	-2%	\$168	0%

Data source: Realcomp MLS using Great Lakes Repository Data.



Detroit

Single-Family Homes

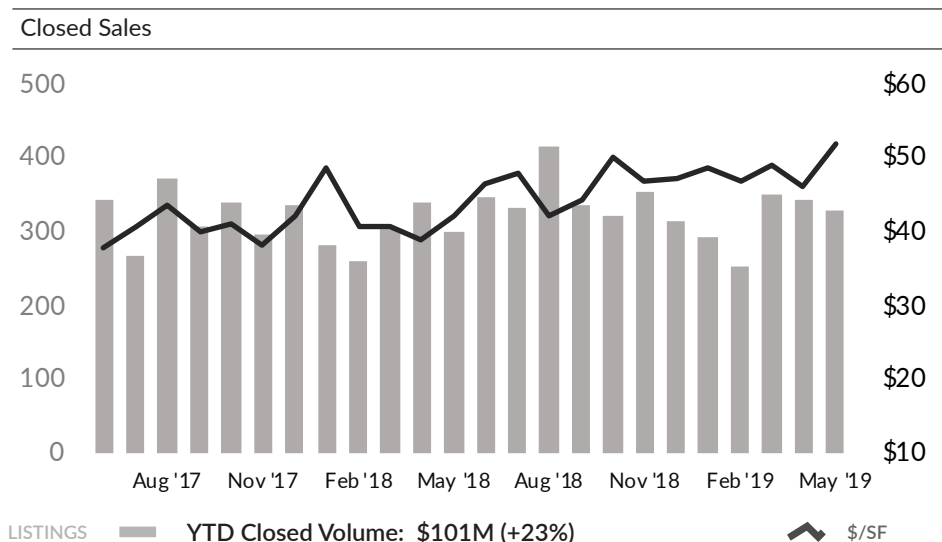
1,801
AVAILABLE HOMES
+4% from last month

481
NEW PENDING
+3% from last month

1,565
YTD CLOSED SALES
+6% from last year

\$65K
YTD AVG SALE PRICE
+16% from last year

\$49
YTD PRICE PER SQ FT
+15% from last year



Summary

Detroit has been unusual in that there is little seasonality. While closed sales in other area markets increased as we moved through Spring, Detroit closed sales have fallen off a little over the past two months. Both inventory and new pendings rose last month. Expect sales in the next few months to increase. Available listing inventory is 14% higher than it was at this time last year. YTD sales are up 6% and both average price and price per square foot are up 16% and 15% respectively. There continues to be a shortage of affordable move-in-ready homes. The good ones continue to sell fast with multiple offers.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	1801	4%	481	3%	3.7	1%
\$5-30k	593	6%	124	-11%	4.8	18%
\$30-100k	963	0%	263	13%	3.7	-12%
\$100-200k	148	17%	66	0%	2.2	17%
\$200k+	97	10%	28	-13%	3.5	26%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	1565	6%	\$49	15%
\$5-30k	581	-21%	\$17	7%
\$30-100k	704	28%	\$42	8%
\$100-200k	204	84%	\$81	14%
\$200k+	76	-10%	\$103	-5%

Data source: Realcomp MLS using Great Lakes Repository Data.



