

Southeast Michigan Monthly Market Update February 2016

All,

It looks like it might be shaping up to be an interesting spring market. Although the trend of rising inventories is still taking hold, a combination of good weather and continued buyer interest at all price ranges, has kept For Sale inventories lower than we had expected which is good news for sellers. What won't be clear until April or May is whether the increased sales activity for the last 4 months is borrowed business from the spring or a true increase in buyer demand.

Under \$250,000 inventories are falling and buyer activity is rising, causing a continued scramble to find a home to purchase. Although inventories are rising in the over \$250,000 price categories, new contracts are rising faster than new listings, which is keeping the expected inventory jump this winter much less than anticipated.

SE Michigan	For Sale Inventories			Pending Sales			New Listings		
	Jan 16'	Jan 15'	% Change	Dec/Jan	Dec/Jan	% Change	Dec/Jan	Dec/Jan	% Change
\$0-250,000	10411	11526	-10%	4825	4538	6%	5878	6321	-7%
\$250,000 - 500,000	4336	4081	6%	1176	970	21%	2071	1938	7%
Over \$500,000	1874	1671	12%	246	192	28%	677	594	14%

For the economy in general, economists seem to be pessimistically optimistic. Economic activity is moving forward but at a slow enough pace that it is vulnerable to sudden change in any world activity. With stock prices lower, upper-end markets should slow as well and with stronger home equities, many more sellers will be able to sell, creating more inventory, and potentially slowing appreciation rates, if supply exceeds demand. All that said, it is also as likely that buyer demand still has some kick left in it, as first time home buyers and as many "boomerang" buyers jump back into the market (see chart below). So we will simply have to wait and see how the spring market unfolds. It does appear the real estate bulls vastly outnumber the bears in relation to the spring market and 2016 in general. So, with inventories low and demand still strong, those Sellers who may be waiting until spring to put their homes on the market should consider entering the market now.

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Boomerang Buyers Re-entering the Housing Market

2016	300,000
2017	500,000
2018	400,000
2019	300,000

**Boomerang Buyer is defined as someone who was 60+ days past due on a mortgage loan, lost their mortgage through foreclosure, short sale or other non-satisfactory closure, or had a mortgage loan modification between the Bubble and Burst.*

TransUnion

To get a feel for how far values have recovered relative to peak values back in 2005/6, here is a chart showing Michigan in comparison to the rest of the country. It shows Michigan back to 92% of peak values, which when adding in the pay-down of mortgages during the past 10 years, puts most Michigan homeowners with more equity than that at the peak.

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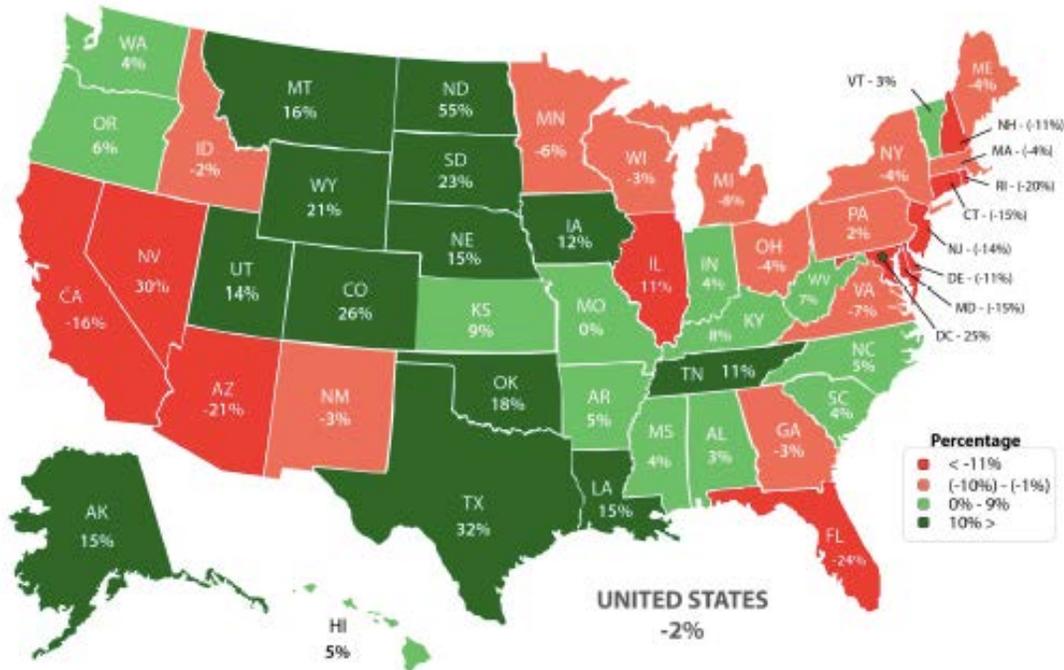


