

HOUSING REPORT

SOUTHEAST MICHIGAN | 3RD QUARTER 2017



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Millennials—Driven by their Dogs

Millennials are the largest generational group in the United States. As they are moving from 20-somethings to 30-somethings, they have become the most active buyer segment. One-third of buyers nationwide are millennials, and as they age, their motivations for buying are changing.

For years millennials have been flocking to urban areas. When responding to a National Association of REALTORS survey taken 5 years ago, 51% of millennials preferred to live in attached housing—condos, townhouses and lofts located close to where they worked and played. They have also valued their mobility over stability.

Over time, millennials have been shifting their preferences toward homes in the suburbs just outside of the cities. Those single family homes are more

affordable, and more importantly, millennials want yards for their dogs. In a recent survey conducted on behalf of SunTrust Mortgage, 33% of millennials cited their dog as their number one motivator for purchasing a home. Getting married and the birth of a child were well behind at 25% and 19% respectively. Many who didn't even own a dog indicated they wanted to have a yard for a dog they planned to get someday.

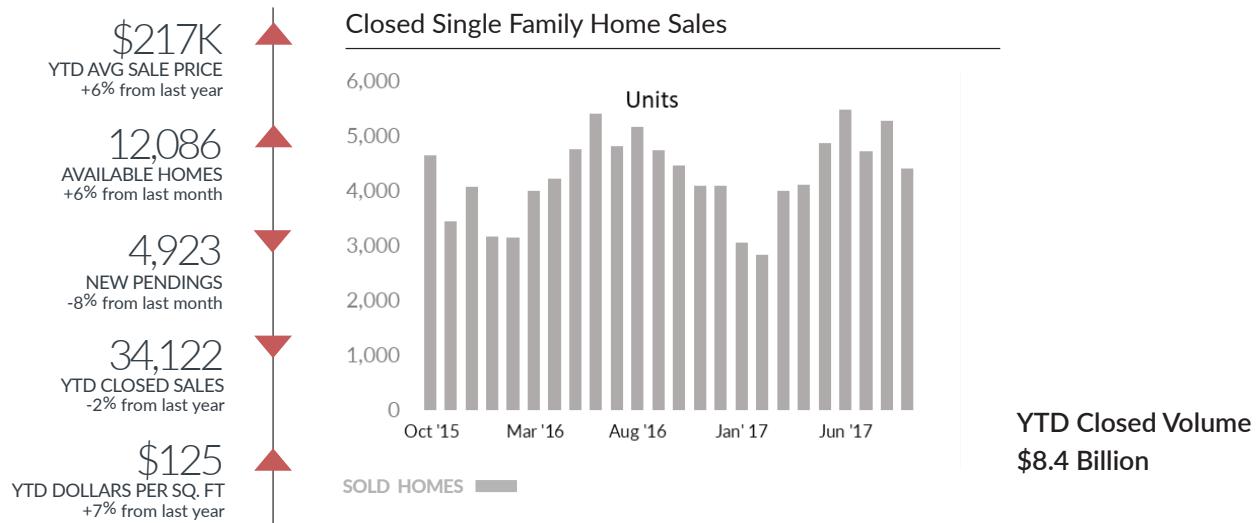
As they shift toward the suburbs, millennials still desire being close to work and play. Walkability, public transportation, and bike paths will continue to be important.

While their dogs are important today, for many, neighborhood schools and traditional 3 bedroom 2 bath homes like their parents owned will become important draws.



Southeast Michigan

Summary



Sales

There were 4,407 closed single family home sales in September. While September sales were down 7% compared to September 2016, both 3rd quarter and year-to-date sales were only down by 2% from last year.

Closed Prices

With a year-to-date average sale price of \$217k, closed values were up 6% and average \$/SF was up by 7% above YTD figures through September of last year. Likewise, 3rd quarter numbers were up 6%.

Inventory

With over 12,000 available listings heading into the fourth quarter, inventory levels were up slightly from the prior month, but down 29% compared to the 17,000 Southeast Michigan single family listings available at this time last year. This shortage of supply is projected to continue through this year and through 2018.