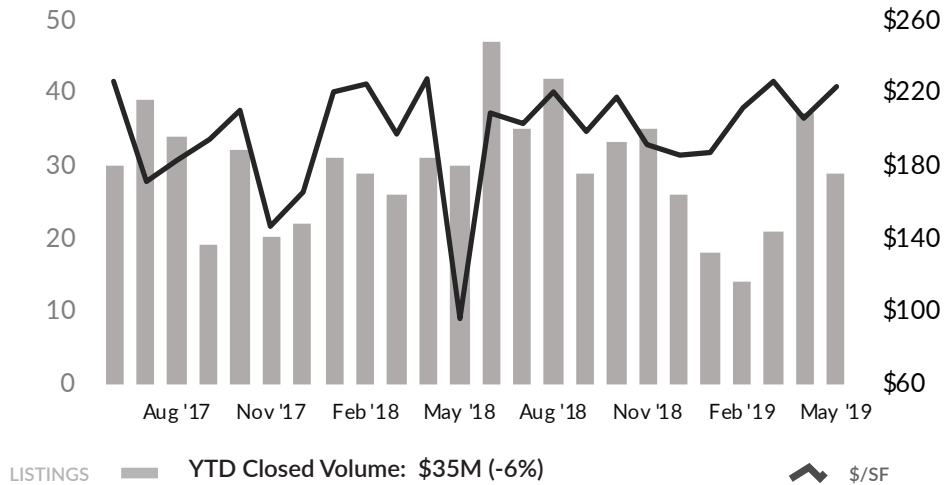
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Detroit

Condos/Lofts



Closed Sales



Summary

Although available condo listings have been up 41% compared to last year, YTD sales continue to lag behind by 19% and closed volume has dropped by 6%. While there was a jump in April closed sales, May closed sales dropped off and new pendings (future closed sales) were also down slightly. As discussed in previous reports, the decline in sales may be driven by buyers waiting for new construction to be completed. As new upper-end units continue to be built, sellers of existing luxury units will face increasing competition. Price per square foot for units listed over-\$400k dropped 7% to about the same level they were two years ago. Location and walkability will continue to play a big role in establishing value.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	210	6%	37	-3%	5.7	8%
\$10-100k	28	0%	6	200%	4.7	-67%
\$100-200k	31	-3%	8	-11%	3.9	9%
\$200-400k	92	16%	17	-15%	5.4	37%
\$400k+	59	-2%	6	-14%	9.8	15%

YTD Closed Activity

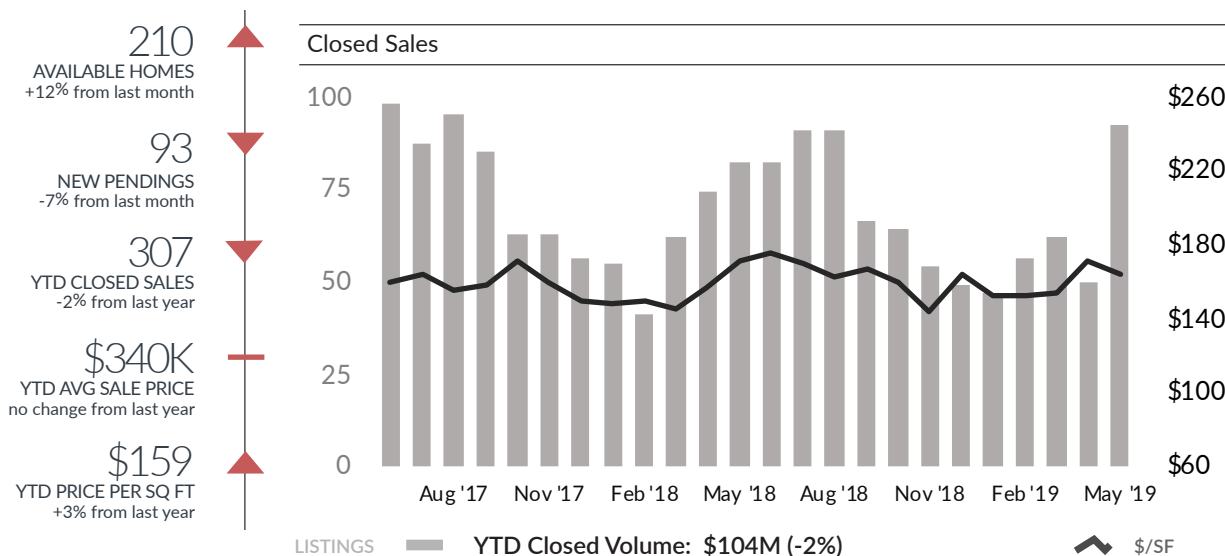
	YTD Closed	Change	YTD \$/SF	Change
All	119	-19%	\$212	20%
\$10-100k	22	-8%	\$43	67%
\$100-200k	21	-34%	\$127	-11%
\$200-400k	51	-26%	\$237	8%
\$400k+	25	14%	\$315	-7%

Data source: Realcomp MLS using Great Lakes Repository Data.



