

HOUSING REPORT

SOUTHEAST MICHIGAN | DECEMBER 2017



Southeast Michigan

Should Buyers Really Wait Until Spring?

5 Reasons to Buy This Winter

The assumption that buyers are supposed to wait until spring to buy a home is a common myth—it must be part of human evolutionary DNA. Sellers have life events that cause them to move all 12 months of the year— job transfers, expanding and contracting families due to births and kids moving out. New listings and good deals are available 12 months a year. Here are five factors to consider before putting off buying until spring—especially this year.

1. Less Buyer Competition—Through the winter, there will be less buyer competition for available homes. New winter listings that are in extraordinary condition will continue to fetch premium prices, but winter buyers will have a better chance of landing them without getting caught in the middle of a mob of multiple offers.

For the past two years, there has been a shortage of inventory that will continue through 2018. This spring, however, there will be more new buyers than new listings.

2. Millennials—Millennials have become the largest demographic group of buyers. In addition to the typically seasonal rush, the spring of 2018 will usher in the largest new class of millennials buyers. Many previously delayed purchasing their first home a few extra years as they paid down their student loans.

3. Winter Bargains—Many winter sellers who have had their homes on the market for a few months may be flexible with negotiations. Some may have started with their price too high. With fewer active winter buyers, each buyer becomes a little more special. Great year-end winter bargains will be available for buyers who know to look for them.



4. Housing Affordability—Since 2011, housing affordability has been dropping. Average income has risen 15% while the average home price has risen 48%. Home prices will continue to rise faster than income. For those that can, buying sooner makes more sense than buying later.

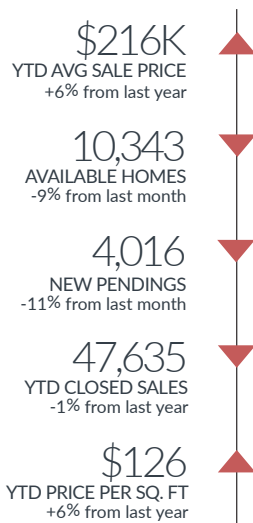
5. Interest rates are rising—Interest rates are higher today than they were two months ago. They are predicted to be higher in the spring than they are now. Since most buyers finance their homes, their monthly payment is a more relevant number than even the sales price. A small increase in interest rate can be equivalent to a large increase in price.

In a typical year, there are several advantages to off-season buying. This year, rising interest rates coupled with the imbalance of supply and expected spring demand tip the scale further toward buying now.

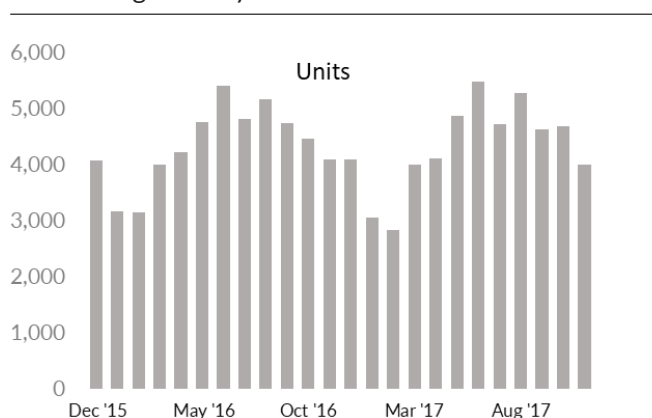
Most new buyers also face a learning curve as they get familiar with available listings and situated with their financing. By starting early, buyers will ensure themselves a better shot at securing a prize purchase over the winter or early spring.

