Annual Report on the Southeast Michigan Housing Market

FOR RESIDENTIAL REAL ESTATE ACTIVITY IN SOUTHEAST MICHIGAN

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2017

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There is an ongoing and undeniable national housing shortage. Year-over-year inventory levels have been down in most markets for several years now, and that trend is expected to persist in 2018. Amazingly, this has not dissuaded a burgeoning number of consumers to either forgo a first-time home purchase or relocate to another, presumably more ideal home. Having the financial ability to make a move clearly seems feasible to many eager buyers amidst a healthy economy, whether life events such as marriage, children, employment change or desirable downsizing is the reason for moving.

There are further positive signs on the horizon, as builder confidence has improved and construction job gains are measurably higher. It will still take more effort than a lone year can provide for building activity to reach a needed level for inventory balance, but a step in the right direction is welcome.

More sellers should feel ready and willing to list in 2018. Economic indicators such as unemployment rates and consumer confidence are in an improved state, and sellers currently hold the keys in the buyer-seller relationship. This does not mean that sellers can set their price and watch the offers roll in. On the contrary, buyers will be poised to test prevailing price points, particularly in markets where home price increases are outpacing wage growth and in light of the fact that mortgage rates are expected to increase further in 2018.

Sales: Closed sales decreased slightly by 0.7 percent, landing at 91,468 to close out the year. Although there were fewer sales than last year, this cannot be pinned on low demand. Low inventory has been an ongoing issue, and fewer homes available for sale often equates to fewer sales.

Listings: Year-over-year, the number of homes available for sale was lower by 25.1 percent. There were 17,491 active listings at the end of 2017. New listings decreased by 6.0 percent to finish the year at 127,782. Home supply was once again lower than desired in 2017.

Showings: Demand was high throughout 2017, thus showings were up. Homes for sale received, on average, 1.2 percent more showings. There were 12 showings before pending, which was up 9.1 percent compared to 2016.

Prices: Home prices were up compared to last year. The overall median sales price increased 7.3 percent to $161,000 for the year. Prices are expected to rise at a slow rate in 2018.

List Price Received: Sellers received 97.6 percent of their original list price received at sale, a year-over-year improvement of 0.7 percent. Sales prices are expected to increase further in 2018, which should bring original list price received at sale up as well.

The historic tax reforms due to make their mark in 2018 will have varying effects across the nation. High-priced coastal markets may feel the changes stronger than the middle of the country. And some potential buyers may see the changes as providing less of an investment benefit for homeowners.

Some observers warn that there might be enough lack of incentives to stifle homeownership, which is already near 50-year lows. Policy makers claim that the reforms will help boost economic activity and profitability. Whichever direction we ultimately turn, the next year appears to offer a dalliance with balance intended to intrigue both sides of the transaction toward a common middle ground.

For those who have their minds made up to buy a home in 2018, it will likely be a competitive ride. The trend has widely been toward fewer days on market and fewer months of supply, indicating strong demand despite higher prices and low inventory. This could prove tricky for first-time home buyers, especially for those who are impacted by student loan debt, content to rent or among the more than 15 percent of adult children still living at home. In a landscape rife with new variables, residential real estate is certainly poised to offer an interesting and active year ahead.

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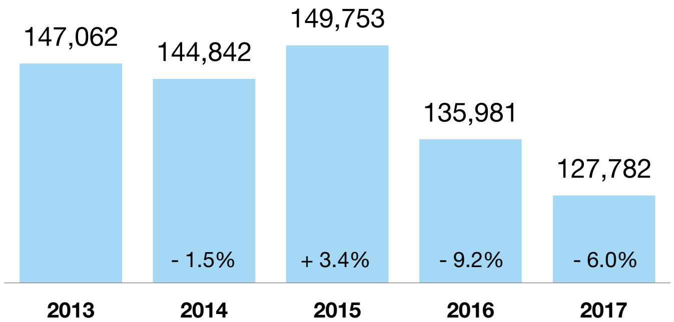
Quick Facts