Grosse Pointe

Single-Family Homes



Summary

Grosse Pointe made up for the unusual decline in April closed sales with a 42 unit jump to 92 closed sales in May. Available listings continue to rise—up 12% from the prior month and 21% from a year ago. YTD closed sales are down 2%. Prices have been leveling off and average sale price is even with last year. Average price per square foot is up a little for homes priced under \$350k. While the \$350k-\$700k market was hot last year, closed sales are down 9% and prices have leveled out. There have been two additional over-\$700k sales this year, but upper-end prices remain level with where they were a year ago.

Monthly Activity

	Listings	Change	New Pending	Change	Months Supply	Change
All	210	12%	93	-7%	2.3	21%
\$10-200k	12	0%	12	-25%	1.0	33%
\$200-350k	49	29%	39	-7%	1.3	39%
\$350-700k	94	12%	38	27%	2.5	-12%
\$700k+	55	4%	4	-67%	13.8	211%

YTD Closed Activity

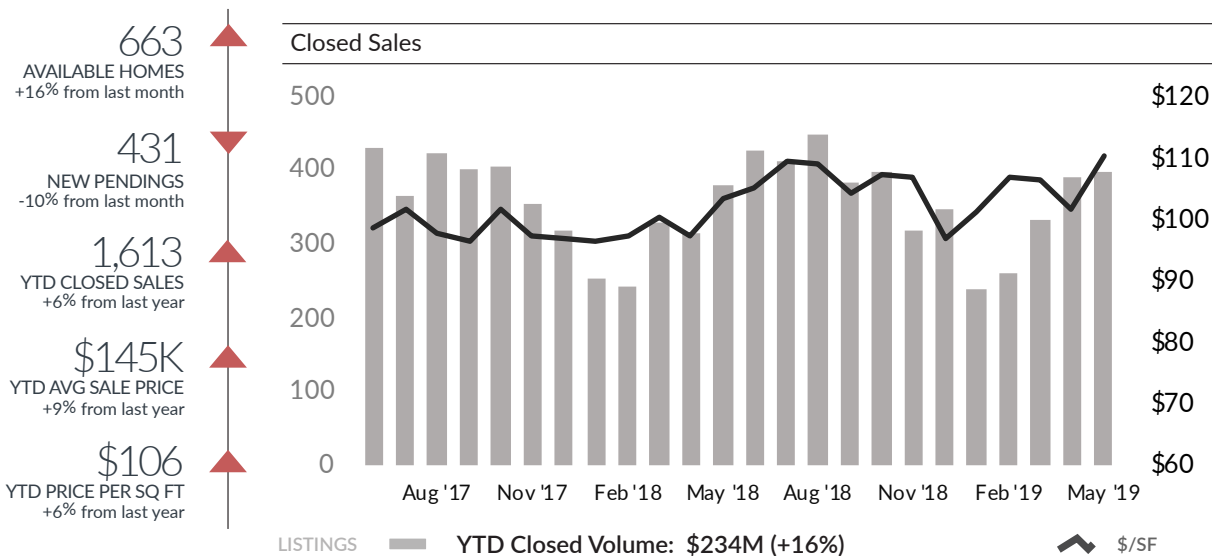
	YTD Closed	Change	YTD \$/SF	Change
All	307	-2%	\$159	3%
\$10-200k	57	-3%	\$129	8%
\$200-350k	147	1%	\$151	5%
\$350-700k	89	-9%	\$165	0%
\$700k+	14	17%	\$201	0%

Data source: Realcomp MLS using Great Lakes Repository Data.