Southeast Michigan

Summary



Closed Single Family Home Sales



YTD Closed Volume
\$10.3 Billion

Year-to-date, despite fewer available listings, sales have been almost even with the strong performance seen in 2016. Values are also up 6%. Heading into the holidays, inventory levels and sales activity are falling off but prices are holding steady—they typically drop after most of the best listings sell off. Expect increasing interest rates with low inventories and rising prices in 2018.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	10,343	-9%	4,016	-11%	2.6	3%
\$10k - 200k	4,874	-5%	2,411	-11%	2.0	7%
\$200k - 400k	2,913	-14%	1,256	-10%	2.3	-5%
\$400k - 800k	1,924	-10%	304	-23%	6.3	17%
\$800k +	632	-10%	45	-6%	14.0	-4%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	47,635	-1%	\$126	6%
\$10k - 200k	26,720	-7%	\$91	6%
\$200k - 400k	16,124	6%	\$136	5%
\$400k - 800k	4,270	19%	\$164	1%
\$800k +	521	9%	\$255	-1%

Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed price per square foot.

Derek
Bauer

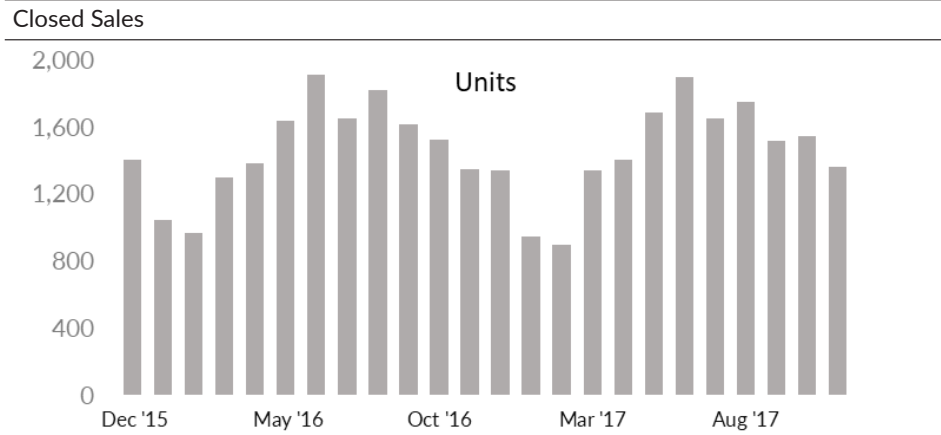
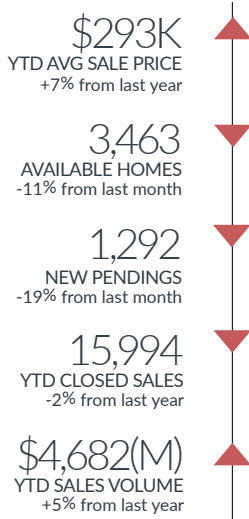


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Oakland County

Single Family Homes



Summary

Year-to-date, despite a shortage of inventory, sales have been relatively strong with closed units down just slightly from 2016—a strong sales year. Year-to-date average price is up 7% above last year. Heading into the holidays, inventory and sales activity are falling off as they typically do but average sale price and price per square foot are up slightly compared to the prior month. Looking ahead, expect increasing interest rates with low inventories and rising prices in 2018.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	3,463	-11%	1,292	-19%	2.7	9%
\$10k - 200k	712	-8%	494	-16%	1.4	10%
\$200k - 400k	1,173	-15%	590	-16%	2.0	2%
\$400k - 800k	1,105	-10%	175	-31%	6.3	31%
\$800k +	473	-11%	33	-18%	14.3	8%

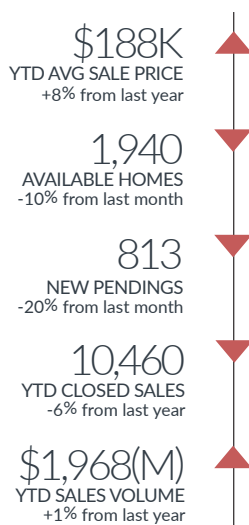
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	15,994	-1%	\$150	6%
\$10k - 200k	5,763	-15%	\$111	8%
\$200k - 400k	7,186	5%	\$143	5%
\$400k - 800k	2,650	19%	\$169	1%
\$800k +	395	7%	\$268	-2%