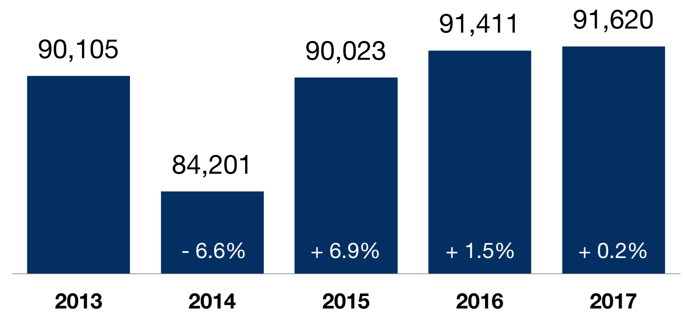
New Listings



Top 5 Areas: Change in New Listings from 2016	
Huron County	+ 33.9%
Montcalm County	+ 18.8%
Tuscola County	+ 2.2%
City of Detroit	- 0.5%
Wayne County	- 2.3%

Bottom 5 Areas: Change in New Listings from 2016	
Sanilac County	- 7.6%
Monroe County	- 11.2%
Macomb County	- 11.7%
Hillsdale County	- 11.9%
St. Clair County	- 14.2%

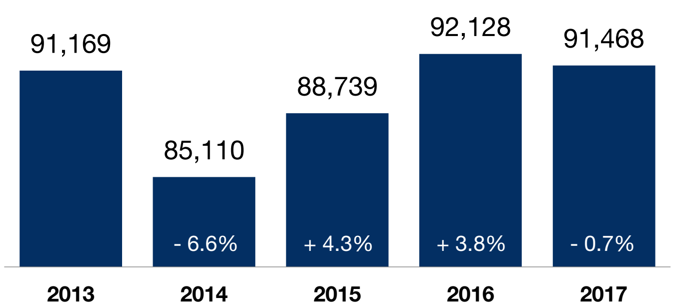
Pending Sales



Top 5 Areas: Change in Pending Sales from 2016	
Montcalm County	+ 56.3%
City of Detroit	+ 18.4%
Wayne County	+ 6.0%
Sanilac County	+ 5.6%
Dearborn Jurisdiction	+ 4.8%

Bottom 5 Areas: Change in Pending Sales from 2016	
Livingston County	- 2.6%
Macomb County	- 3.4%
Jackson County	- 5.9%
Lenawee County	- 6.4%
Shiawassee County	- 9.6%

Closed Sales

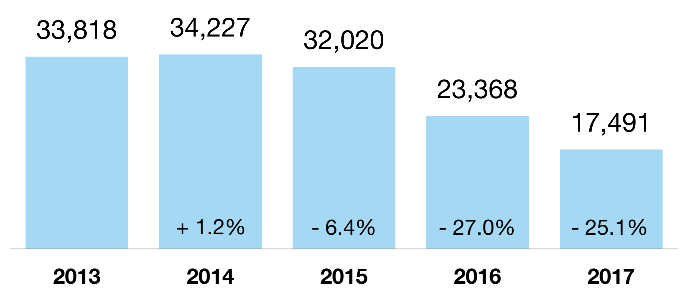


Top 5 Areas: Change in Closed Sales from 2016	
Montcalm County	+ 62.5%
City of Detroit	+ 14.7%
Sanilac County	+ 10.6%
Hillsdale County	+ 7.8%
Lapeer County	+ 4.2%

Bottom 5 Areas: Change in Closed Sales from 2016	
St. Clair County	- 3.9%
Monroe County	- 4.0%
Macomb County	- 4.8%
Huron County	- 5.5%
Shiawassee County	- 9.9%

Inventory of Homes for Sale

At the end of the year.

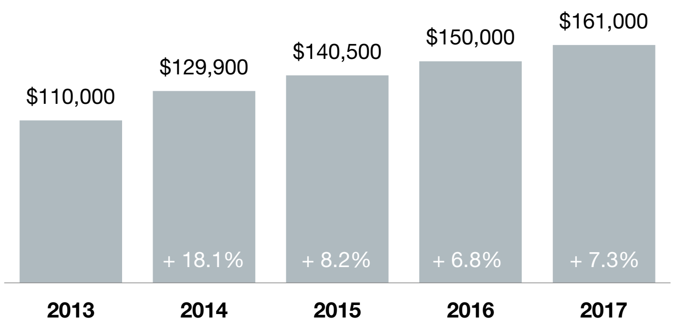


Top 5 Areas: Change in Homes for Sale from 2016	
Huron County	+ 22.9%
City of Detroit	- 5.7%
Lenawee County	- 8.4%
Jackson County	- 10.5%
Grosse Pointe Jurisdiction	- 17.3%