Downriver

Single-Family Homes



Summary

The Downriver market continues to thrive. Available listing inventory is up 16% from last month and 23% compared to the same time last year. May new pendings dropped 10% from the prior month, but closed sales were up 4%. YTD sales are up 6% and average price is up 9% from this time last year. With both units and prices up, closed sale volume is up 16%. With only 1.5 months of available inventory in all but the over-\$250k price range, buyers continue to face sharp competition for affordable move-in-ready homes.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	663	16%	431	-10%	1.5	29%
\$10-75k	96	3%	65	-22%	1.5	32%
\$75-125k	151	4%	120	-19%	1.3	29%
\$125-250k	228	37%	179	-1%	1.3	37%
\$250k+	188	14%	67	3%	2.8	11%

YTD Closed Activity

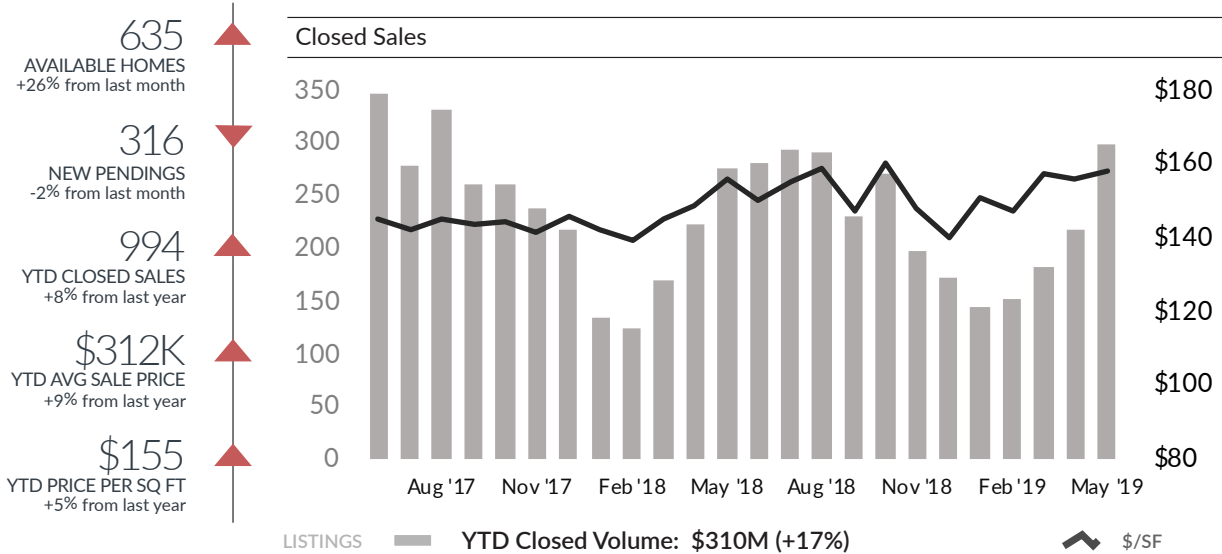
	YTD Closed	Change	YTD \$/SF	Change
All	1613	6%	\$106	6%
\$10-75k	256	-19%	\$55	1%
\$75-125k	515	6%	\$94	5%
\$125-250k	659	12%	\$115	3%
\$250k+	183	48%	\$127	1%

Data source: Realcomp MLS using Great Lakes Repository Data.



Livingston County

Single-Family Homes



Summary

Available listings shot up 26% and May closed sales were up 37% from the prior month. Current inventory levels are 14% higher than they were a year ago. The biggest inventory increase has been in the \$300k-\$500k price range where it jumped from 223 available units last year to 282 units the same time this year, resulting in a 39% increase in sales. The entry and mid-level markets continue to shrink while there's a significantly greater proportion of sales in the over-\$300k price ranges. Buyer competition for good affordable homes priced under-\$300k continues to increase.

