

HOUSING REPORT

SOUTHEAST MICHIGAN | OCTOBER 2019

**JOHNSTONE
&
JOHNSTONE**
REALTORS

Southeast Michigan

Year-End Buyer and Seller Opportunities

Heading into the last quarter of 2019, closed sales in the Southeast Michigan market have begun to fall off and October 1st inventory has just hit its highest point of the year. Through the year-end season and the first couple months of 2020, expect listing inventory, sales and prices to tail off.

When buying or selling investments from stocks to houses, there can be advantages to zigging when the masses are zagging. With real estate, the life circumstances that often drive home sales (births, marriages, divorces, last kid off to college, new jobs or layoffs) don't all happen in the spring and summer months. Understanding seasonal motivations and opportunities will help get buyers and sellers what they want, regardless of the time of year.

Seller Opportunities:

Strong Market Momentum: Despite the perception of slowing sales for the past couple of years, year-to-date sales are even with last year and set an all-time high in closed volume—4% higher than last year. The market continues to carry momentum into the fourth quarter that may be slow to pick up in the 2020 election year.

Reduced Seller Competition: Because the best listings sell fastest, as the market moves beyond peak season, available inventory tends to be “picked-over” like store shelves toward the end of a clearance sale. Through year-end and the first couple of months of the new year, there will be a significant shortage of move-in-ready homes—especially in the more affordable price ranges.

Carryover Demand: A large number of buyers have yet to find what they are looking for, or were previously outbid by a competing offer. Although there may be fewer actively looking, year-end buyers are often highly motivated to move quickly with strong offers when a home they like hits the market.

Buyer Opportunities:

Lower Prices and Interest Rates: Fourth quarter prices will temporarily drop as sellers attempt to sell before year-end. Although prices have generally been leveling off, the average sale price of a Southeast Michigan home was 4% higher this year than last. In all but a few markets and price ranges, prices will continue to be higher next year than this year. Interest rates remain near historic lows and will eventually go up.

Lower Property Taxes: Michigan property tax assessments lag roughly 18 months behind market values. In setting the new assessed value at the beginning of each year, assessors look at sales that took place from November of two years prior through the most recent October. When market prices are rising as they have been, new taxes and future capped values lock in using the older and lesser values. Once set, that new assessed value will be the base from which future taxes are calculated.

Year-End Sellers More Likely to Negotiate: Many year-end sellers entered the market several months earlier. Many started with their prices too high, their property condition too low, or both. In the long run, sellers who initially ask too much eventually settle for less. Offers look more attractive after a few months on the market without serious suitors.

Less Buyer Competition: Great new listings come onto the market every month of the year. Buyers who remain focused on their search and ready to move in with a quick strong offer are often rewarded. Acting fast when the right home hits increases a buyer's chances of landing that house of their dreams while other distracted buyers miss out on the off-season opportunity.

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Southeast Michigan

Summary

13,359
AVAILABLE HOMES
no change from last month

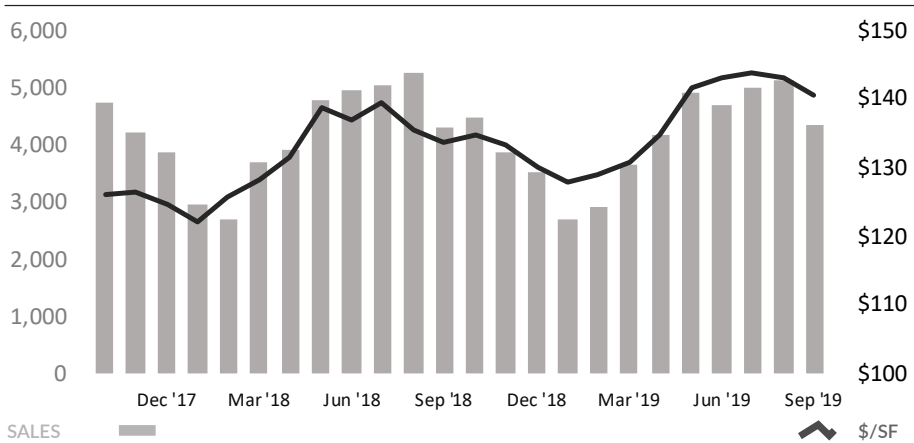
4,554
NEW PENDING
-15% from last month

37,315
YTD CLOSED SALES
no change from last year

\$238K
YTD AVG SALE PRICE
+4% from last year

\$138
YTD PRICE PER SQ FT
+4% from last year

Closed Single-Family Home Sales



YTD Closed Volume: \$8.8B (+4%)

Summary

The number of available homes remains even with last month and 5% higher than a year ago. Both September new pendings and closed sales were down 15% from the prior month. Expect sales to generally tail-off through the balance of the year as they normally do. Despite the talk all year about a slowing market, this year's 37,315 sales have the market even with last year. In addition, YTD average sale price, price per square foot and sold volume are all up by 4%. This year's sold volume is the highest it has ever been (5% ahead of 2017). Remain focused on currently-available opportunities.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	13359	0%	4554	-15%	2.9	18%
\$10k - 150k	4165	3%	1575	-12%	2.6	17%
\$150k - 250k	2561	5%	1361	-13%	1.9	21%
\$250k - 500k	4405	-2%	1362	-17%	3.2	19%
\$500k +	2228	-6%	256	-26%	8.7	27%