Months of Supply

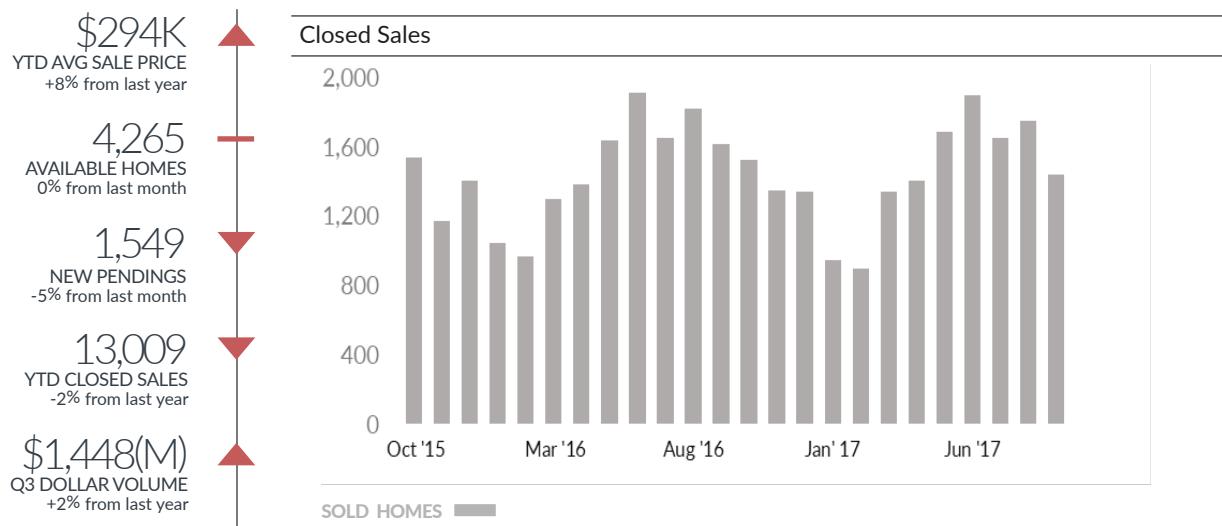
Heading into October there was a 2.5 month supply of available homes. Supply levels vary dramatically by price range. For example, there was less than 2 months supply for homes priced under \$200k, and over 15 months of supply for homes priced over \$800k. High-end sellers have to compete hard to catch the attention of luxury buyers.

Market Times

Across all price ranges, the best houses have been selling quickly so long as they are priced right and move-in ready. For sales closed in September, the average market time was 31 days (21% faster than September 2016). Within the different price brackets, market times varied from 25 days for homes priced under \$200k to 90 days for homes priced over \$800k. Even that 90 days for high-end homes is a significant improvement compared to the 143 days in September of 2016.

Oakland County

Single Family Homes



Price Range	Field	Sep '17	3rd Q '17	3rd Q '16	'17 vs '16
All	Available	4,265	4,265	4,631	-8%
	Closed	1,435	4,838	5,079	-5%
	Months Supply	3.0	2.6	2.7	-3%
	Avg. Sale Price	295,251	299,278	280,769	7%
\$10-200k	\$ Vol (million)	424	1,448	1,426	2%
	Available	815	815	1,005	-19%
	Closed	513	1,654	1,972	-16%
	Months Supply	1.6	1.5	1.5	-3%
\$200-400k	Value Change				8%
	Available	1512	1,512	1659	-9%
	Closed	646	2,218	2,271	-2%
	Months Supply	2.3	2.0	2.2	-0.1
\$400-800k	Value Change				6%
	Available	1,365	1,365	1,349	1%
	Closed	238	846	707	20%
	Months Supply	5.7	4.8	5.7	-15%
\$800k+	Value Change				2%
	Available	573	573	618	0
	Closed	38	120	129	-7%
	Months Supply	15.1	14.3	14.4	0%
	Value Change				1%

Summary

Prices have been up, and inventory has been picked over resulting in fewer sales.

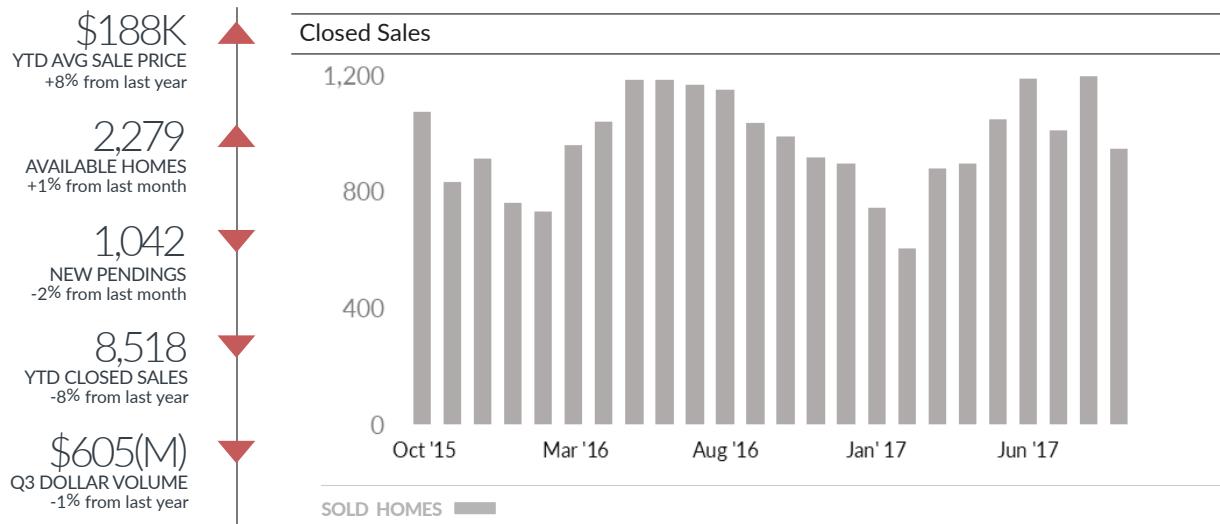
Average sale price was up 8% compared to the same time last year. Moving through the 4th quarter, average price and closed price/SF will drop. That drop won't be an indication of declining value. It will simply be an indication that the general quality of the available inventory is limited. As we move through winter, it will be more difficult to find comps for the premium homes which will continue to fetch elevated prices.