Monthly Activity

	Listings	Change	New Pending	Change	Months Supply	Change
All	635	26%	316	-2%	2.0	29%
\$10-200k	62	22%	49	2%	1.3	19%
\$200-300k	154	18%	136	5%	1.1	12%
\$300-500k	282	34%	106	-12%	2.7	52%
\$500k+	137	25%	25	0%	5.5	25%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	994	8%	\$155	5%
\$10-200k	155	-19%	\$120	0%
\$200-300k	390	-6%	\$144	2%
\$300-500k	372	39%	\$159	3%
\$500k+	77	60%	\$199	-2%

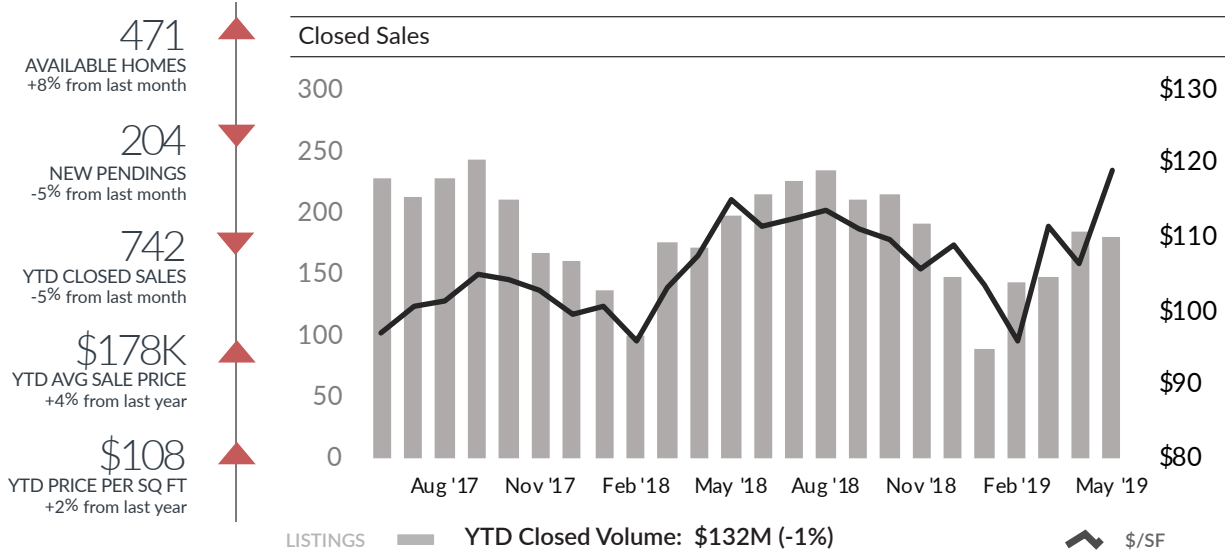
Data source: Realcomp MLS using Great Lakes Repository Data.



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St. Clair County

Single-Family Homes



Summary

Inventory is up 8% but May new pendings dropped 5% from a month ago. May closed sales also dipped slightly (by 3 units) compared to the previous month. Available listings are up 10% compared to this time last year. YTD closed sales are down 5% but average price has risen 4% in the past year. As prices continue to rise, it gets more difficult for buyers to find affordable housing priced under-\$200k (where there's is less than two months of available inventory).

Monthly Activity

	Listings	Change	New Pending	Change	Months Supply	Change
All	471	8%	204	-5%	2.3	13%
\$10-100k	56	-14%	37	-14%	1.5	0%
\$100-200k	137	12%	89	-1%	1.5	14%
\$200-400k	206	13%	67	-6%	3.1	20%
\$400k+	72	4%	11	10%	6.5	-5%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	742	-5%	\$108	2%
\$10-100k	163	-15%	\$53	-4%
\$100-200k	327	-10%	\$97	-1%
\$200-400k	232	18%	\$130	3%
\$400k+	20	-31%	\$208	17%

Data source: Realtor.com MLS using Great Lakes Repository Data.