Bottom 5 Areas: Change in Homes for Sale from 2016	
Livingston County	- 34.5%
Macomb County	- 35.0%
Shiawassee County	- 35.6%
St. Clair County	- 36.9%
Dearborn Jurisdiction	- 38.6%

Quick Facts

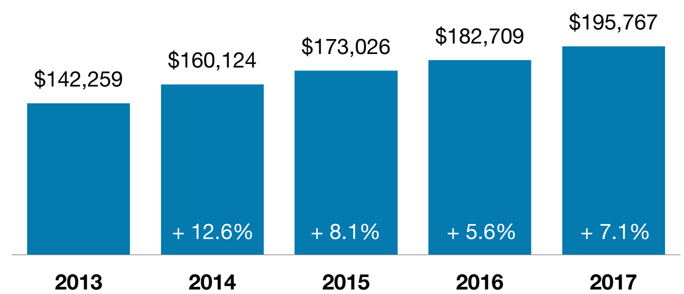
Median Sales Price



Top 5 Areas: Change in Median Sales Price from 2016	
City of Detroit	+ 27.3%
Huron County	+ 23.6%
Jackson County	+ 11.9%
Lenawee County	+ 11.1%
Lapeer County	+ 11.0%

Bottom 5 Areas: Change in Median Sales Price from 2016	
Metro Detroit	+ 6.3%
Monroe County	+ 6.2%
St. Clair County	+ 5.6%
Tuscola County	+ 5.6%
Sanilac County	+ 5.3%

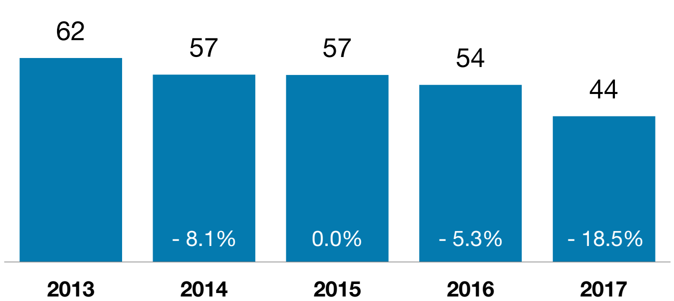
Average Sales Price



Top 5 Areas: Change in Avg. Sales Price from 2016	
Jackson County	+ 13.4%
Grosse Pointe Jurisdiction	+ 13.1%
City of Detroit	+ 13.1%
Lapeer County	+ 11.0%
Saginaw County	+ 9.9%

Bottom 5 Areas: Change in Avg. Sales Price from 2016	
Wayne County	+ 6.3%
Livingston County	+ 5.6%
Huron County	+ 3.8%
Tuscola County	+ 2.4%
Montcalm County	- 30.9%

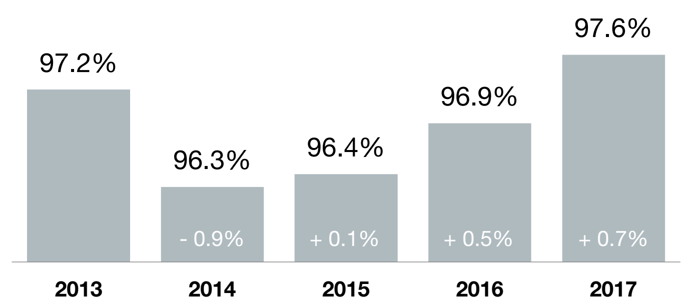
Days on Market Until Sale



Top 5 Areas: Change in Days on Market from 2016	
Monroe County	+ 2.7%
Lenawee County	- 6.7%
Sanilac County	- 9.6%
Jackson County	- 13.1%
Washtenaw County	- 14.6%

Bottom 5 Areas: Change in Days on Market from 2016	
St. Clair County	- 23.2%
Macomb County	- 23.8%
Dearborn Jurisdiction	- 24.4%
Lapeer County	- 26.9%
Montcalm County	- 30.0%

Percent of List Price Received



Top 5 Areas: Change in Pct. of List Price Received from 2016	
Hillsdale County	+ 1.7%
Saginaw County	+ 1.2%
Sanilac County	+ 1.2%
Huron County	+ 1.0%
Jackson County	+ 0.9%

Bottom 5 Areas: Change in Pct. of List Price Received from 2016	
City of Detroit	+ 0.3%
Livingston County	+ 0.3%
Tuscola County	+ 0.1%
Monroe County	- 0.1%
Montcalm County	- 6.6%