With 14 months of supply, higher-end homes have been taking longer to sell. Their values have increased just 1% since last year.

Data source: Realcomp MLS using Great Lakes Repository Data.

Macomb County

Single Family Homes



Price Range	Field	Sep '17	3rd Q '17	3rd Q '16	'17 vs '16
All	Available	2,279	2,279	2,413	-6%
	Closed	946	3,153	3,354	-6%
	Months Supply	2.4	2.2	2.2	0%
	Avg. Sale Price	195,837	191,760	182,354	5%
	\$ Vol (million)	185	605	612	-1%
\$10-175k	Available	887	887	1,133	-22%
	Closed	496	1,678	1,880	-11%
	Months Supply	1.8	1.6	1.8	-12%
	Value Change				10%
\$175-350k	Available	824	824	763	8%
	Closed	367	1,203	1,228	-2%
	Months Supply	2.2	2.1	1.9	0.1
	Value Change				5%
\$350-650k	Available	494	494	442	12%
	Closed	75	260	233	12%
	Months Supply	6.6	5.7	5.7	0%
	Value Change				2%
\$650k+	Available	74	74	75	0
	Closed	8	12	13	-8%
	Months Supply	9.3	18.5	17.3	7%
	Value Change				7%

Summary

Compared to the 3rd quarter of last year, 2017 prices were up 5%, and inventory and closed units were both down 6%.

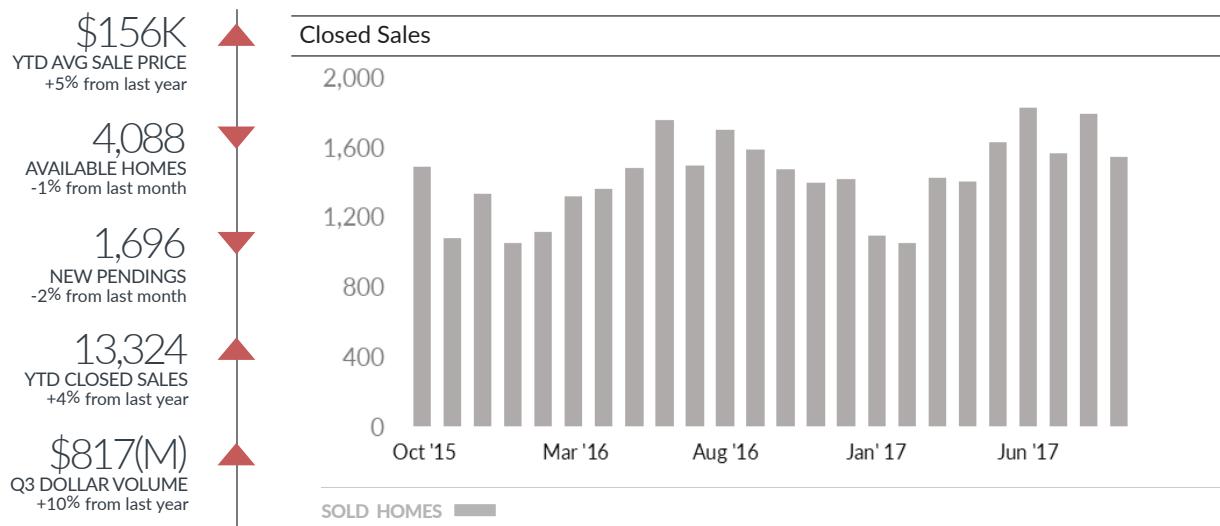
As we move through the 4th quarter, average prices and price/SF will drop because of the limited quality of the picked-over inventory. This will make it more difficult to find comps for premium homes which will continue to fetch elevated prices.