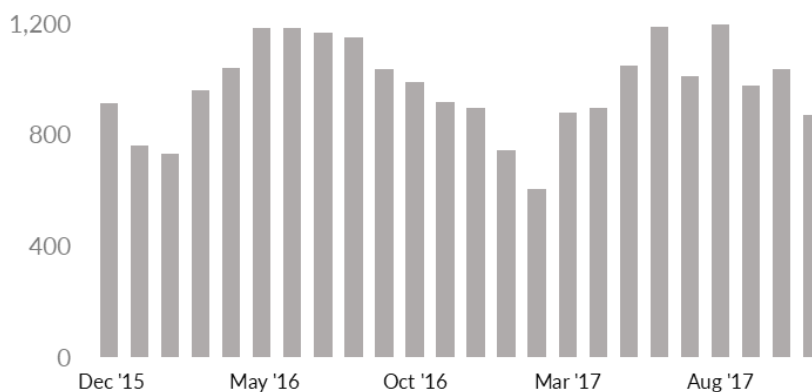
Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

Macomb County

Single Family Homes



Closed Sales



Summary

Year-to-date sales are down 6%, in large part because of a shortage of inventory. Values are up 8% this year. As year-end approaches, inventory and sales activity are falling off, but average sale price and price per square foot are up slightly compared to the prior month.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	1,940	-10%	813	-20%	2.4	14%
\$10-125k	507	-4%	260	-16%	2.0	14%
\$125-225k	502	-14%	336	-19%	1.5	5%
\$225-400k	566	-13%	187	-26%	3.0	17%
\$400k+	365	-4%	30	-38%	12.2	54%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	10,460	-6%	\$115	8%
\$10-125k	3,028	-22%	\$72	7%
\$125-225k	4,361	2%	\$117	6%
\$225-400k	2,603	1%	\$128	5%
\$400k+	468	23%	\$149	1%

Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

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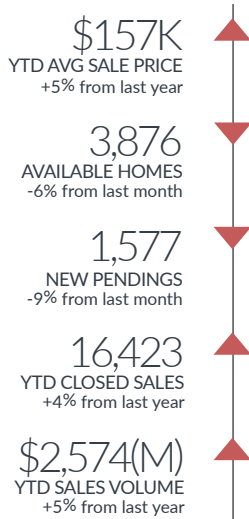


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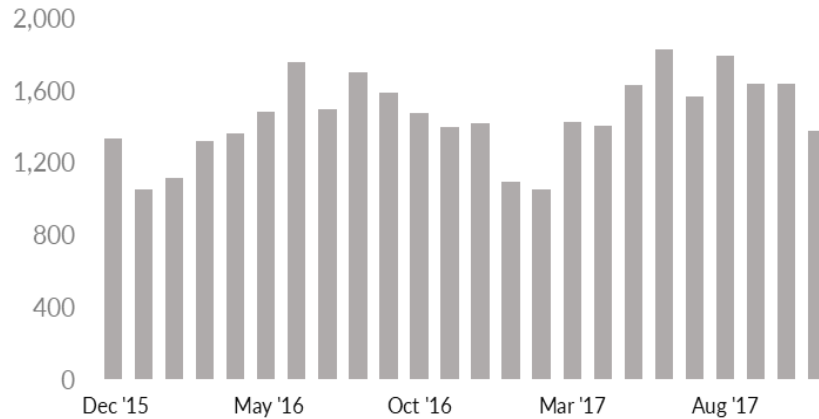
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Wayne County

Single Family Homes



Closed Sales



Summary

Year-to-date, sales are up 4% and average sale price is up 5% compared to 2016. Inventory and sales activity are falling off as year-end approaches. Average sale price and price per square foot both fell 4% compared to the prior month. This is a typical seasonal drop caused by the mix of closed sales containing proportionally fewer prime listings because they sold quickly in prior months. More are coming. Look for values to continue to rise in 2018.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	3,876	-6%	1577	-9%	2.5	4%
\$10-100k	2,021	4%	691	0%	2.9	3%
\$100-200k	850	-15%	529	-17%	1.6	2%
\$200-400k	605	-13%	277	-14%	2.2	1%
\$400k+	400	-12%	80	-15%	5.0	3%