Price Range Review

$150,001 to $300,000

Price Range with Shortest Average Market Time

$450,001 or More

Price Range with Longest Average Market Time

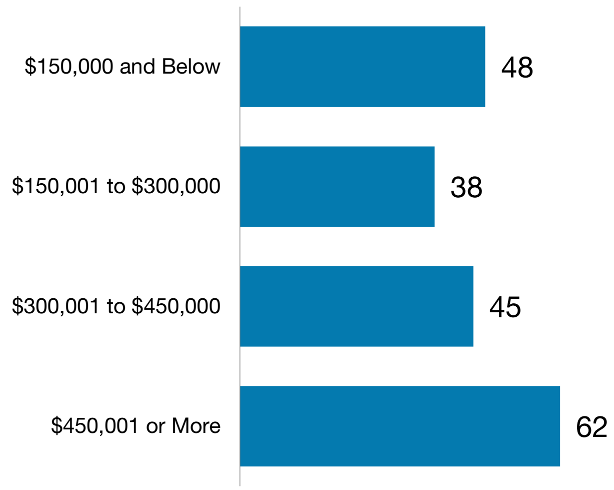
43.1%

of Homes for Sale at Year End Priced $150,000 and Below

- 31.2%

One-Year Change in Homes for Sale Priced $150,000 and Below

Days on Market Until Sale by Price Range



Share of Homes for Sale $150,000 and Below

$150,000 and Below

Price Range with the Most Closed Sales

+ 17.8%

Price Range with Strongest One-Year Change in Sales: $450,001 or More

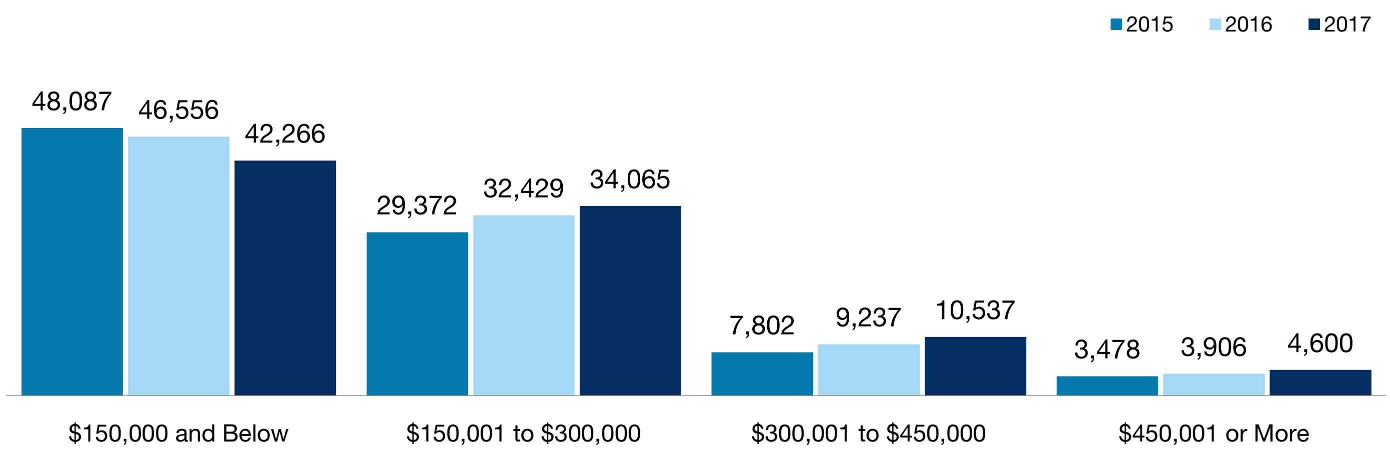
$450,001 or More

Price Range with the Fewest Closed Sales

- 9.2%

Price Range with Weakest One-Year Change in Sales: $150,000 and Below

Closed Sales by Price Range



Square Foot Range Review

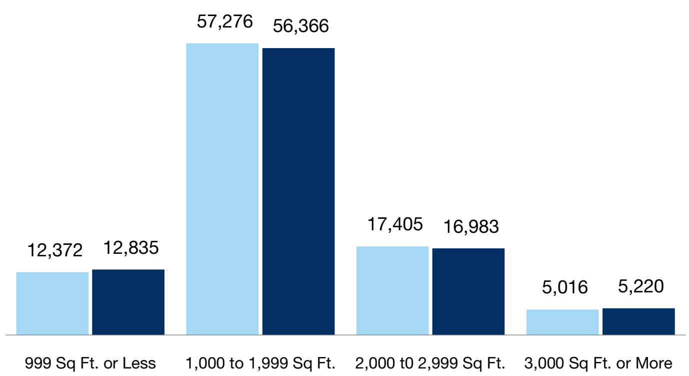
+ 3.7%

Growth in Closed Sales
999 Sq Ft or Less

- 1.6%

Reduction in Closed Sales
1,000 to 1,999 Sq Ft

Closed Sales



Top Areas: 999 Sq Ft. or Less Market Share in 2017

Metro Detroit	72.8%
Wayne County	37.0%
Greater Wayne County	22.6%
Oakland County	18.8%
Macomb County	15.6%
Genesee County	8.4%
Dearborn Jurisdiction	3.2%
