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## February 2015 Monthly Market Update

The month of January in the Detroit metropolitan area followed the pattern we had expected with written contracts up 18% over January 2014. Much of the jump was weather-related. Last January written contracts were off 18%, so the better weather this winter (relatively speaking) brought sales back to a normal level. Compared to January 2013, written contracts were off by 3% (2013 was the peak release of buyer demand). The rise of written contacts indicates that the market is still strong, but not as wild as the stats show (this will be true for February and March, too). New listings entering the market continue to rise, but with sales rising even faster, the Months Supply of Inventory (MSI) continues to fall. Most of that MSI decline is in the under \$250,000 markets, meaning buyers in those markets will continue to have inventory shortages going into the spring season. The over \$250,000 markets are more balanced with greater competition for sellers and less pricing pressure for buyers. Both the price per square foot and the median sale price keep increasing with January hitting over 8%, a surprisingly strong gain.

Slow wage growth is holding back buyer demand, particularly in the first time home buying category. While household net worth has recovered to pre-recession levels (see Chart 1) and economic optimism and activity in Michigan remains strong (see Chart 2), home values are still off by an average of 20% from their peak in 2005. Overall, we have stable economic growth. Household net worth as well as low interest rates are being offset by home equities that are still falling about 20% short of peak 2005 levels and slow wage growth. The net result is still a surprisingly strong real estate market with the good economic forces outweighing the challenging ones. As home values/equities rise back to 2005 peak levels and beyond over the next 3-5 years, the remaining pent-up housing activity will be released, giving the real estate markets some extra "juice" to keep the sales pace healthier through the end of the decade.



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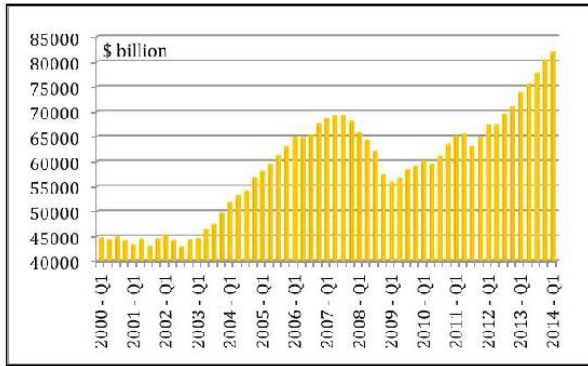


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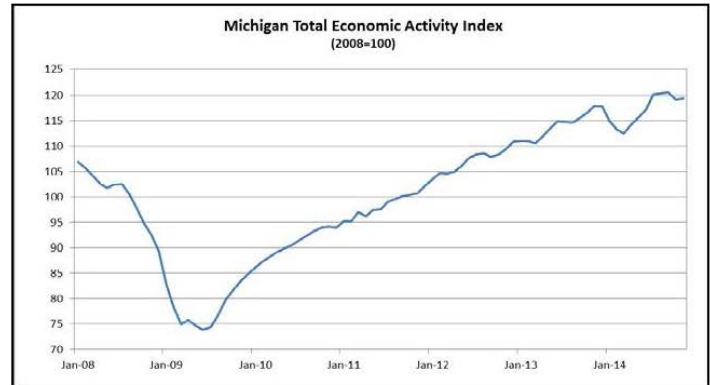
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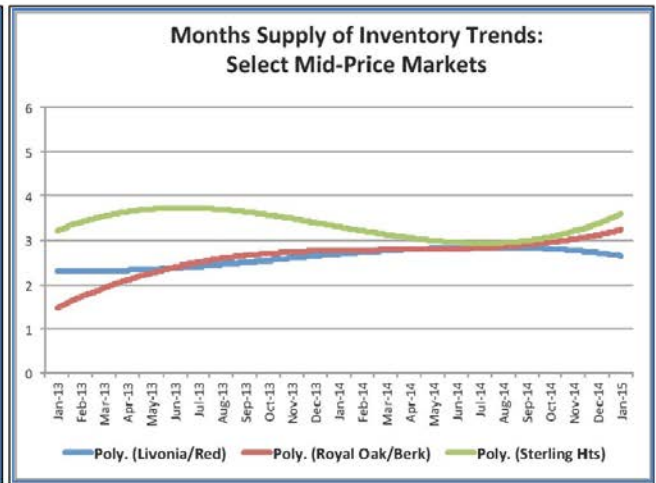
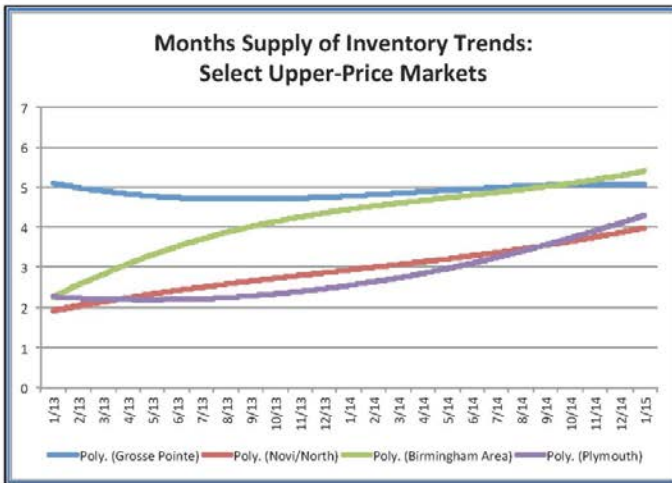
**Chart 1:**  
 Cumulative Household Net Worth



**Chart 2:**  
 Michigan Economic Index - Comerica Bank



We thought it would be interesting to compare the real estate stats for different cities in the metro area. Here we focus on four upper end markets and three mid-value markets. The Months Supply of Inventory shows at the current rate of home sales, how many months it would take to sell the homes currently on the market. A rising MSI is a slowing market, giving more opportunity to buyers. A declining MSI is a growing opportunity for sellers.



