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Southeast Michigan Monthly Market Update January 2016

It was a bit surprising to see 2015 end with a flourish of new sales contracts. We think the jump in sales activity was as much a result of mild weather as increasing buyer activity. It would not be surprising to see that November and December sales were "borrowed" from the first quarter of 2016. Web site activity and property showings remain at similar levels as last year, which indicate we still have strong buyer interest, equal to the beginning of 2015, but not a wild market that the last 60 days might suggest. Looking back, 2015 was the year we began to move towards a more balanced market, with inventories finally rising across all market segments, faster in the upper-end but still rising in the lower price ranges as well. This past year saw value increases across all price categories, with the strongest gains in the under \$250,000 segments. As shown by the *Case Shiller Composite Report*, the pace of increasing home values slowed as available homes for sale increased. These national numbers mirror what we have seen throughout Michigan as well. So even with demand remaining strong, the increasing inventories will cause a cooling off of home value increases.



S&P Case Shiller 1/2016

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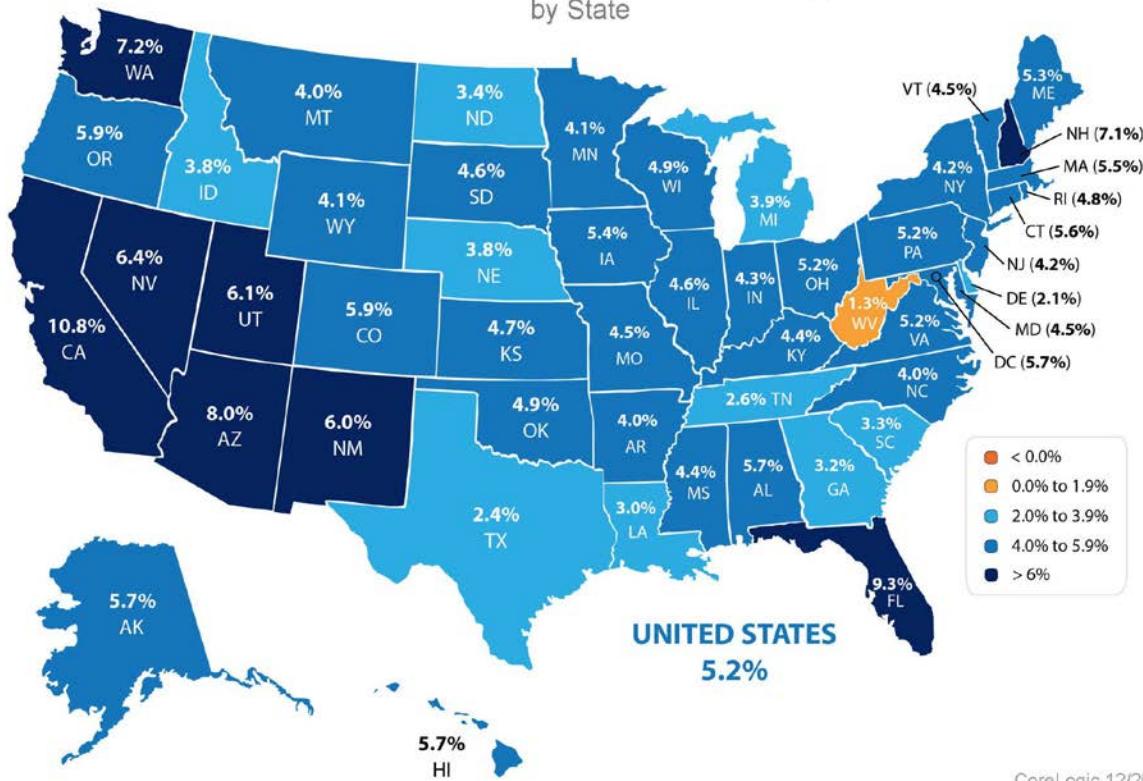
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This year should show similar value gains but on the lower end of the ranges we saw in 2015. The overall tends for 2016 should follow what we saw in 2015, with rising inventories, continued strong buyer demand, but probably not keeping pace with the current increase in inventories.