Washtenaw County	2.9%
St. Clair County	2.3%
Jackson County	1.7%
Monroe County	1.6%
Livingston County	1.3%
Saginaw County	0.9%
Shiawassee County	0.8%
Lenawee County	0.7%
Lapeer County	0.7%

93.5%

Percent of Original List Price
Received in 2017 for
999 Sq Ft. or Less

96.1%

Percent of Original List Price
Received in 2017 for
1,000 to 1,999 Sq Ft.

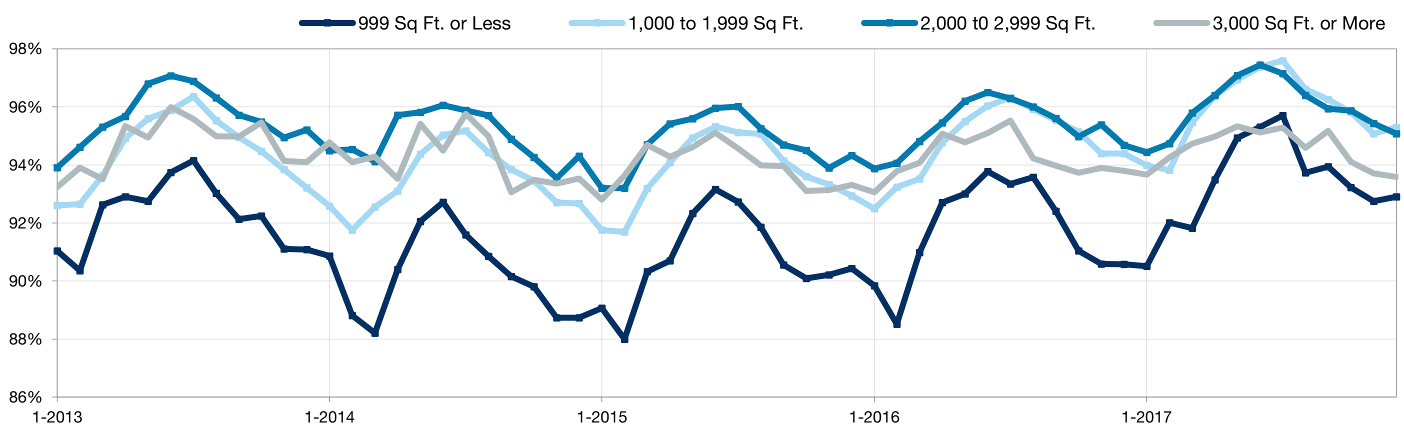
96.2%

Percent of Original List Price
Received in 2017 for
2,000 t0 2,999 Sq Ft.

94.6%

Percent of Original List Price
Received in 2017 for
3,000 Sq Ft. or More

Percent of Original List Price Received



Bedroom Count Review

+ 11.1%

Growth in Median Sales Price
2 Bedrooms or Less

+ 6.7%

Growth in Median Sales Price
4 Bedrooms or More

Median Sales Price

Top Areas: 4 Bedrooms or More Market Share in 2017

Montcalm County	90.6%
City of Detroit	89.3%
Tuscola County	86.3%
Dearborn Jurisdiction	83.3%
Sanilac County	81.8%
Shiawassee County	79.4%
Saginaw County	77.9%
Lenawee County	72.2%
Genesee County	70.3%
Monroe County	70.3%
Hillsdale County	70.1%
Greater Wayne County	70.0%
Jackson County	67.9%
St. Clair County	67.9%
Macomb County	67.1%
Huron County	66.9%
Lapeer County	64.6%