YTD Closed Activity

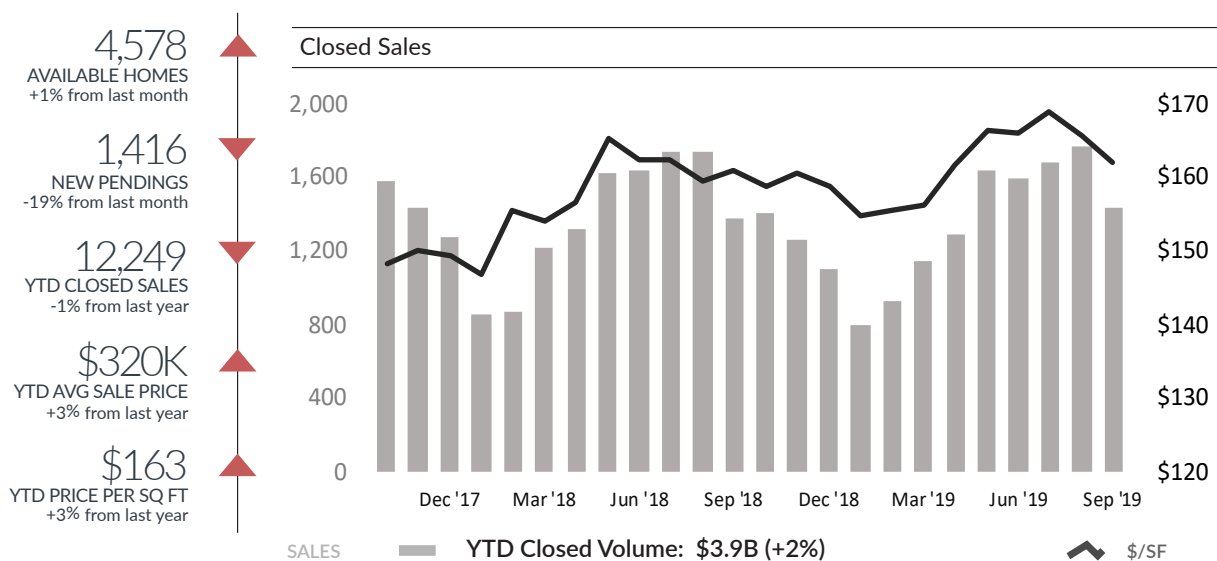
	YTD Closed	Change	YTD \$/SF	Change
All	37315	0%	\$138	4%
\$10k - 150k	12473	-8%	\$81	3%
\$150k - 250k	11190	2%	\$134	3%
\$250k - 500k	11304	6%	\$151	2%
\$500k +	2348	7%	\$207	2%

Data source: Realcomp MLS using Great Lakes Repository Data.



Oakland County

Single-Family Homes



Summary

Available listings are up just slightly compared to both last month and the same time last year. September new pendings and closed sales both dropped 19% from the prior month. YTD, sales are down just 1% and both average sale price and price per square foot are up 3%. As prices continue to rise, sales are up in all but the under-\$200k price range. The YTD number of over-\$800k sales rose from 345 last year to 364 this year, but those upper-end values have been flat (\$283 per square foot both years). Supply levels and market times have been rising at all levels but the growth is greatest in the over-\$800k market.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	4578	1%	1416	-19%	3.2	24%
\$10k - 200k	735	6%	432	-15%	1.7	26%
\$200k - 400k	1749	3%	672	-20%	2.6	28%
\$400k - 800k	1519	-2%	276	-19%	5.5	21%
\$800k +	575	-2%	36	-32%	16.0	44%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	12249	-1%	\$163	3%
\$10k - 200k	3517	-9%	\$120	3%
\$200k - 400k	5961	3%	\$154	2%
\$400k - 800k	2407	3%	\$174	1%
\$800k +	364	6%	\$283	0%

Data source: Realcomp MLS using Great Lakes Repository Data.