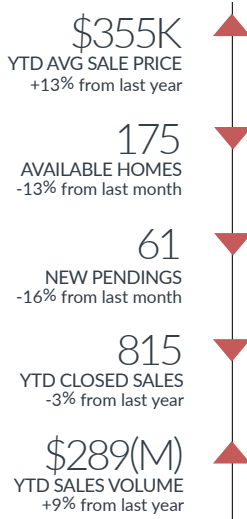
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	16,423	4%	\$104	7%
\$10-100k	6,419	-6%	\$47	2%
\$100-200k	5,711	13%	\$106	4%
\$200-400k	3,416	9%	\$131	4%
\$400k+	877	19%	\$169	3%

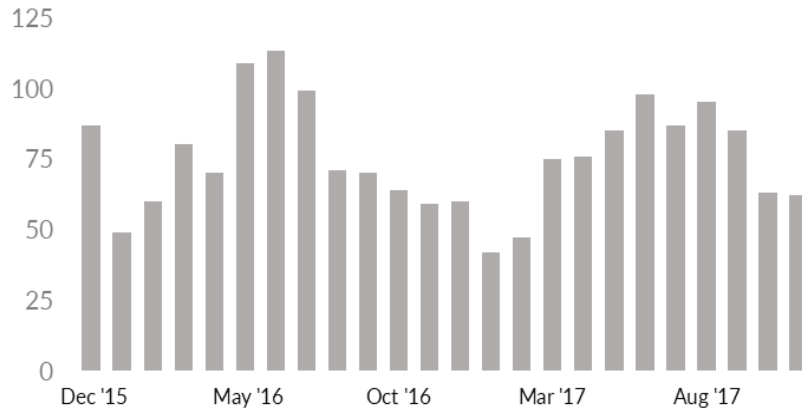
Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

Grosse Pointe

Single Family Homes



Closed Sales



Summary

Grosse Pointe's proximity to the hot Detroit market has given its property values a boost. While prices in other area markets are up an average of 6% this year, the average sale price in the Grosse Pointes is up 13%. November sales were even with October but both average sale price and price per square foot dropped as inventory depleted—many of the prime listings are gone. Sales and prices will temporarily fall until more new listings begin to hit the market. Expect increasing interest rates with low inventories and rising prices in 2018.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	175	-13%	61	-16%	2.9	4%
\$10-200k	32	0%	11	-39%	2.9	64%
\$200-350k	50	-11%	21	-25%	2.4	19%
\$350-700k	63	-20%	25	25%	2.5	-36%
\$700k+	30	-14%	4	-43%	7.5	50%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	815	-3%	\$157	11%
\$10-200k	199	-18%	\$122	11%
\$200-350k	322	-10%	\$148	9%
\$350-700k	241	19%	\$157	6%
\$700k+	53	33%	\$207	10%

Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

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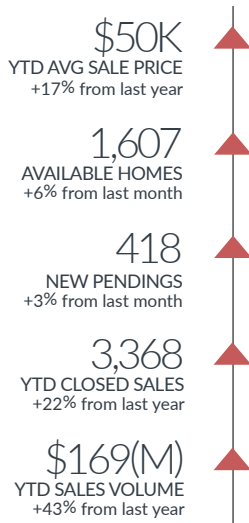


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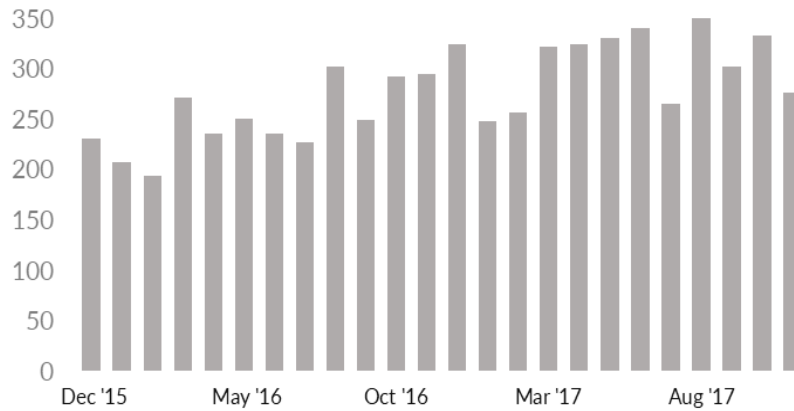
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Detroit

