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October 2014 Southeast Michigan Monthly Market Update

All,

September's written contracts were a positive surprise, breaking a two-month slight downward trend, indicating there is still some pent-up demand left. What we are hearing from our sales associates is the market is slowing compared to last year. The hard statistics bear this out with increasing property inventories and a slower rise in property values. Closed sales fell compared to last September, which was expected with the market settling. The increase in written contracts should translate into a stronger than expected October or November, as those contracts close. Overall, home sales remain flat – even slightly behind – compared to last year. This is from a combination of: the end of the release of pent-up demand from the recession, the increased cost of homeownership from rising prices and the tougher mortgage standards, particularly for first time home buyers.

In some cases we are hearing of values rolling back a bit from this spring, not just in the upper end markets but across many price ranges. This is a result of this past spring's extremely low inventories driving prices up from where they should have been based on current economic conditions. In reality, the movement of the housing market, the stock market and other investments do not move in a straight line; instead, they move in fits and starts, constantly adjusting and correcting. On occasion, the corrections are as dramatic as in the past recession, but most of the time it is less dramatic, like the corrections we are seeing now. Overall, values will continue to rise with 2015 being higher than 2014, despite any corrections we are seeing.

Since no individual home is the "average," even if there is a settling or pull back in the market this fall, sellers will need to look at their own unique circumstances to determine the best market timing. The advantage of selling this fall and early winter is the ability to take advantage of the higher comparable sales from this spring and summer, which makes appraisals less cumbersome. By the same token, there is the potential of appraisal difficulties next spring if the market heats up.

The charts on the following page track some key indicators segmented by price range.

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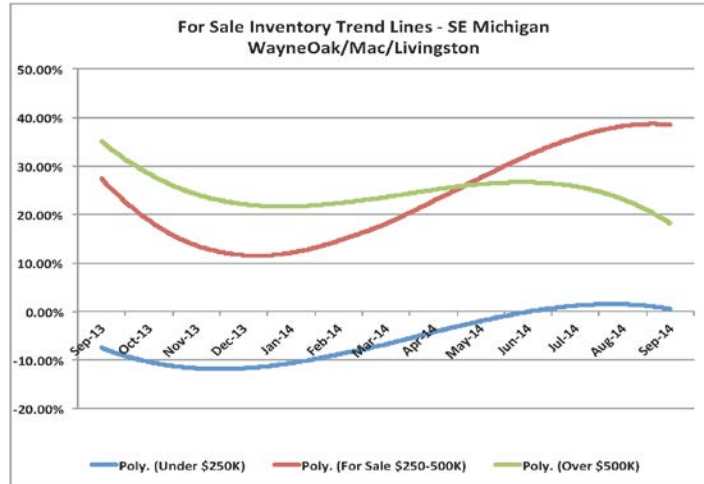
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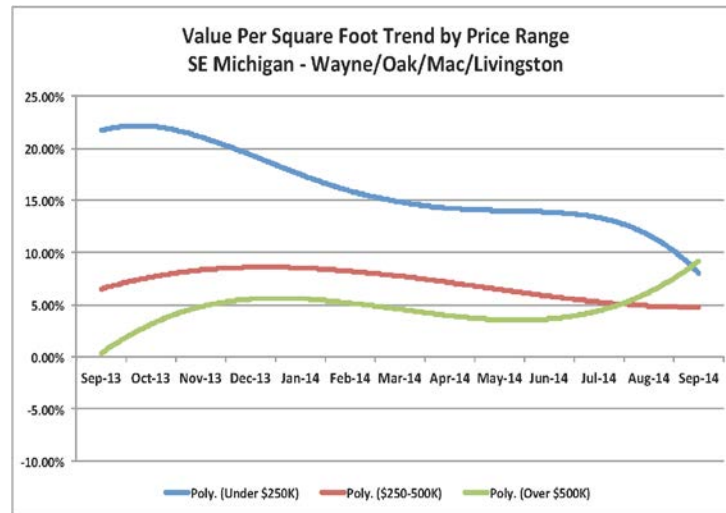
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For Sale inventories are trending up in all price ranges. The majority of home listings are in the under \$250,000 category, which had a declining inventory until June, then remained stable. There is still a limited selection, but they are not getting any scarcer. The For Sale inventories in both categories above \$250,000 have been rising throughout the year, with the jump in \$250-500K properties probably a combination of sellers taking advantage of increasing values and a slowing of buyer demand in that price range.



