

Danielle Grostick

Mobile: 734-637-5897 Direct: 734-637-5897

<http://www.daniellegrostick.com>
daniellegrostick@gmail.com

1164 Dexter Milan, MI 48160

Southeast Michigan March 2015 Monthly Market Update

Both January and February moved as expected, jumping up in most categories compared to last year. Buyer demand going into 2015 is stronger than last year, however, the large jump in newly written contracts (Pending Sales) is a bit deceiving. A good portion of that jump is simply the difference between a more (relatively) normal winter this year vs. a tough one last year that depressed sales. We will get a better feel for the true buyer demand later into spring and early summer. The good news for buyers is new listings entering the market are at least equal to or above this time last year, giving buyers some additional choices in the market. That may bring some buyers who have been sitting on the fence back into the spring market. With the current pace of sales, we can expect a spring similar to last year, with homes selling quickly but with probably 20-30% fewer multiple offer situations as a result of a rise in inventories, particularly in properties over \$250,000.

Growth Compared to Jan/Feb of 2014

	Pending Sales	Closed Sales	New Listings	Total Listing Inventory
All Price Ranges	19%	-1%	8%	9%
\$0-250,000	16%	-3%	0%	-1%
\$250,000-500,000	33%	10%	33%	35%
Over \$500,000	24%	14%	24%	31%

In the under \$250,000 range listing inventories are down and not growing, so we can expect sales to continue to be slower, not due to fewer buyers but simply fewer homes to buy. While in the over \$250,000 segments both new listings and overall inventories are rising, giving buyers more choices. As a result we can expect values to rise at a slower pace with more inventory competition. For definition purposes, Pending Sales are the contracts written in the last month, while Closed Sales are typically the Pending Sales of 45-60 days ago (the time it takes to actually close a sale). Pending Sales are less exact, since a portion never close, but in terms of trending, they do give a feel for where the market is going. The jump in both pending and closed sales in the \$250,000-500,000 segment can be explained in part from buyers moving up from lower price ranges to try to find a wider inventory to choose from.

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Chart 1:
Cumulative Household Net Worth

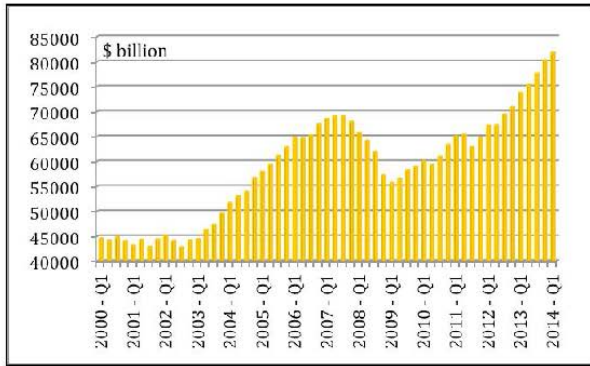
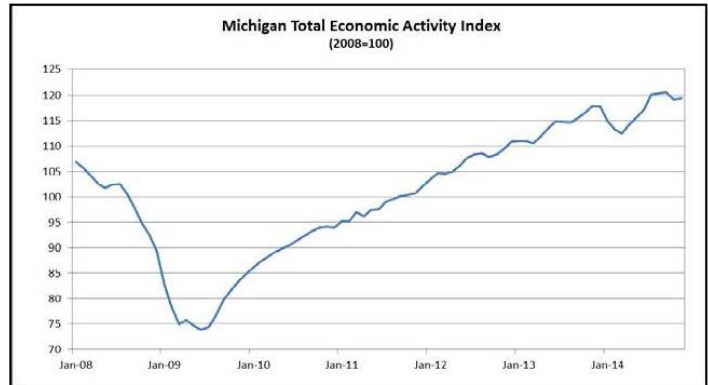
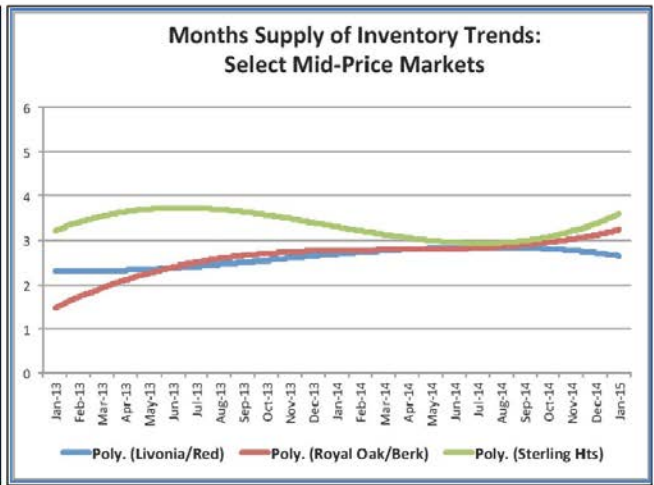
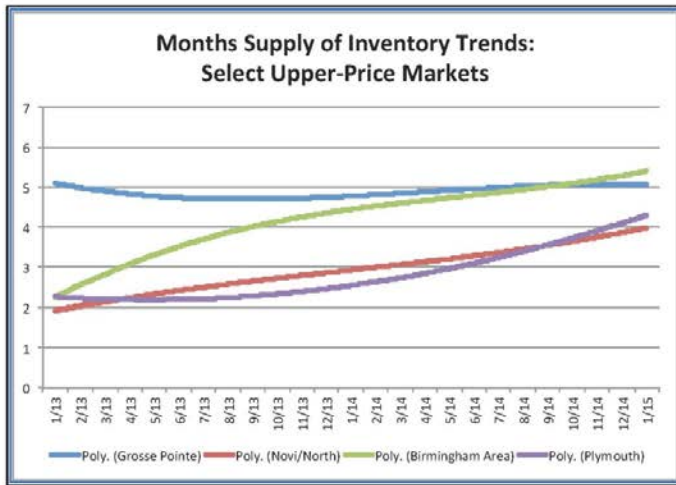


Chart 2:
Michigan Economic Index – Comerica Bank



We thought it would be interesting to compare the real estate stats for different cities in the metro area. Here we focus on four upper end markets and three mid-value markets. The Months Supply of Inventory shows at the current rate of home sales, how many months it would take to sell the homes currently on the market. A rising MSI is a slowing market, giving more opportunity to buyers. A declining MSI is a growing opportunity for sellers.



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The four upper end markets all follow the same pattern of a rising MSI, meaning the available homes for sale are rising faster than the rate of sale, confirming that the upper end markets are settling down from the peak 2013 activity. The middle markets, represented here with Livonia/Redford, Royal Oak/Berkley and Sterling Heights, show a lower MSI, as would be expected with a stronger demand in that segment. Different from the upper end markets, their MSI's have been falling as inventories have declined. In the last 90 days inventories have begun to rise again, pushing up the MSI for Royal Oak and Sterling Heights, giving a little relief to home buyers.

Please contact me for any of your real estate needs. I am happy to assist you.

Total Company Summary - January 2015		2014	Change	2013	2012
# of Buyers to Open Houses	2,575	1,191	116%	1,646	2,162
# of Showing Appointments	9,482	8,859	7%	12,918	13,815
# of Homes Sold/Leased	1,333	1,114	20%	1,539	1,121
# of Web Inquires (Unique Visitors)	144,891	148,639	-3%	150,013	170,500
# of Mortgage/Title/Insurance Closings	470	414	14%	517	440



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