Single Family Homes



Closed Sales



Summary

Year-to-date, single family prices are up 17% and the \$169 million in closed dollar volume is up 43%. In November, however, the lack of available quality listings caused a drop in both sales and average sale price. Sales dropped from 333 units in October to 276 in November. The average sale price dropped from \$58k to \$51k. Expect to see temporary declines until more quality inventory hits the market. Rising values will spread through Detroit neighborhoods as more quality choices become available in 2018.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	1,607	5%	418	3%	3.8	2%
\$5-30k	756	11%	198	4%	3.8	7%
\$30-100k	729	2%	171	8%	4.3	-6%
\$100-200k	55	-18%	27	-31%	2.0	19%
\$200k+	67	-1%	22	16%	3.0	-15%

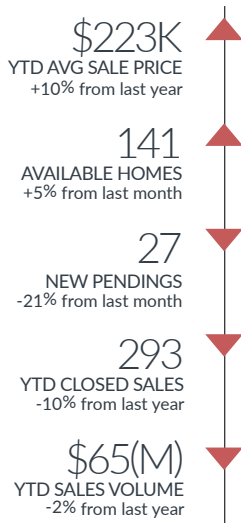
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	3,368	22%	\$37	19%
\$5-30k	1,841	4%	\$15	12%
\$30-100k	1,155	57%	\$37	7%
\$100-200k	233	62%	\$67	11%
\$200k+	139	31%	\$97	11%

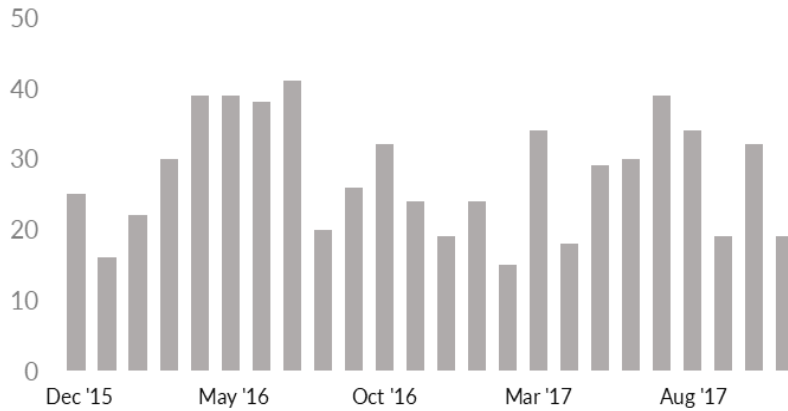
Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

Detroit

Condos/Lofts



Closed Sales



Summary

Year-to-date, the average sale price is up 10% but closed sales are down 10%. Lack of move-in-ready inventory has been restricting both sales and values. A 20% increase in the average price per square foot for over-\$350k properties indicates there is a market for quality high end Detroit condos and a shortage of quality listings. Sales were off in November with only 19 closed sales compared to 31 in October and only four over-\$350k units compared to 8 in the previous month. A significant number of new developments will soon be online to address shortages.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	141	5%	27	-21%	5.2	33%
\$5-75k	12	0%	7	40%	1.7	-29%
\$75-200k	22	0%	9	80%	2.4	-44%
\$200-350k	53	6%	6	-63%	8.8	183%
\$350k+	54	8%	5	-38%	10.8	73%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	293	-10%	\$161	7%
\$5-75k	52	-36%	\$26	0%
\$75-200k	94	-5%	\$119	-11%
\$200-350k	96	-1%	\$202	-3%
\$350k+	51	2%	\$289	20%

Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

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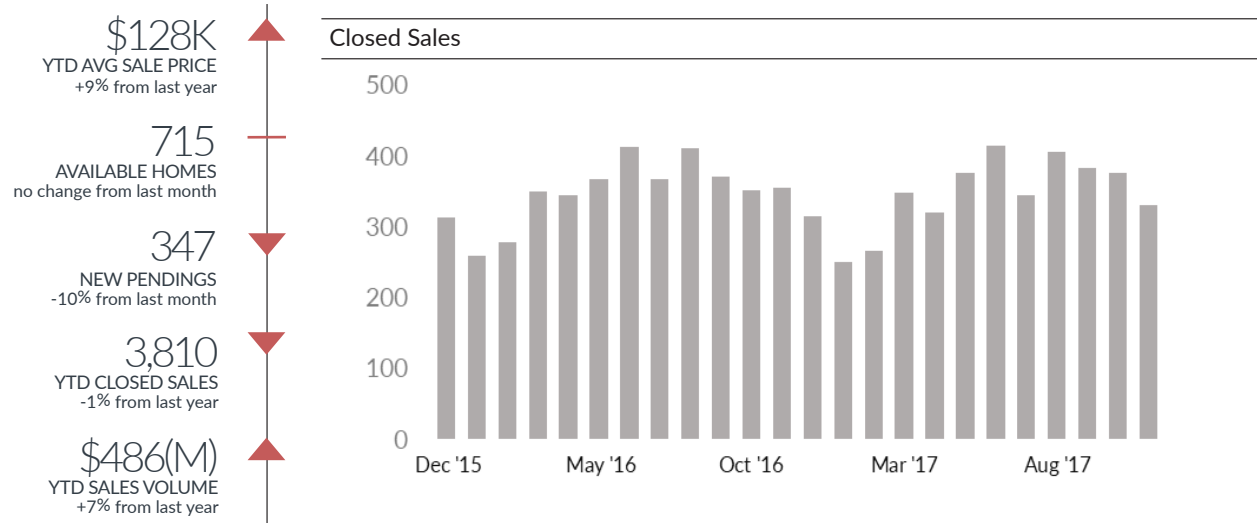


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Downriver

Single Family Homes



Summary

November sales were off 6% and average sale price down 4% from October. Declining units and sales prices are typical for this time of year as inventory is picked-over and many of the prime listings have previously sold. Although activity was off in November, 2017 has been a strong sales year with year-to-date sales almost even with last year and values up 9%.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	715	0%	347	-10%	2.1	10%
\$10-75k	145	12%	85	21%	1.7	-7%
\$75-125k	220	1%	121	-5%	1.8	7%
\$125-250k	229	-11%	113	-19%	2.0	10%
\$250k+	121	6%	28	-42%	4.3	82%

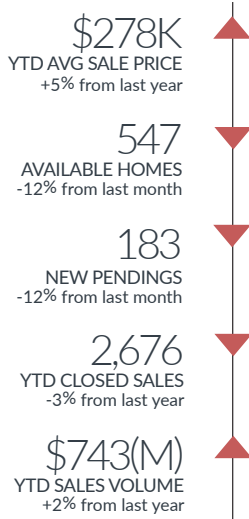
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	3,810	-1%	\$93	9%
\$10-75k	893	-27%	\$50	6%
\$75-125k	1,283	0%	\$86	5%
\$125-250k	1,359	19%	\$106	4%
\$250k+	275	25%	\$123	-3%