Higher-end markets have seen a 7% increase in value over the past year. But heading into the 4th quarter, these sellers face 18 months of supply. They will need to be competitive with their pricing.

Data source: Realcomp MLS using Great Lakes Repository Data.

Wayne County

Single Family Homes



Price Range	Field	Sep '17	3rd Q '17	3rd Q '16	'17 vs '16
All	Available	4,088	4,088	4,912	-17%
	Closed	1,543	1,543	4,774	3%
	Months Supply	2.6	2.5	3.1	-19%
	Avg. Sale Price	164,817	166,676	156,154	7%
	\$ Vol (million)	254	817	745	10%
\$10-100k	Available	1,908	1,908	2,083	-8%
	Closed	541	541	1,893	-10%
	Months Supply	3.5	3.4	3.3	2%
	Value Change				3%
\$100-200k	Available	1,004	1,004	1,763	-43%
	Closed	576	576	1,614	11%
	Months Supply	1.7	1.7	3.3	-0.5
	Value Change				4%
\$200-400k	Available	718	718	752	-5%
	Closed	328	328	1,018	6%
	Months Supply	2.2	2.2	2.2	-10%
	Value Change				6%
\$400k+	Available	458	458	397	15%
	Closed	98	98	249	25%
	Months Supply	4.7	4.7	4.8	-8%
	Value Change				3%

Summary

Prices were up 5%, and although inventory was down 17% there were 3% more closed sales in the 3rd quarter this year compared to last year.

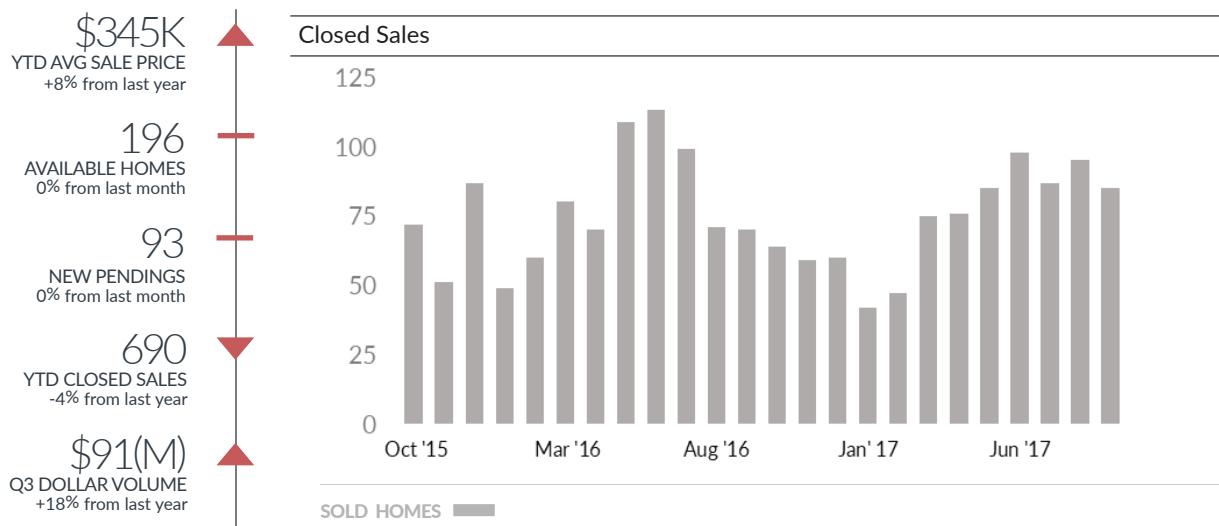
Despite lower inventory levels, mid-market (\$200-\$400k) had 6% more sales and a 6% value increase compared to the 3rd quarter last year.

Higher-end inventory levels were up 15%. With more homes to choose from, sales were up 25% and values rose 3% compared to the 3rd quarter last year.

Data source: Realcomp MLS using Great Lakes Repository Data.

Grosse Pointe

Single Family Homes



Price Range	Field	Sep '17	3rd Q '17	3rd Q '16	'17 vs '16
All	Available	196	196	221	-11%
	Closed	85	267	240	11%
	Months Supply	2.3	2.2	2.8	-20%
	Avg. Sale Price	350,611	340,710	320,259	6%
	\$ Vol (million)	30	91	77	18%
\$10-200k	Available	29	29	45	-36%
	Closed	22	58	60	-3%
	Months Supply	1.3	1.5	2.3	-33%
	Value Change				16%
\$200-350k	Available	58	58	67	-13%
	Closed	35	113	106	7%
	Months Supply	1.7	1.5	1.9	-19%
	Value Change				11%
\$350-700k	Available	72	72	70	3%
	Closed	21	80	67	19%
	Months Supply	3.4	2.7	3.1	-14%
	Value Change				10%
\$700k+	Available	37	37	39	-5%
	Closed	7	16	7	129%
	Months Supply	5.3	6.9	16.7	-58%
	Value Change				4%

Summary

With a year-to-date average sale price of \$345k, Grosse Pointe values were up 8% over last year. Although inventory was about the same, year-to-date closed sales have been down 4%. Third quarter sales, however, were 11% higher than during the same period last year.