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The Price per Square Foot trends in both under \$500,000 categories show a similar pattern of values continuing to climb, but at a slowing rate. For example, for homes under \$250,000, the value increases were over 20% last year and are now down to under 10%. The rate of actual appreciation was about a third less, the difference being the mix of homes sold, investor flipping, etc. The over \$500,000 range is interesting in its rise over the past few months. The upper end segment was a bit slower this past winter and jumped in the spring. These are closed figures so they lag the market by about 90 days; therefore, the latest increase reflects the spring jump. We anticipate that the rates of increase, particularly for the over \$500,000 segment, to flatten out over the next few months, reflecting the market adjustments discussed above.

Total Company Summary - September 2014		2013 Change		2012
# of Buyers to Open Houses	4,359	3,971	10%	2,917
# of Showing Appointments	13,954	13,938	0%	14,455
# of Homes Sold/Leased	1,771	1,732	2%	1,566
# of Web Inquires (Unique Visitors)	156,140	164,440	-5%	219,393
# of Mortgage/Title/Insurance Closings	811	823	-1%	690

Please keep me in mind for your real estate needs. I am happy to assist.

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\$0 to \$100,000 Home Values Past 90 Day Trends

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Sep-14	Trend	Sep-14	Trend	Sep-14	Trend
Oakland County	302	Down	1,859	Down	58	Up
Macomb County	466	Up	1,254	Down	52	Up
Livingston County	18	Down	40	Down	65	Up
Washtenaw County	52	Up	82	Down	64	Up
Wayne County (- Detroit & G.P.)	349	Up	906	Down	56	Up
Detroit*	323	Down	2,135	Down	16	Up
Grosse Pointe(s)**	111	Up	301	Down	48	Up
Northwest Michigan***	110	Down	2,859	Down	64	Up
Total	1,731	Neutral	9,436	Down	48.1	Up

Area	Median Sale Price		Months Supply Inv	
	Sep-14	Trend	Sep-14	Trend
Oakland County	\$65,000	Up	2.3	Down
Macomb County	\$59,900	Up	2.7	Down
Livingston County	\$80,000	Up	2.2	Neutral
Washtenaw County	\$72,000	Up	1.6	Down
Wayne County (- Detroit & G.P.)	\$60,100	Up	2.6	Down
Detroit*	\$14,500	Up	6.6	Up
Grosse Pointe(s)**	\$57,500	Up	2.7	Down
Northwest Michigan***	\$54,700	Down	26.0	Up
Total	\$52,447	Up	4.8	Down

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

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Sep-14	Trend	Sep-14	Trend	Sep-14	Trend
Oakland County	1,376	Up	5,375	Up	140	Up
Macomb County	620	Down	2,169	Down	109	Up
Livingston County	232	Up	1,174	Up	122	Up
Washtenaw County	439	Up	907	Neutral	151	Up
Wayne County (- Detroit & G.P.)	571	Up	1,859	Up	127	Up
Detroit*	33	Up	115	Up	87	Up
Grosse Pointe(s)**	58	Up	325	Up	134	Neutral
Northwest Michigan***	304	Up	3,022	Down	151	Neutral
Total	3,633	Up	14,946	Down	133	Up

Area	Median Sale Price		Months Supply Inv	
	Sep-14	Trend	Sep-14	Trend
Oakland County	\$225,000	Up	3.9	Up
Macomb County	\$167,500	Neutral	3.5	Down
Livingston County	\$218,000	Up	5.1	Down
Washtenaw County	\$228,000	Neutral	2.1	Down
Wayne County (- Detroit & G.P.)	\$191,000	Neutral	3.3	Up
Detroit*	\$148,000	Up	3.5	Down
Grosse Pointe(s)**	\$275,000	Up	5.6	Down
Northwest Michigan***	\$219,900	Neutral	9.9	Down
Total	\$209,431	Up	4.1	Down

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 Eastpointe and Harper Woods

*** Includes Grand Traverse, Kalkaska, Antrim, Leelanau & Benzie counties, wtrfmt. properties & vacant land



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

Five County SE Michigan Market

	Market Average	88.44% of the Sales Homes Sold in 90 Days	11.56% of the Sales Homes Sold After 90 Days
All Price Ranges	3.43	2.77	8.52
\$0 - \$200,000	2.59	2.16	6.12
\$201,000 - \$500,000	4.45	3.61	10.23
\$501,000 +	11.05	7.77	32.41

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

Five County Grand Traverse Market

	Market Average	46.62% of the Sales Homes Sold in 90 Days	53.38% of the Sales* Homes Sold After 90 Days
All Price Ranges	14.18	30.42	19.22
\$0 - \$200,000	16.16	8.46	23.50
\$201,000 - \$500,000	10.53	8.18	12.55
\$501,000 +	12.98	9.12	15.17

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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