Forecasted Year-Over-Year % Change in Price
by State



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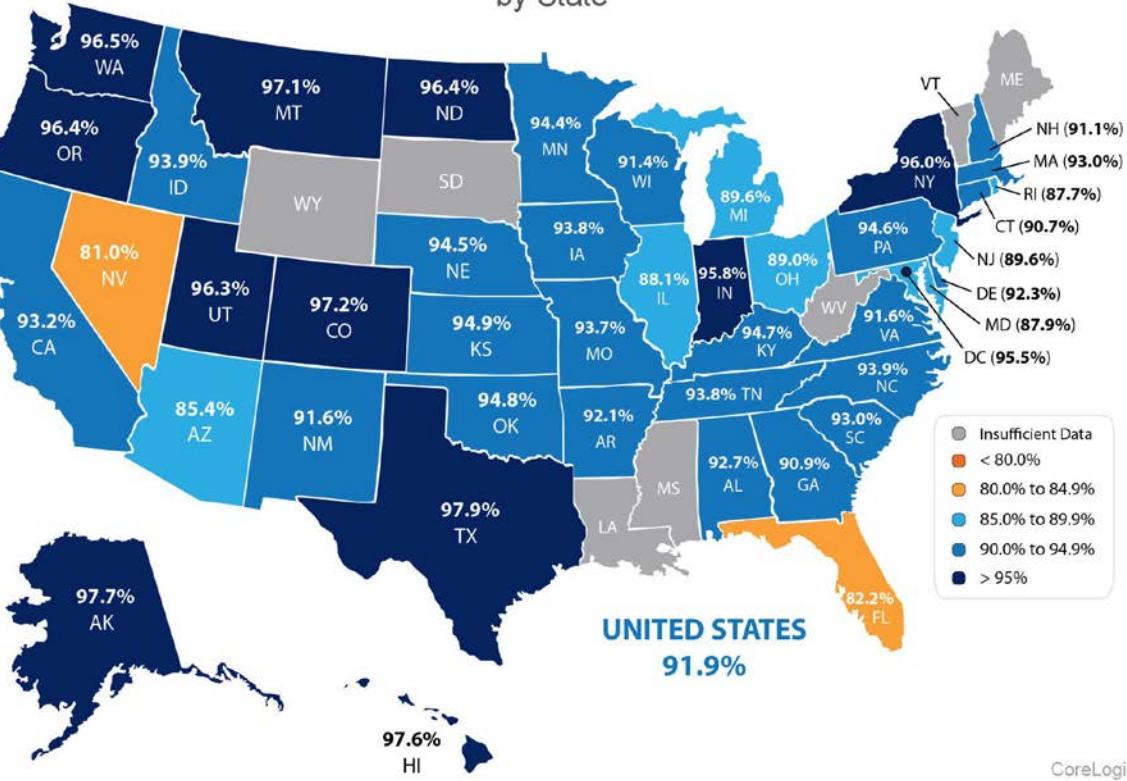
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There is still some pent up housing demand yet to be released, probably over multiple years as opposed to all at once. Values are getting close to peak 2005 levels with 90% of Michigan home owners now with equity in their homes, a big jump over the bottom of the recession.

Percentage of Homes with Positive Equity by State



The recession delayed many moves, as shown by the chart below, leading up to the recession the average time between moves was 6 years and it moved to 9 during the

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recession. Time between moves will over time move back closer to the 7 year range, with the difference being pent-up seller demand to be released over the next few years.

Median Years of Homeowner Tenure before Moving



Forbes

The recent regulatory changes known as TRID have not had a big impact so far on getting homes sold and closed. It looks like the new regulations have extended closing dates by about a week or less. Nonetheless, we still recommend at least 45 days from mortgage application to closing day.