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The four upper end markets all follow the same pattern of a rising MSI, meaning the available homes for sale are rising faster than the rate of sale, confirming that the upper end markets are settling down from the peak 2013 activity. The middle markets, represented here with Livonia/Redford, Royal Oak/Berkley and Sterling Heights, show a lower MSI, as would be expected with a stronger demand in that segment. Different from the upper end markets, their MSI's have been falling as inventories have declined. In the last 90 days inventories have begun to rise again, pushing up the MSI for Royal Oak and Sterling Heights, giving a little relief to home buyers.

Please contact me with any of your real estate needs. I am happy to assist you.

Total Company Summary - January 2015		2014	Change	2013	2012
# of Buyers to Open Houses	2,575	1,191	116%	1,646	2,162
# of Showing Appointments	9,482	8,859	7%	12,918	13,815
# of Homes Sold/Leased	1,333	1,114	20%	1,539	1,121
# of Web Inquires (Unique Visitors)	144,891	148,639	-3%	150,013	170,500
# of Mortgage/Title/Insurance Closings	470	414	14%	517	440



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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-15	Trend	Jan-15	Trend	Jan-15	Trend
Oakland County	260	Down	1,328	Down	55	Up
Macomb County	358	Neutral	767	Down	47	Up
Livingston County	30	Up	29	Down	59	Neutral
Washtenaw County	45	Up	57	Down	57	Up
Wayne County ( - Detroit & G.P.)	316	Down	726	Down	55	Up
Detroit*	304	Down	1,719	Down	14	Up
Grosse Pointe(s)	3	Down	6	Down	74	Up
Northwest Michigan**	78	Up	2,506	Down	53	Up
<b>Total</b>	<b>1,394</b>	<b>Down</b>	<b>7,138</b>	<b>Down</b>	<b>44</b>	<b>Up</b>

Area	Median Sale Price		Months Supply Inv	
	Jan-15	Trend	Jan-15	Trend
Oakland County	\$64,512	Up	2.3	Down
Macomb County	\$57,283	Up	2.1	Down
Livingston County	\$95,000	Up	1.0	Down
Washtenaw County	\$65,000	Up	1.3	Down
Wayne County ( - Detroit & G.P.)	\$60,000	Up	2.3	Down
Detroit*	\$13,250	Up	5.7	Neutral
Grosse Pointe(s)	\$90,000	Up	2.0	Down
Northwest Michigan**	\$30,000	Up	32.1	Down
<b>Total</b>	<b>\$49,249</b>	<b>Up</b>	<b>4.6</b>	<b>Down</b>

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

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Jan-15	Trend	Jan-15	Trend	Jan-15	Trend
Oakland County	1,115	Neutral	3,872	Up	134	Up
Macomb County	527	Up	1,881	Up	106	Up
Livingston County	182	Up	822	Up	117	Up
Washtenaw County	316	Up	621	Down	143	Neutral
Wayne County ( - Detroit & G.P.)	501	Up	1,328	Up	123	Up
Detroit*	32	Up	101	Neutral	89	Up
Grosse Pointe(s)	57	Up	221	Up	120	Up
Northwest Michigan**	171	Up	2,113	Down	141	Up
<b>Total</b>	<b>2,901</b>	<b>Up</b>	<b>10,959</b>	<b>Up</b>	<b>127</b>	<b>Up</b>

Area	Median Sale Price		Months Supply Inv	
	Jan-15	Trend	Jan-15	Trend
Oakland County	\$214,500	Up	3.5	Up
Macomb County	\$162,550	Neutral	3.6	Up
Livingston County	\$194,500	Up	4.5	Neutral
Washtenaw County	\$215,500	Neutral	2.0	Down
Wayne County ( - Detroit & G.P.)	\$185,000	Up	2.7	Neutral
Detroit*	\$156,500	Down	3.2	Down
Grosse Pointe(s)	\$219,500	Up	3.9	Up
Northwest Michigan**	\$217,000	Up	12.4	Down
<b>Total</b>	<b>\$198,428</b>	<b>Up</b>	<b>3.8</b>	<b>Neutral</b>

Data Source: MiRealsource, Realcomp, Ann Arbor Board, TAAR MLS & 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, w/frnt. propty. & vcnt. land



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## Months Supply of Inventory (MSI) Analysis by Price and Time on Market

### Five County SE Michigan Market

	MSI (Months)	% of Homes Sold in 90 days or less
All Price Ranges	3.11	78%
\$0 - \$200,000	2.32	79%
\$201,000 - \$500,000	4.18	74%
\$501,000 +	11.38	58%

Under 3 months - Seller's Market / 3 - 6 months - Neutral / over 6 months - Buyer's Market

### Five County Grand Traverse Market

	MSI (Months)	% of Homes Sold in 90 days or less
All Price Ranges	8.90	44.4%
\$0 - \$200,000	7.10	48.1%
\$201,000 - \$500,000	10.20	31.2%
\$501,000 +	23.90	8.3%

Under 8 months - Seller's Market / 8 - 12 months - Neutral / over 12 months - Buyer's Market

\* Vacation homes tend to have longer market times, increasing the % over 90 days.

\*\* With fewer sales in the +\$500K market, the MSI can move dramatically month to month.



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