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Birmingham

Single-Family Homes

195
AVAILABLE HOMES
-2% from last month

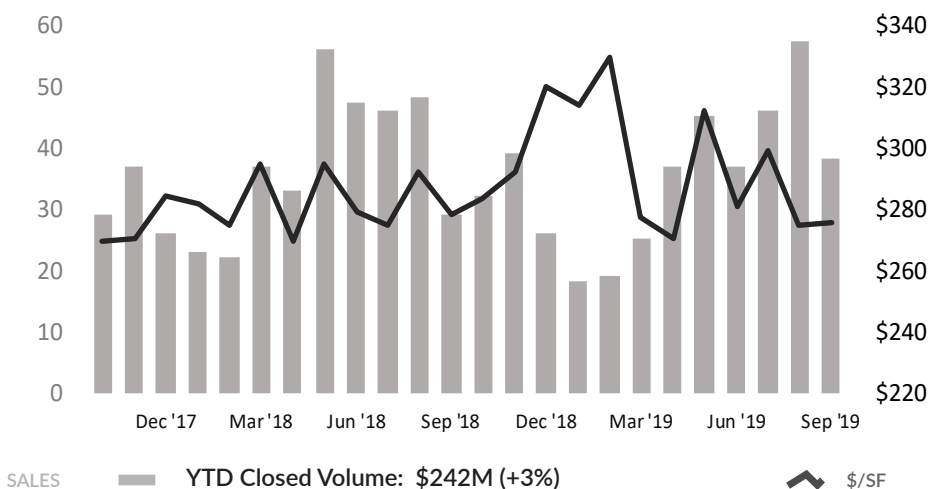
30
NEW PENDING
-29% from last month

322
YTD CLOSED SALES
-6% from last year

\$752K
YTD AVG SALE PRICE
+9% from last year

\$290
YTD PRICE PER SQ FT
+2% from last year

Closed Sales



Summary

Available listings (195) dropped by 4 units from last month and are 6 units lower than the same time last month. Both September new pendings and closed sales dropped significantly compared to the prior month. That big drop in new pendings will restrict October and November closed sales. The 322 YTD closed sales are down from 341 at this time last year. Although the \$752k average sale price is up 9%, average price per square foot is up just 2%. Values have been flat in the under-\$800k price ranges. They are up 7% in the \$800k to \$1.4m range and they have dropped 4% in the over-\$1.4m range.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	195	-2%	30	-29%	6.5	37%
\$10k - 400k	30	11%	9	-25%	3.3	48%
\$400k - 800k	69	-8%	17	6%	4.1	-13%
\$800k - 1.4m	58	0%	4	-69%	14.5	225%
\$1.4m +	38	-3%	0	-100%	-	-

YTD Closed Activity

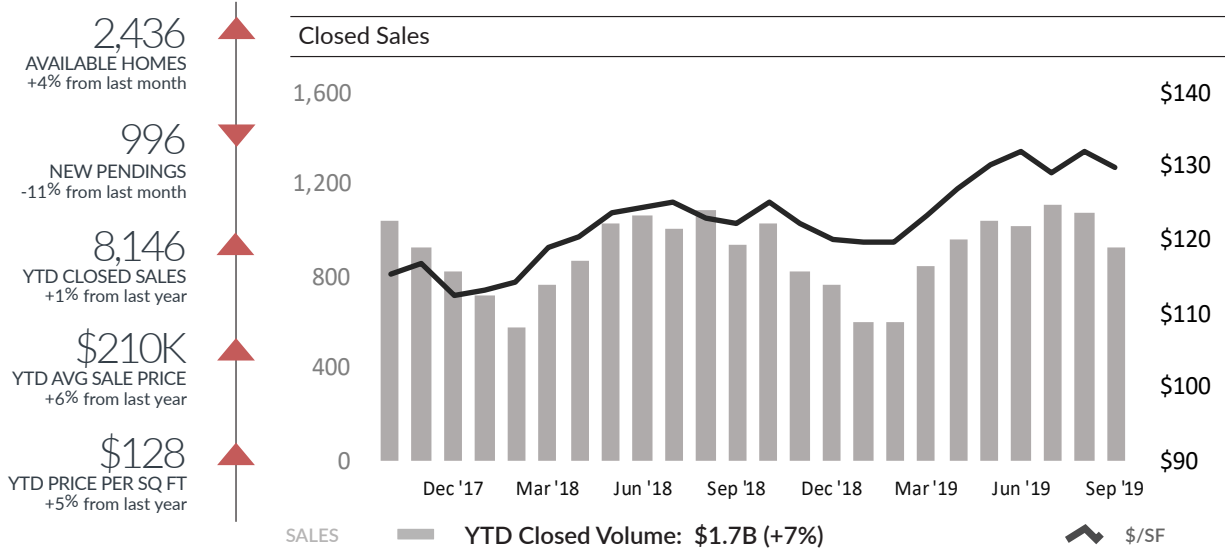
	YTD Closed	Change	YTD \$/SF	Change
All	322	-6%	\$290	2%
\$10k - 400k	79	-27%	\$237	0%
\$400k - 800k	136	-7%	\$250	0%
\$800k - 1.4m	74	40%	\$299	7%
\$1.4m +	33	0%	\$388	-4%

Data source: Realcomp MLS using Great Lakes Repository Data.



Macomb County

Single-Family Homes



Summary

Available inventory continues to gently rise—up 4% compared to both last month and the same time last year. September new pendings and closed sales both dropped (11% and 14%) from the prior month. A decline in new pendings usually indicates sales will drop in future months. As shown by the gray bars in the chart above, that seasonal drop is typical. Surprisingly, YTD sales are up 1% in Macomb County and both average sale price and price per square foot are up (6% and 5%). While most area markets have been seeing flat or declining values in the upper price ranges, over-\$400k values have increased the most at 8%.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	2436	2%	996	-11%	2.4	15%
\$10-125k	464	12%	203	-8%	2.3	22%
\$125-225k	655	7%	421	-7%	1.6	15%
\$225-400k	798	-3%	310	-16%	2.6	16%
\$400k+	519	-5%	62	-22%	8.4	21%