95.6%

Percent of Original List Price
Received in 2017 for
All Properties

94.7%

Percent of Original List Price
Received in 2017 for
2 Bedrooms or Less

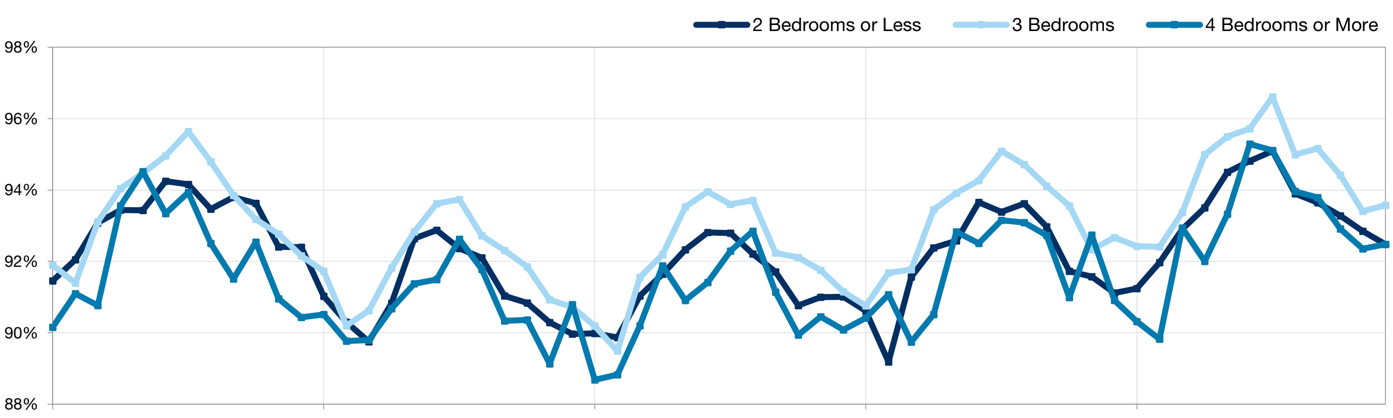
95.9%

Percent of Original List Price
Received in 2017 for
3 Bedrooms

95.7%

Percent of Original List Price
Received in 2017 for
4 Bedrooms or More

Percent of Original List Price Received



Showings Review

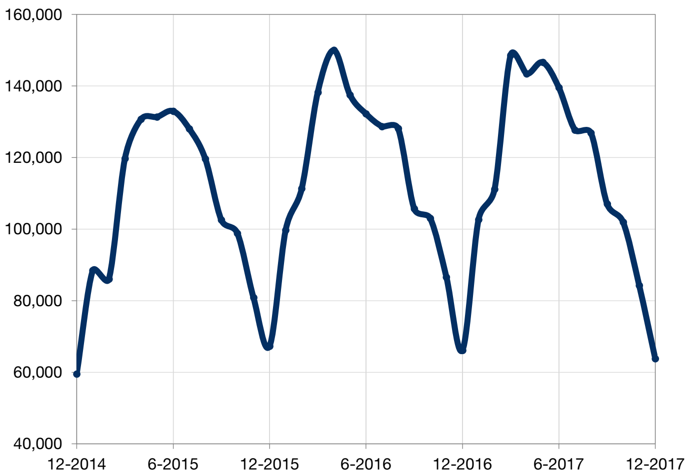
18

Median Number of Showings Before Pending

+ 4.5%

One-Year Change in Median Showings Before Pending

Monthly Number of Showings



Top 10 Areas: Number of Showings

Metro Detroit	1,301,017
Oakland County	576,370
Wayne County	475,984
Greater Wayne County	386,973
Macomb County	189,787
City of Detroit	89,011
Dearborn Jurisdiction	59,336
Livingston County	58,876
Genesee County	31,377
Washtenaw County	21,166