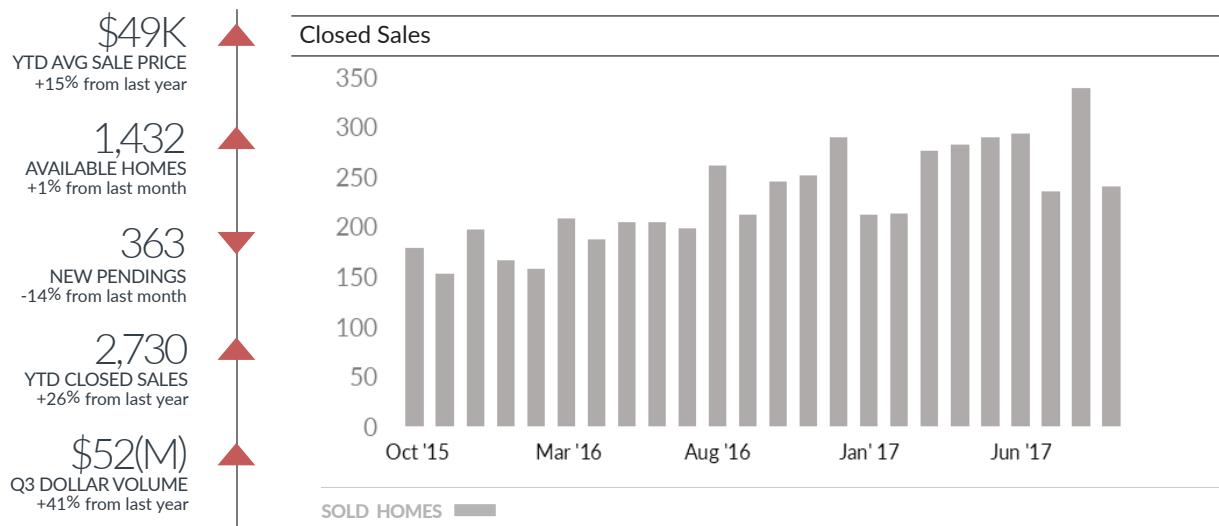
This year's market performance has been a more consistent "slow and steady." Last year there was a jump in the second quarter followed by a rapid decline.

Look for inventories to remain tight through the balance of this year and through all of next year. Values will continue to rise slowly, but average prices will be limited by picked-over inventory.

Data source: Realcomp MLS using Great Lakes Repository Data.

Detroit

Single Family Homes



Price Range	Field	Sep '17	3rd Q '17	3rd Q '16	'17 vs '16
All	Available	1,452	1,452	1,808	-20%
	Closed	272	907	778	17%
	Months Supply	5.3	4.8	7.0	-31%
	Avg. Sale Price	53,247	57,169	47,398	21%
	\$ Vol (million)	14	52	37	41%
\$5-30k	Available	660	660	936	-29%
	Closed	137	435	478	-9%
	Months Supply	4.8	4.6	5.9	-23%
	Value Change				12%
\$30-100k	Available	667	667	748	-11%
	Closed	107	365	213	71%
	Months Supply	6.2	5.5	10.5	-48%
	Value Change				5%
\$100-200k	Available	52	52	54	-4%
	Closed	16	60	55	9%
	Months Supply	3.3	2.6	2.9	-12%
	Value Change				7%
\$200k+	Available	73	73	70	4%
	Closed	12	47	32	47%
	Months Supply	6.1	4.7	6.6	-29%
	Value Change				15%

Summary

Year-to-date there have been 26% more sales, and average prices are up 15% compared to last year.