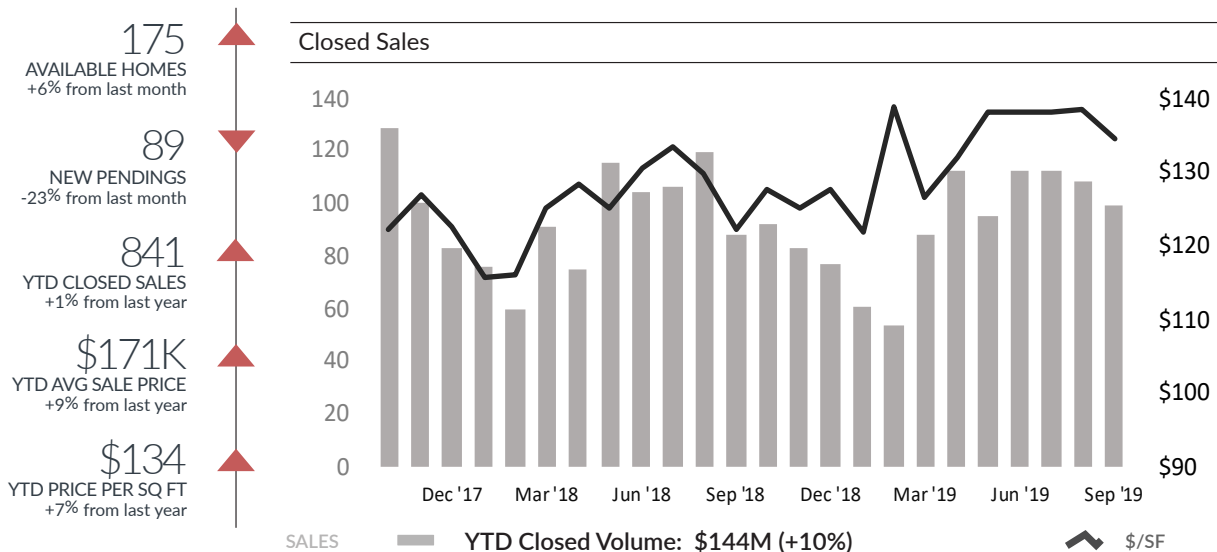
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	8146	1%	\$128	5%
\$10-125k	1747	-14%	\$77	4%
\$125-225k	3384	0%	\$126	3%
\$225-400k	2514	14%	\$137	3%
\$400k+	501	15%	\$163	8%

Data source: Realcomp MLS using Great Lakes Repository Data.

St. Clair Shores

Single-Family Homes



Summary

Available inventory rose by 10 units in the past month. September new pendings and closed sales were both down compared to August. Expect typical seasonal cycles to play out with monthly declines through the balance of the year (see chart above). Looking at the larger YTD picture, St. Clair Shores sales are slightly ahead of last year's pace for both average sale price and price per square foot. The \$144 million in YTD closed sales has also set a new historic high, 7% higher than the previous bar set in 2017.

Monthly Activity

	Listings	Change	New Pending	Change	Months Supply	Change
All	175	6%	89	-23%	2.0	38%
\$10-130k	23	35%	16	14%	1.4	18%
\$130-160k	54	17%	25	-32%	2.2	74%
\$160-200k	48	9%	28	-38%	1.7	75%
\$200k+	50	-14%	20	0%	2.5	-14%

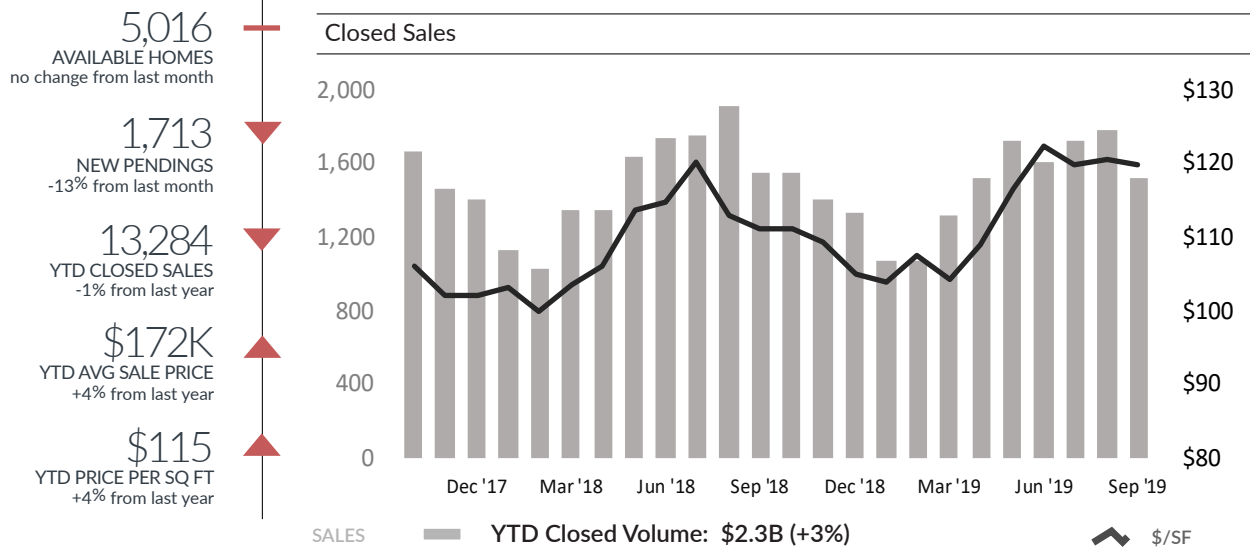
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	841	1%	\$134	7%
\$10-130k	137	-41%	\$101	2%
\$130-160k	287	-1%	\$129	2%
\$160-200k	288	32%	\$140	3%
\$200k+	129	39%	\$154	4%

Data source: Realcomp MLS using Great Lakes Repository Data.