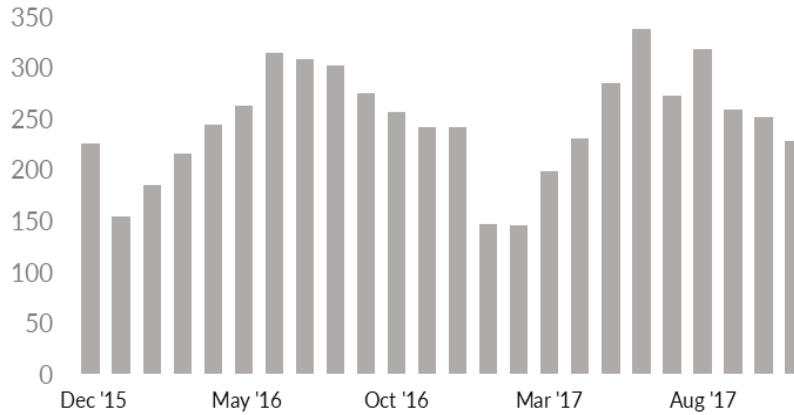
Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

Livingston County

Single Family Homes



Closed Sales



Summary

As is common for this time of year, closed sales, new pending sales and average prices were all down in November compared to the prior month. Depleted year-end inventory is the primary cause. Year-to-date, the number of homes sold is down 3%, but both average sale price and price per square foot are up 5%. Expect higher interest rates, tight inventories and gently rising prices in 2018.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	547	-12%	183	-36%	3.0	36%
\$10-200k	64	-14%	44	-44%	1.5	53%
\$200-300k	179	-12%	81	-17%	2.2	6%
\$300-500k	213	-12%	45	-50%	4.7	77%
\$500k+	91	-14%	13	-32%	7.0	25%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	2,676	-3%	\$141	5%
\$10-200k	674	-26%	\$116	6%
\$200-300k	1,133	5%	\$135	5%
\$300-500k	733	15%	\$150	3%
\$500k+	136	1%	\$187	-4%

Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.

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St. Clair County

Single Family Homes

\$162K
YTD AVG SALE PRICE
+7% from last year

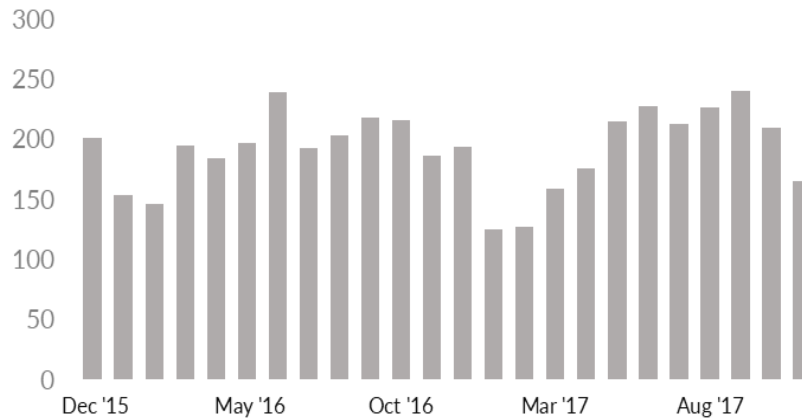
517
AVAILABLE HOMES
-9% from last month

151
NEW PENDING
-19% from last month

2,082
YTD CLOSED SALES
-2% from last year

\$337(M)
YTD SALES VOLUME
+5% from last year

Closed Sales



Summary

Both the number of homes closed and prices were down in November compared to the prior month. This is typical for the season where fewer new listings are entering the market and most of the prime listings sold quickly when they hit the market in previous months. Year-to-date, the number of homes sold is down 2% but both average sale price and price per square foot are up—7% and 8% respectively. Look for higher interest rates, tight inventories and gently rising prices in 2018.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	517	-9%	151	-19%	3.4	12%
\$10-100k	107	0%	48	33%	2.2	-25%
\$100-200k	181	-7%	64	-34%	2.8	41%
\$200-400k	168	-16%	34	-26%	4.9	14%
\$400k+	61	-13%	5	-38%	12.2	39%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	2,082	-2%	\$100	8%
\$10-100k	597	-14%	\$51	4%
\$100-200k	917	1%	\$98	6%
\$200-400k	509	5%	\$122	2%
\$400k+	59	64%	\$163	-2%

Data source: Realcomp MLS using Great Lakes Repository Data. Change = Change since prior month or year-to-date change in the YTD section. \$/SF = Closed dollar per square foot.