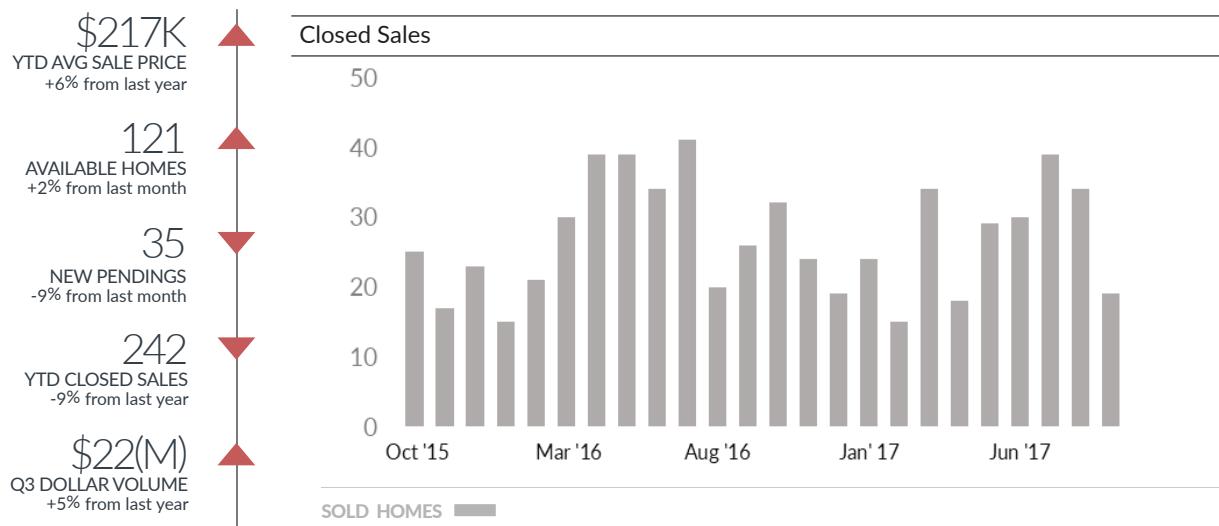
Detroit demand keeps growing but sales and values continue to be limited by a shortage of move-in-ready housing stock.

800 of the 907 single family sales closed in the 3rd quarter were priced below \$100k. More than half of those were priced under \$30k.

Data source: Realcomp MLS using Great Lakes Repository Data.

Detroit

Condos/Lofts



Price Range	Field	Sep '17	3rd Q '17	3rd Q '16	'17 vs '16
All	Available	121	121	-	-
	Closed	19	92	87	6%
	Months Supply	6.4	3.9	0.0	-
	Avg. Sale Price	273,050	234,612	237,366	-1%
	\$ Vol (million)	5	22	21	5%
\$5-75k	Available	11	11	-	-
	Closed	6	17	21	-19%
	Months Supply	1.8	1.9	0.0	-
	Value Change				17%
\$75-200k	Available	19	19	-	-
	Closed	2	28	19	47%
	Months Supply	9.5	2.0	0.0	-
	Value Change				-17%
\$200-350k	Available	45	45	-	-
	Closed	5	27	28	-4%
	Months Supply	9.0	5.0	0.0	-
	Value Change				-9%
\$350k+	Available	46	46	-	-
	Closed	6	20	19	5%
	Months Supply	7.7	6.9	0.0	-
	Value Change				5%

Summary

As with Detroit's single family market, there is a significant shortage of quality condos and lofts available in Detroit.

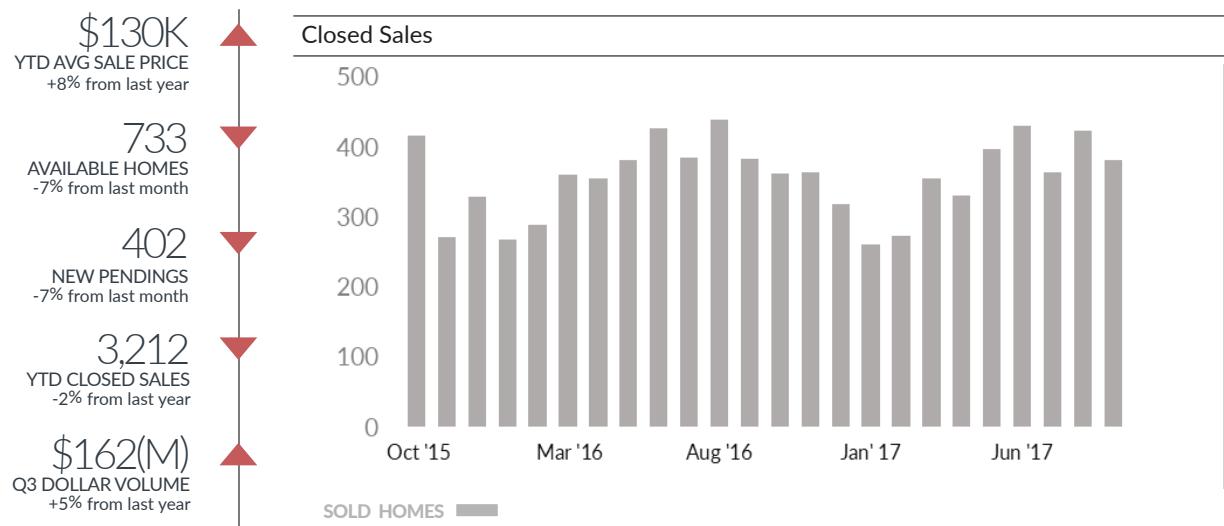
As sales of prime properties drive values up, more "not-so-prime" listings have hit the market with their sellers looking to cash in during the frenzy.