Wayne County

Single-Family Homes



Summary

Available listings have been holding steady at the same level as a month ago. Compared to this time last year, however, inventory is up 11%. Both new pendings and closed sales dropped in September. Expect seasonal declines through the balance of the year. YTD, sales are down 1% from last year but average prices are up 4%. Some of that increase is due to a shift in the price-range mix. Within given price bands (see second table below), values are generally up 2 to 3 percent. With year-end inventories picked over, there continues to be a shortage of affordable move-in-ready homes. While other listings sit, the sharp ones will continue to sell quickly.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	5016	0%	1713	-13%	2.9	14%
\$10-100k	2180	1%	517	-18%	4.2	23%
\$100-200k	1232	2%	686	-7%	1.8	10%
\$200-400k	1034	0%	406	-9%	2.5	9%
\$400k+	570	-10%	104	-30%	5.5	28%

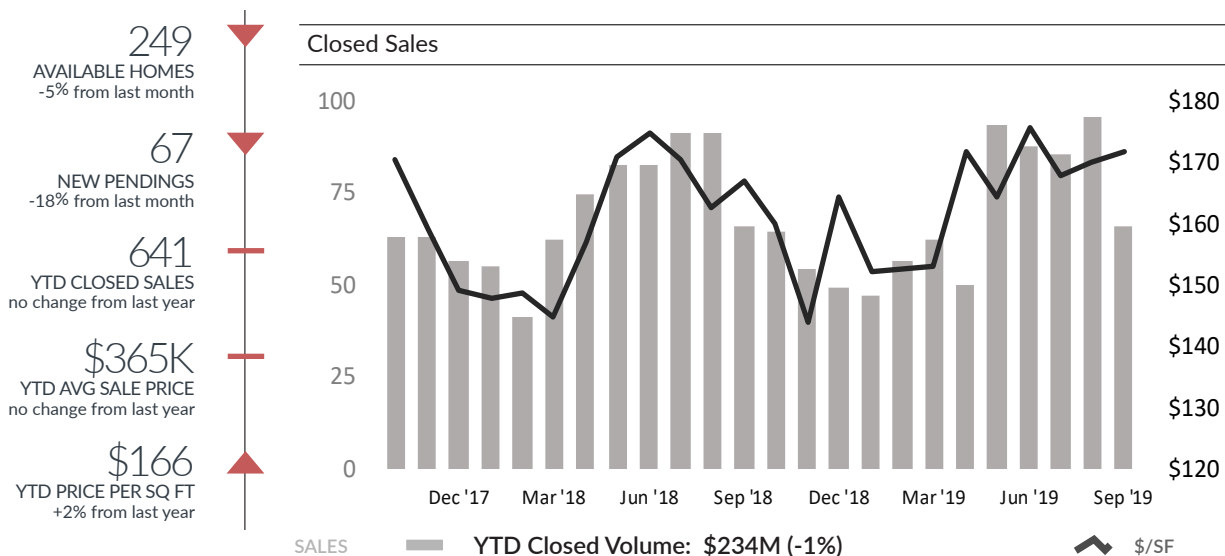
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	13284	-1%	\$115	4%
\$10-100k	4287	-9%	\$50	3%
\$100-200k	5086	5%	\$113	2%
\$200-400k	3051	1%	\$141	3%
\$400k+	860	3%	\$174	2%

Data source: Realcomp MLS using Great Lakes Repository Data.

Grosse Pointe

Single-Family Homes



Summary

Available listings dropped 12 units in the past month but inventory is 50 units higher than the same time last year. New pendings and closed sales both dropped in September. Expect inventory to drop and sales to continue to slow as the market moves toward its year end. YTD closed sales and average sale price are even with last year, but price per square foot is up slightly. Values have generally been leveling out for all price ranges, moreso in the upper half of the market. Expect average price and price per square foot to drop in the fourth quarter—not due to declining values, but because of picked-over inventory.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	249	-5%	67	-18%	3.7	17%
\$10-200k	14	-13%	8	-11%	1.8	-2%
\$200-350k	91	3%	29	-26%	3.1	39%
\$350-700k	90	-12%	25	9%	3.6	-19%
\$700k+	54	-2%	5	-55%	10.8	116%