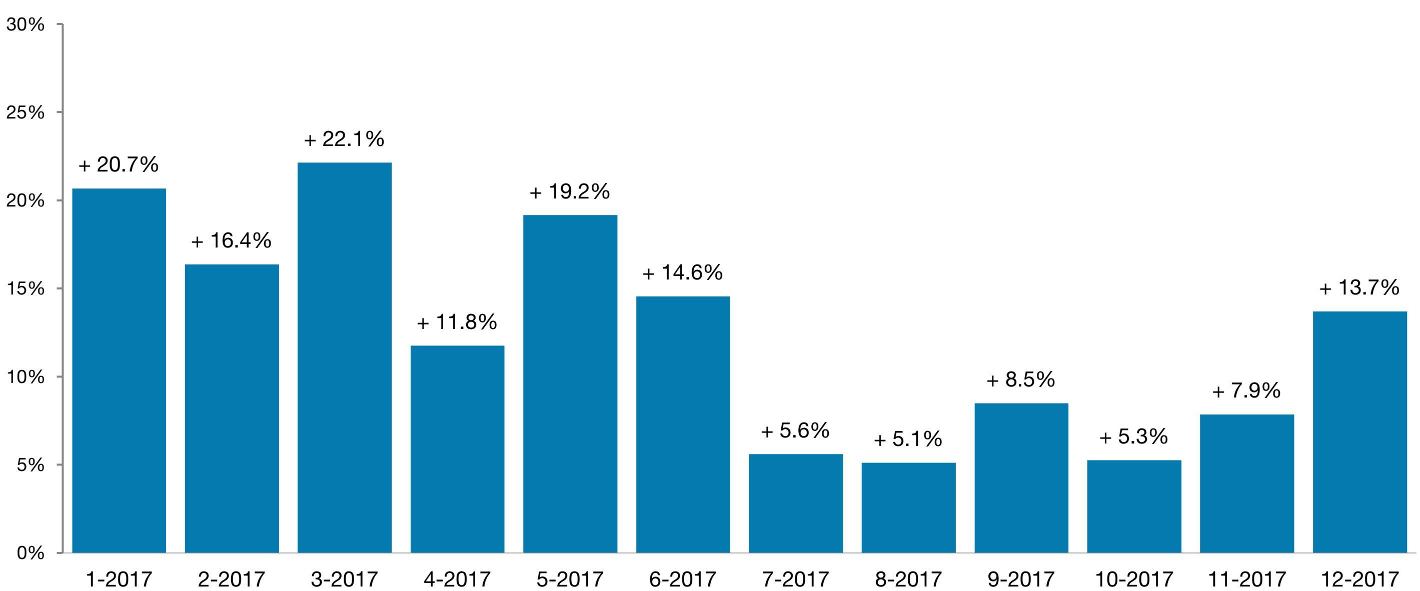
Top 10 Areas: Number of Showings per Listing

Oakland County	21
Macomb County	20
Metro Detroit	19
Greater Wayne County	19
Grosse Pointe Jurisdiction	18
Wayne County	17
Dearborn Jurisdiction	17
Washtenaw County	16
Livingston County	14
City of Detroit	13

+ 1.2% One-Year Change in Total Showings

March '17 Peak Showing Activity Month

2017 Year-Over-Year Change in Monthly Showings per Listing



Area Overviews

	Total Closed Sales	Change from 2016	Percent Residential	Percent Condominium	Median Showings Per Listing	Months Supply of Inventory*	Days on Market	Pct. of List Price Received
Realcomp	**91,468**	**- 0.7%**	**87.2%**	**12.8%**	**18**	**2.3**	**44**	**97.6%**
City of Detroit	**4,346**	**+ 13.9%**	**92.8%**	**7.2%**	**13**	**4.8**	**51**	**96.2%**
Dearborn Jurisdiction	2,326	+ 3.5%	93.6%	6.4%	17	1.7	31	96.1%
Genesee County	5,776	- 3.6%	91.6%	8.4%	13	2.2	50	97.5%
Greater Wayne County	16,765	+ 1.0%	88.4%	11.6%	19	1.7	31	97.5%
Grosse Pointe Jurisdiction	943	- 1.8%	95.0%	5.0%	18	2.3	42	97.1%
Hillsdale County	169	+ 4.3%	100.0%	0.0%	12	3.4	90	97.4%
Huron County	86	- 5.5%	98.8%	1.2%	3	7.9	155	92.6%
Jackson County	2,272	+ 1.7%	97.1%	2.9%	8	3.6	85	97.0%
Lapeer County	1,263	+ 3.8%	96.8%	3.2%	12	2.7	48	97.7%
Lenawee County	1,288	- 3.1%	96.4%	3.6%	9	3.5	82	97.3%
Livingston County	3,365	- 3.1%	87.8%	12.2%	14	1.8	38	98.4%
Macomb County	14,427	- 5.0%	79.2%	20.8%	20	1.6	32	97.6%
Metro Detroit	59,830	- 0.4%	84.7%	15.3%	19	2.1	34	97.7%
Monroe County	2,035	- 4.5%	96.5%	3.5%	13	2.8	76	96.5%
Montcalm County	25	+ 56.3%	100.0%	0.0%	4	3.3	85	92.1%
Oakland County	20,927	- 0.3%	83.5%	16.5%	21	2.1	33	98.0%
Saginaw County	2,102	- 0.6%	94.8%	5.2%	11	3.2	64	95.4%
Sanilac County	417	+ 10.9%	97.8%	2.2%	8	4.5	84	95.4%
Shiawassee County	972	- 11.0%	99.6%	0.4%	10	2.5	71	97.8%
St. Clair County	2,368	- 3.5%	94.9%	5.1%	11	2.5	53	96.2%
Tuscola County	443	+ 0.9%	99.8%	0.2%	6	2.7	69	95.3%
Washtenaw County	4,905	- 0.4%	78.4%	21.6%	16	1.9	35	99.1%
Wayne County	21,111	+ 3.5%	89.3%	10.7%	17	2.4	35	97.3%