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Prices Since June 2006



Source: FHFA

So far it looks like an early spring for both the weather and for real estate activity, so for both buyers and sellers, don't be afraid to jump in now, the water might be still a bit chilly but it is heating up fast!

Dan

Total Company Summary - January 2016	2015	2015 Change	2014	2013	2012
# of Showing Appointments	9,718	9,482	2%	8,859	12,918
# of Homes Sold/Leased	1,374	1,333	3%	1,114	1,539
# of Web Inquiries (Unique Visitors)	163,049	144,891	13%	148,639	150,013
# of Mortgage/Title/Insurance Closings	401	470	-15%	414	517

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

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Jan-16	Trend	Jan-16	Trend	Jan-16	Trend
Oakland County	210	Neutral	1,319	Down	60	Up
Macomb County	264	Down	581	Down	54	Up
Livingston County	19	Down	17	Down	74	Up
Washtenaw County	30	Up	53	Down	57	Up
Wayne County (- Detroit & G.P.)	280	Up	686	Down	57	Up
Detroit*	282	Up	2,062	Up	19	Up
Grosse Pointe(s)	17	Up	34	Down	47	Down
Northwest Michigan**	61	Up	2,495	Down	53	Down
Total	1,163	Up	7,247	Down	47.6	Up

Area	Median Sale Price		Months Supply Inv	
	Jan-16	Trend	Jan-16	Trend
Oakland County	\$66,200	Up	2.4	Down
Macomb County	\$60,000	Up	2.2	Down
Livingston County	\$85,200	Down	0.9	Down
Washtenaw County	\$70,000	Up	1.8	Down
Wayne County (- Detroit & G.P.)	\$63,000	Neutral	2.5	Down
Detroit*	\$16,000	Up	7.3	Down
Grosse Pointe(s)	\$63,350	Down	2.0	Down
Northwest Michigan**	\$58,000	Down	40.9	Down
Total	\$51,787	Up	5.5	Down

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

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Jan-16	Trend	Jan-16	Trend	Jan-16	Trend
Oakland County	1,149	Up	4,034	Neutral	136	Up
Macomb County	520	Up	1,662	Down	116	Up
Livingston County	175	Up	820	Down	124	Up
Washtenaw County	357	Up	606	Down	156	Up
Wayne County (- Detroit & G.P.)	496	Up	1,319	Down	123	Up
Detroit*	38	Up	131	Up	79	Up
Grosse Pointe(s)	69	Up	184	Down	125	Up
Northwest Michigan**	232	Up	2,224	Up	115	Down
Total	3,036	Up	10,980	Down	130	Up

Area	Median Sale Price		Months Supply Inv	
	Jan-16	Trend	Jan-16	Trend
Oakland County	\$223,100	Up	3.5	Down
Macomb County	\$176,500	Up	3.2	Down
Livingston County	\$210,000	Up	4.7	Down
Washtenaw County	\$229,500	Up	1.7	Down
Wayne County (- Detroit & G.P.)	\$180,000	Neutral	2.7	Down
Detroit*	\$164,000	Up	3.4	Down
Grosse Pointe(s)	\$229,500	Down	2.7	Down
Northwest Michigan**	\$185,000	Down	9.6	Down
Total	\$204,569	Up	3.6	Down

Data Source: MiRealsource, Realcomp, Ann Arbor Board, NGLR & 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, wtrfrnt. propt. & vacant land

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