YTD Closed Activity

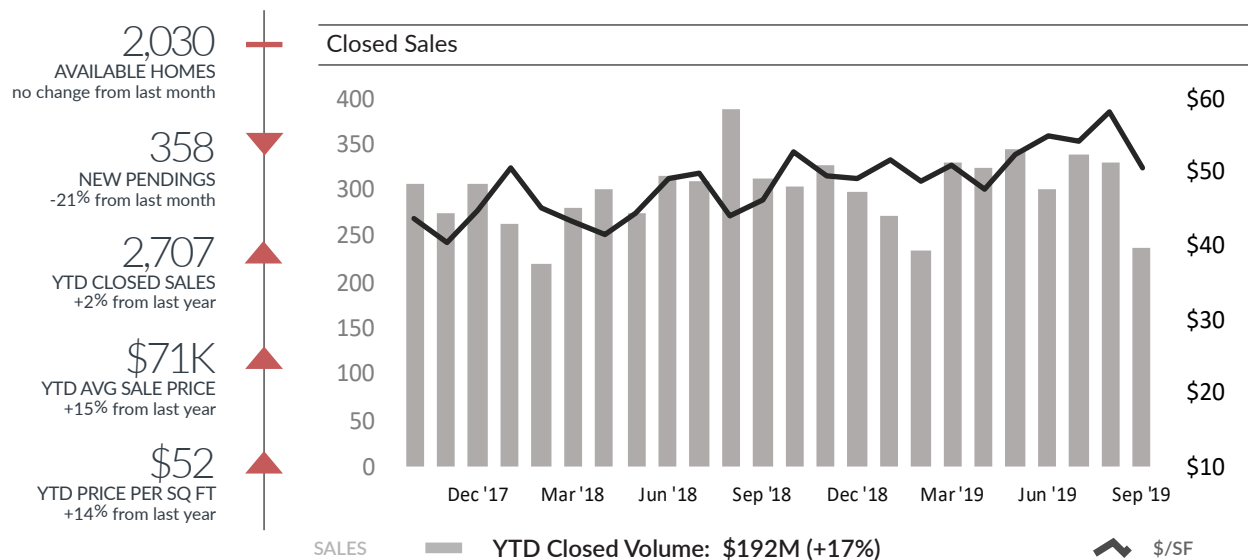
	YTD Closed	Change	YTD \$/SF	Change
All	641	0%	\$166	2%
\$10-200k	99	10%	\$131	6%
\$200-350k	288	-1%	\$153	3%
\$350-700k	217	-5%	\$170	1%
\$700k+	37	6%	\$210	1%

Data source: Realcomp MLS using Great Lakes Repository Data.

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HOUSING REPORT

Detroit

Single-Family Homes



Summary

October 1st available listings were even with the prior month and 15% higher than the same time a year ago. Both September new pendings and closed sales took major hits (down 21% and 28%) compared to the prior month. Despite the recent declines, YTD sales are up 2% while average sale price and price per square foot are both up (15% and 14%). While the under-\$30k distressed market continues to fade away, the YTD number of sales in the \$100k to \$200k price band jumped from 237 last year to 374 this year. There continues to be an unfulfilled demand for affordable move-in-ready homes in Detroit.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	2030	0%	358	-21%	5.7	26%
\$5-30k	493	-15%	77	-43%	6.4	48%
\$30-100k	1142	4%	198	-16%	5.8	24%
\$100-200k	252	11%	59	-3%	4.3	14%
\$200k+	143	10%	24	9%	6.0	1%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	2707	2%	\$52	14%
\$5-30k	833	-24%	\$19	3%
\$30-100k	1348	14%	\$42	6%
\$100-200k	374	58%	\$81	11%
\$200k+	152	0%	\$110	4%

Data source: Realcomp MLS using Great Lakes Repository Data.



Detroit

Condos/Lofts

260
AVAILABLE CONDOS
+2% from last month

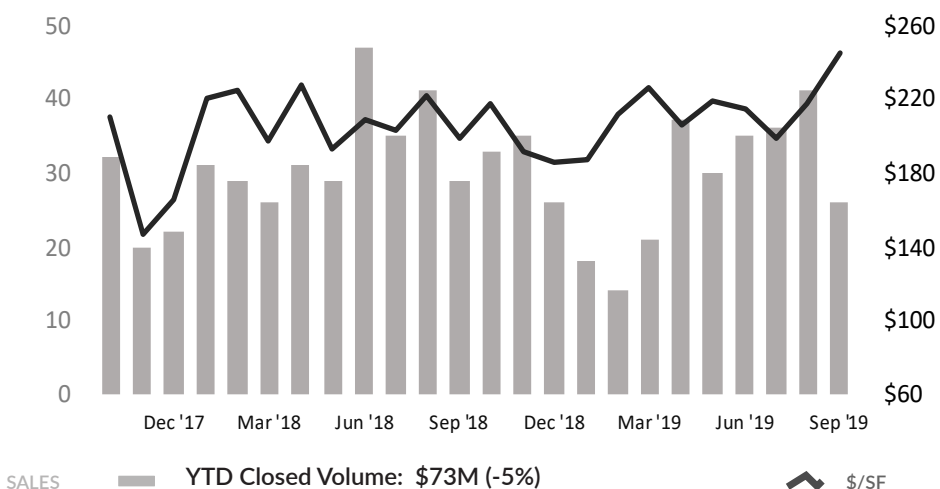
36
NEW PENDING
+3% from last month

258
YTD CLOSED SALES
-13% from last year

\$282K
YTD AVG SALE PRICE
+10% from last year

\$214
YTD PRICE PER SQ FT
+2% from last year

Closed Sales



Summary

Available listings continued to creep up through September. Compared to this time last year, October 1st inventory jumped from 173 units to 260. September closed sales dropped from 41 in August to just 26 in September. Despite the 50% increase in inventory, YTD closed sales fell from 298 units at this time last year to 258. The biggest sold unit declines have occurred in the middle (\$100k to \$400k) price ranges. Supply levels and market times have been increasing in all price ranges. In the over-\$400k range, days on market jumped from 91 last year to 136 this year. Expect that high-end market to continue to get saturated as additional new construction units become available.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	260	2%	36	3%	7.2	-1%
\$10-100k	43	10%	4	0%	10.8	10%
\$100-200k	37	0%	7	-13%	5.3	14%
\$200-400k	115	1%	12	-25%	9.6	35%
\$400k+	65	-2%	13	86%	5.0	-47%