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All the current indicators show that housing should remain strong throughout 2016. Interest rates, although expected to rise, will remain low, mortgage lending is easing, employment and wages continue to show positive (although slow) upward trends and there is still pent-up demand from the recession left to be released. All good news. Will the current stock market correction change that? So far it appears the stock market is making the same adjustment we saw in housing in 2015, a correction to an overheated market. The old joke about the stock market is that its declines have predicted 9 of the last 5 recessions. Certainly a fall in household net worth, whether it is from a drop in stock values or home equities, will have an impact on housing but so far it appears, with possibly the exception of the upper-end markets, the impact will not be major on housing. The momentum of the overall economy, growth of millennial home ownership and remaining pent up housing demand should carry housing through any stock market related slump.

Overall we are going into 2016 with a steady tailwind (or maybe a tail-breeze) which should keep housing moving forward at a steady pace.

Total Company Summary - January - December 2015	2014	Change	2013	2012
# of Showing Appointments	161,310	155,075	4%	170,774
# of Homes Sold/Leased	24,375	19,465	25%	20,907
# of Web Inquires (Unique Visitors)	1,976,796	1,866,069	6%	1,946,191
# of Mortgage/Title/Insurance Closings	9,912	8343	19%	8,521

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

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\$0 to \$100,000 Home Values Past 90 Day Trends

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Dec-15	Trend	Dec-15	Trend	Dec-15	Trend
Oakland County	207	Up	1,423	Down	61	Up
Macomb County	240	Down	611	Down	56	Up
Livingston County	13	Up	28	Down	69	Up
Washtenaw County	50	Down	38	Up	64	Up
Wayne County (- Detroit & G.P.)	267	Up	744	Down	58	Up
Detroit*	252	Up	2,097	Down	19	Up
Grosse Pointe(s)	16	Down	47	Down	44	Down
Northwest Michigan**	62	Up	2,522	Down	57	Down
Total	1,107	Up	7,510	Down	49.4	Up

Area	Median Sale Price		Months Supply Inv	
	Dec-15	Trend	Dec-15	Trend
Oakland County	\$68,000	Up	2.2	Down
Macomb County	\$67,000	Up	2.5	Down
Livingston County	\$81,500	Neutral	2.2	Down
Washtenaw County	\$72,750	Up	1.3	Down
Wayne County (- Detroit & G.P.)	\$63,000	Neutral	2.8	Down
Detroit*	\$18,000	Up	8.3	Down
Grosse Pointe(s)	\$49,805	Down	2.9	Up
Northwest Michigan**	\$60,000	Down	40.7	Down
Total	\$54,857	Up	5.9	Down

Over \$100,000 in Home Values Past 90 Day Trends

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Dec-15	Trend	Dec-15	Trend	Dec-15	Trend
Oakland County	968	Down	4,285	Neutral	140	Up
Macomb County	455	Up	1,690	Down	110	Up
Livingston County	168	Up	806	Down	129	Up
Washtenaw County	332	Up	650	Down	155	Up
Wayne County (- Detroit & G.P.)	412	Up	1,423	Neutral	126	Up
Detroit*	33	Up	124	Up	106	Up
Grosse Pointe(s)	46	Up	203	Down	130	Neutral
Northwest Michigan**	178	Up	2,462	Up	142	Up
Total	2,592	Up	11,643	Up	133	Up

Area	Median Sale Price		Months Supply Inv	
	Dec-15	Trend	Dec-15	Trend
Oakland County	\$223,500	Neutral	4.4	Down
Macomb County	\$170,000	Neutral	3.7	Down
Livingston County	\$219,950	Up	4.8	Down
Washtenaw County	\$252,250	Up	2.0	Down
Wayne County (- Detroit & G.P.)	\$180,000	Neutral	3.5	Down
Detroit*	\$200,000	Up	3.8	Down
Grosse Pointe(s)	\$230,000	Down	4.4	Down
Northwest Michigan**	\$199,950	Neutral	13.8	Down
Total	\$206,846	Up	4.5	Down

Data Source: MiRealsource, Realcomp, Ann Arbor Board, TAAR MLS & BrokerMetrics

Months Supply Inventory represents the current sales pace to sell the existing inventory (months)

* Includes Hamtramck and Highland Park

** Includes Grand Traverse, Kalkaska, Antrim, Leelanau & Benzie counties, watfrmpt prpty. & vacant land

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