The YTD average \$/SF was \$156, but 65 (the top quarter) of this year's sales sold for between \$250 and \$450/SF—or priced between \$300k and \$1.8m.

Data source: Realcomp MLS using Great Lakes Repository Data.

Downriver

Single Family Homes



Price Range	Field	Sep '17	3rd Q '17	3rd Q '16	'17 vs '16
All	Available	733	733	873	-16%
	Closed	381	1,167	1,204	-3%
	Months Supply	1.9	1.9	2.2	-13%
	Avg. Sale Price	137,327	138,959	128,316	8%
	\$ Vol (million)	52	162	154	5%
\$10-75k	Available	154	154	255	-40%
	Closed	71	215	323	-33%
	Months Supply	2.2	2.1	2.4	-9%
	Value Change				3%
\$75-125k	Available	209	209	236	-11%
	Closed	123	364	392	-7%
	Months Supply	1.7	1.7	1.8	-5%
	Value Change				4%
\$125-250k	Available	248	248	242	2%
	Closed	152	481	389	24%
	Months Supply	1.6	1.5	1.9	-17%
	Value Change				5%
\$250k+	Available	122	122	140	-13%
	Closed	35	107	100	7%
	Months Supply	3.5	3.4	4.2	-19%
	Value Change				0%

Summary

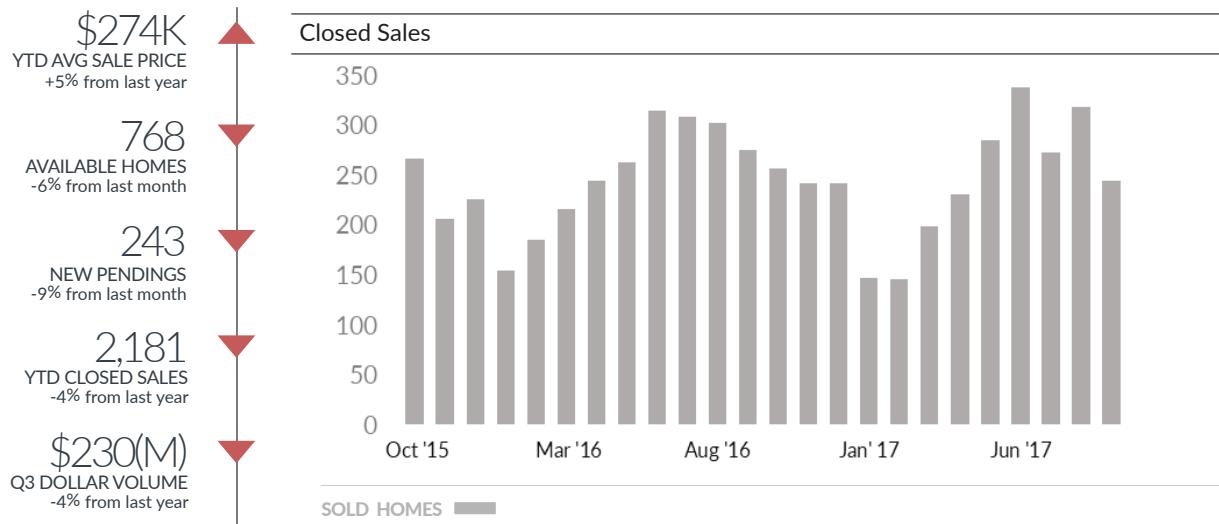
Year-to-date values were up 8%. There has also been a shift in that there have been more upper-middle and high-end homes sold, while the number of sales below \$125k has been down.

While the sales mix contains more higher-priced homes, the average \$/SF of those upper-end homes was about the same in the 3rd quarter as it was last year.

Data source: Realcomp MLS using Great Lakes Repository Data.

Livingston County

Single Family Homes



Price Range	Field	Sep '17	3rd Q '17	3rd Q '16	'17 vs '16
All	Available	768	768	853	-10%
	Closed	244	835	885	-6%
	Months Supply	3.1	2.8	2.9	-5%
	Avg. Sale Price	274,321	275,772	269,651	2%
	\$ Vol (million)	67	230	239	-4%
\$10-200k	Available	101	101	148	-32%
	Closed	66	217	263	-17%
	Months Supply	1.5	1.4	1.7	-17%
	Value Change				7%
\$200-300k	Available	238	238	263	-10%
	Closed	97	346	355	-3%
	Months Supply	2.5	2.1	2.2	-10%
	Value Change				5%
\$300-500k	Available	301	301	314	-4%
	Closed	68	231	228	1%
	Months Supply	4.4	3.9	4.1	-5%
	Value Change				1%
\$500k+	Available	128	128	128	0%
	Closed	13	41	39	5%
	Months Supply	9.8	9.4	9.8	-5%
	Value Change				-1%

Summary

Year-to-date average sale price has been up 5% compared to last year. Low inventories have caused a 4% decline in sales.