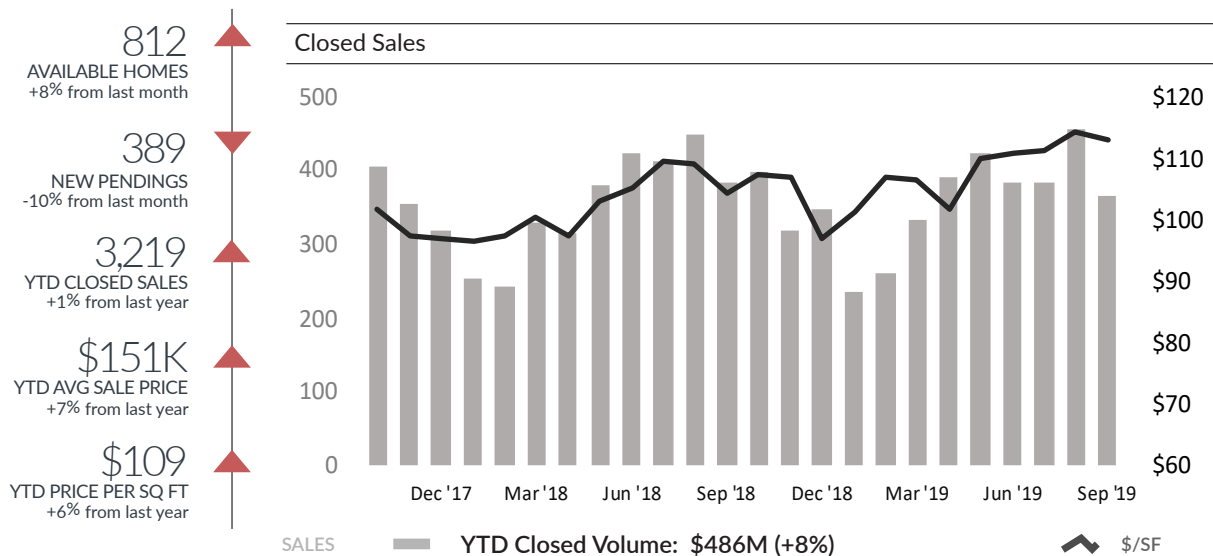
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	258	-13%	\$214	2%
\$10-100k	43	-4%	\$42	-45%
\$100-200k	52	-24%	\$152	7%
\$200-400k	112	-18%	\$228	4%
\$400k+	51	4%	\$319	0%

Data source: Realcomp MLS using Great Lakes Repository Data.

Downriver

Single-Family Homes



Summary

Although available listings rose 8% from last month, inventory is down 2% compared to this time last year. Both September new pendings and closed sales fell compared to the prior month. Expect sales to continue with a seasonal decline through the balance of the year. YTD, closed sales, average sale price and price per square foot are all up compared to last year (1%, 7% and 6%). Value increases are fairly consistent among the various price ranges. Through the balance of the year, expect a decline in sales and price per square foot due to the picked-over year-end inventory.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	812	8%	389	-10%	2.1	19%
\$10-75k	128	42%	36	-28%	3.6	98%
\$75-125k	219	7%	125	-3%	1.8	10%
\$125-250k	273	8%	168	-15%	1.6	27%
\$250k+	192	-6%	60	13%	3.2	-17%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	3219	1%	\$109	5%
\$10-75k	465	-16%	\$54	-3%
\$75-125k	987	-1%	\$95	5%
\$125-250k	1359	3%	\$117	3%
\$250k+	408	32%	\$132	3%

Data source: Realcomp MLS using Great Lakes Repository Data.