Area Historical Median Prices

	2013	2014	2015	2016	2017	Change From 2016	Change From 2013
Realcomp	**$110,000**	**$129,900**	**$140,500**	**$150,000**	**$161,000**	**+ 7.3%**	**+ 46.4%**
City of Detroit	**$10,500**	**$14,000**	**$19,900**	**$22,000**	**$28,000**	**+ 27.3%**	**+ 166.7%**
Dearborn Jurisdiction	$75,000	$95,000	$104,000	$115,000	$126,000	+ 9.6%	+ 68.0%
Genesee County	$69,900	$90,000	$107,500	$118,000	$128,000	+ 8.5%	+ 83.1%
Greater Wayne County	$87,000	$108,000	$120,000	$129,000	$140,000	+ 8.5%	+ 60.9%
Grosse Pointe Jurisdiction	$215,000	$246,750	$247,500	$257,000	$275,000	+ 7.0%	+ 27.9%
Hillsdale County	$101,000	$120,000	$107,000	$125,900	$137,000	+ 8.8%	+ 35.6%
Huron County	$75,000	$84,000	$100,000	$91,000	$112,500	+ 23.6%	+ 50.0%
Jackson County	$87,000	$98,000	$115,000	$119,000	$134,000	+ 12.6%	+ 54.0%
Lapeer County	$110,000	$125,000	$140,000	$155,000	$173,450	+ 11.9%	+ 57.7%
Lenawee County	$98,500	$100,000	$118,000	$127,500	$142,650	+ 11.9%	+ 44.8%
Livingston County	$175,000	$199,900	$212,500	$229,956	$245,000	+ 6.5%	+ 40.0%
Macomb County	$105,000	$125,000	$135,000	$144,800	$155,000	+ 7.0%	+ 47.6%
Metro Detroit	$115,000	$136,400	$150,000	$160,000	$171,000	+ 6.9%	+ 48.7%
Monroe County	$118,000	$131,500	$141,000	$148,000	$155,000	+ 4.7%	+ 31.4%
Montcalm County	$76,400	$96,500	$70,837	$79,000	$85,000	+ 7.6%	+ 11.3%
Oakland County	$168,000	$185,000	$199,600	$212,000	$232,000	+ 9.4%	+ 38.1%
Saginaw County	$68,400	$78,000	$82,000	$85,000	$95,000	+ 11.8%	+ 38.9%
Sanilac County	$68,000	$79,700	$80,000	$93,648	$99,000	+ 5.7%	+ 45.6%
Shiawassee County	$69,650	$80,000	$85,000	$98,275	$108,250	+ 10.2%	+ 55.4%
St. Clair County	$96,525	$112,000	$125,000	$132,950	$140,000	+ 5.3%	+ 45.0%
Tuscola County	$60,000	$72,000	$80,000	$85,000	$91,000	+ 7.1%	+ 51.7%
Washtenaw County	$190,000	$203,625	$217,600	$230,000	$250,000	+ 8.7%	+ 31.6%
Wayne County	$65,000	$85,000	$105,000	$113,000	$123,000	+ 8.8%	+ 89.2%