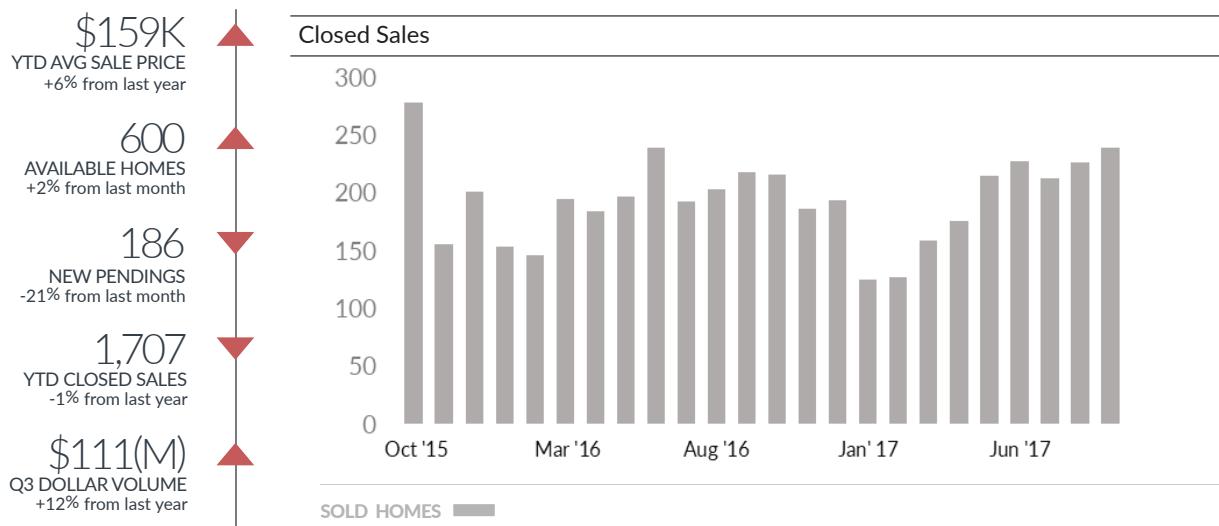
Sales in the “under \$200k” market fell off 17% while “over \$500k” sales increase 5% in the 3rd quarter. Having a mix with fewer low-end homes and more high-end sales creates an illusion that values are increasing more than they are. Closed \$/SF was flat in the “over \$300k” markets. It actually dropped 1% in the “over \$500k” market.

With over 9 months of supply, high-end sellers face tough competition compared to “under \$300k” sellers with only 2 months of supply. High-end Sellers need to price accordingly.

Data source: Realcomp MLS using Great Lakes Repository Data.

St. Clair County

Single Family Homes



Price Range	Field	Sep '17	3rd Q '17	3rd Q '16	'17 vs '16
All	Available	600	600	770	-22%
	Closed	239	678	614	10%
	Months Supply	2.5	2.7	3.8	-29%
	Avg. Sale Price	161,759	163,537	161,501	1%
	\$ Vol (million)	39	111	99	12%
\$10-100k	Available	105	105	185	-43%
	Closed	62	189	180	5%
	Months Supply	1.7	1.7	3.1	-46%
	Value Change				16%
\$100-200k	Available	200	200	295	-32%
	Closed	112	304	257	18%
	Months Supply	1.8	2.0	3.4	-43%
	Value Change				7%
\$200-400k	Available	213	213	214	0%
	Closed	63	168	160	5%
	Months Supply	3.4	3.8	4.0	-5%
	Value Change				3%
\$400k+	Available	82	82	76	8%
	Closed	2	17	17	0%
	Months Supply	41.0	14.5	13.4	8%
	Value Change				-10%

Summary

Despite the number of available homes being down 22%, year-to-date sales have been about the same as they were last year and the average sale price was up 6%.

Third quarter inventory shortages were greatest in the “under \$200k” price ranges where closed sales were up the most.

With 17 third quarter “over \$400k” sales, the average \$/SF was down 10% and months supply (14.5) was a little higher than last year. High-end sellers need to price competitively to attract a smaller pool of buyers.

Data source: Realcomp MLS using Great Lakes Repository Data.