Livingston County

Single-Family Homes

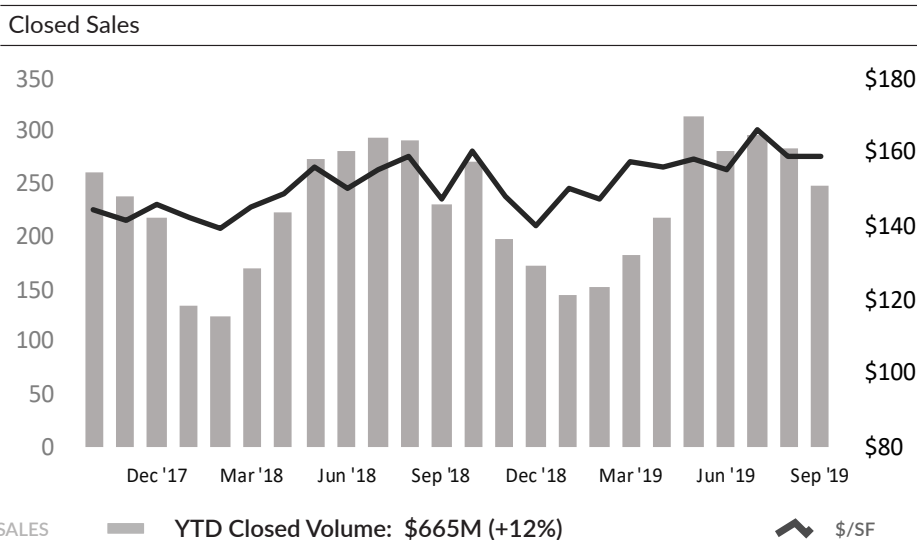
717
AVAILABLE HOMES
-4% from last month

241
NEW PENDING
-15% from last month

2,115
YTD CLOSED SALES
+5% from last year

\$314K
YTD AVG SALE PRICE
+7% from last year

\$157
YTD PRICE PER SQ FT
+4% from last year



Summary

Available listings dropped 4% in the past month and inventory dropped 9% since this time last year. September new pendings and closed sales were both down from the prior month—15% and 13%. Through the first three quarters of 2019, the market has performed well. YTD closed sales, average sale price and price per square foot are all up—5%, 7% and 4%. Most of the increase in average price was the mathematical result of a shift in the proportions of price ranges sold. Within price ranges, values rose roughly 3% in all but the over-\$500k range. For those upper-end sales, values were up 1% and market times jumped from 76 to 97 days.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	717	-4%	241	-15%	3.0	14%
\$10-200k	73	30%	35	-24%	2.1	71%
\$200-300k	202	-4%	85	-25%	2.4	27%
\$300-500k	312	-4%	98	-3%	3.2	-1%
\$500k+	130	-15%	23	-8%	5.7	-8%

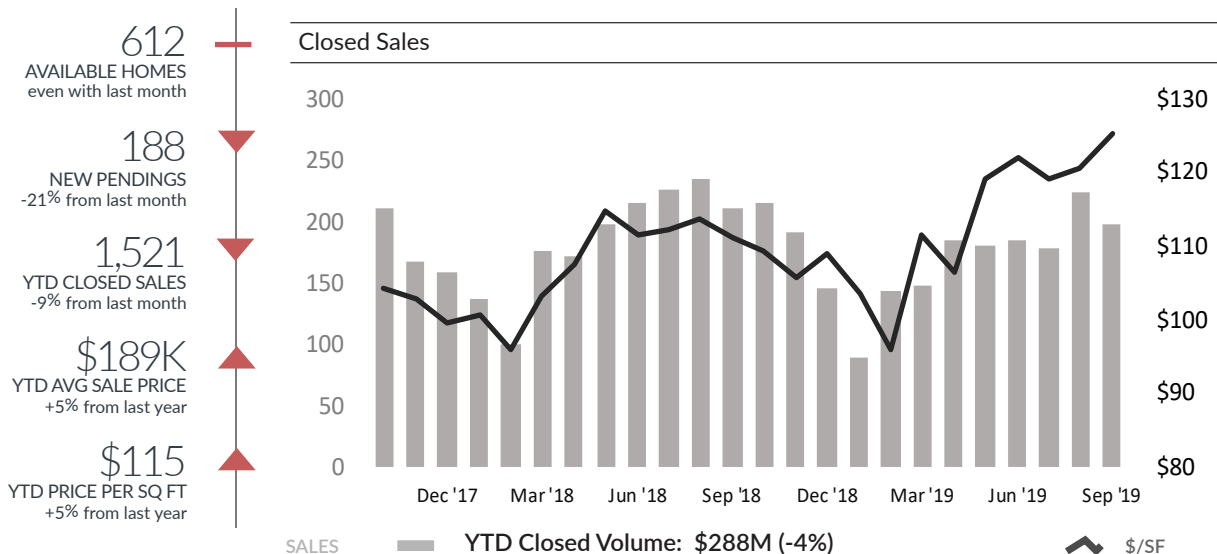
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	2115	5%	\$157	4%
\$10-200k	316	-17%	\$124	3%
\$200-300k	838	-4%	\$147	3%
\$300-500k	795	24%	\$160	3%
\$500k+	166	34%	\$202	1%

Data source: Realtor.com MLS using Great Lakes Repository Data.

St. Clair County

Single-Family Homes



Summary

Available listings remain even with last month and this same time last year. September new pendings and closed sales dropped from the prior month—by 21% and 12%. YTD sales are down 9% compared to last year, but values are up. As seen in the second table below, the \$200k to \$400k price range is the only segment with an increase in sales. Averages can sometimes be misleading. The change in average price doesn't necessary represent the change in values. Although average sale price is up 5%, price per square foot increases are between 1% and 3% for homes priced under \$400k, and 17% for sales priced above \$400k. There is no price range where that 5% is relevant. Pay attention to differences among price bands.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	612	1%	188	-21%	3.3	27%
\$10-100k	97	17%	35	-3%	2.8	20%
\$100-200k	188	5%	77	-31%	2.4	51%
\$200-400k	241	-5%	68	-21%	3.5	20%
\$400k+	86	-8%	8	100%	10.8	-54%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	1521	-9%	\$115	5%
\$10-100k	290	-18%	\$55	3%
\$100-200k	661	-14%	\$102	1%
\$200-400k	508	7%	\$133	2%
\$400k+	62	-10%	\$198	17%

Data source: Realcomp MLS using Great Lakes Repository Data.