

HOUSING REPORT

SOUTHEAST MICHIGAN | AUGUST 2019



Southeast Michigan

Competing Offers—What to Bid?

While the market has generally been cooling down, there are still plenty of hot pockets and price ranges. Sharp move-in-ready properties continue to be highly sought after, with listing agents and sellers often playing the “highest and best offer” card. These competitive situations are packed with emotion, many buyers having often seen ten or twenty listings and the only one they really want.

Competitive offer situations are challenging for both buyers and their agents. How much should we offer? What will others offer? Will the property appraise? The higher the level of competition the more emotionally charged it becomes.

It’s best to keep emotions in check. Buyers and agents who understand there are things within their control and things that aren’t usually do best.

Start by setting aside the “list price”. Maybe this property was underpriced. After seeing several other properties at various prices within their range, buyers are often in a good position to rank how this property compares in value.

Next, they should ask themselves, “If we don’t get this property, how much will we likely have to pay when we find a home that we like as much or more?” If the buyer would need to pay more later, why not offer more on this one? Using a logical approach in an emotionally charged situation serves most buyers well.

When making offers, buyers should also be looking at comparable listings, pendings and sales—just looking at the ratio of listings to pendings provides insight as to market velocity.

When searching for sold comps, a local agent included a comparison of list price and sold price for the purpose of identifying full-price and over-asking offers. Looking at the difference (see below) gave the buyer the ability to see “how much over” some of the winning bids were in recent similar situations.

This table was a sample exported from a “one liner” MLS display of recent closed sales. The “Difference” column on the right shows the difference between the asking price and the closed sale price.

Of the 28 comparable sales:

- 11 sold for less than asking
- 6 sold for asking price
- 11 sold for more than asking

List Price	Close Price	Difference
\$142,900	\$146,900	\$4,000
\$149,900	\$145,000	(\$4,900)
\$150,000	\$155,000	\$5,000
\$169,900	\$164,000	(\$5,900)
\$149,900	\$154,000	\$4,100
\$159,900	\$159,900	\$0
\$158,000	\$158,100	\$100
\$159,900	\$153,500	(\$6,400)
\$160,000	\$162,500	\$2,500
\$159,700	\$159,700	\$0
\$149,900	\$158,000	\$8,100
\$159,900	\$155,000	(\$4,900)
\$147,000	\$150,000	\$3,000
\$159,400	\$160,500	\$1,100
\$167,900	\$163,000	(\$4,900)
\$150,000	\$160,000	\$10,000

Of the 28 sold comps (on the original complete list going back 3 months), 11 sold for less than full price, 6 sold for full price and 11 sold for more than full price. The 11 over-asking sales were competitive offer situations. In this \$160k price range, the highest offer was \$10k over asking, the lowest was \$100 over asking, and the median and mean were \$3k and \$4k over asking.

While every situation is different depending on the perceptions of the parties involved, seeing the difference between each asking price and winning offer helps provide relevant points of reference. In this case, the client bid \$4,100 over. It wasn’t the highest bid, but hers was the best offer and she ended up owning the property.

Summary

13,053
AVAILABLE HOMES
+8% from last month

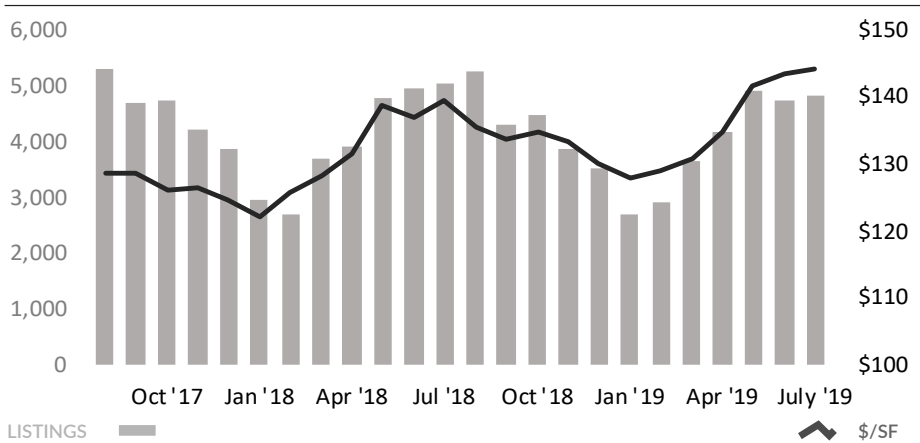
5,449
NEW PENDINGS
+2% from last month

27,758
YTD CLOSED SALES
-1% from last year

\$235K
YTD AVG SALE PRICE
+3% from last year

\$137
YTD PRICE PER SQ FT
+3% from last year

Closed Single-Family Home Sales



YTD Closed Volume: \$6.5B (+2%)

Summary

Available inventory rose 8% in the past month—it's 13% higher than a year ago. Both July new pendings and closed sales were up 2%. YTD sales are just short of even with last year but both average price and price per square foot are up 3%. Entry-level activity continues to shrink while the middle and upper markets expand. Despite a 12% increase in listings priced under \$150k, sales in that range have dropped 6%. At the same time, there's been a slight decrease in the availability of over-\$500k listings, yet those sales are up 3%. Activity varies greatly by market area and price range.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	13053	8%	5449	2%	2.4	6%
\$10k - 150k	3861	12%	1716	1%	2.3	11%
\$150k - 250k	2132	10%	1655	4%	1.3	5%
\$250k - 500k	4666	8%	1723	2%	2.7	6%
\$500k +	2394	-1%	355	-1%	6.7	1%

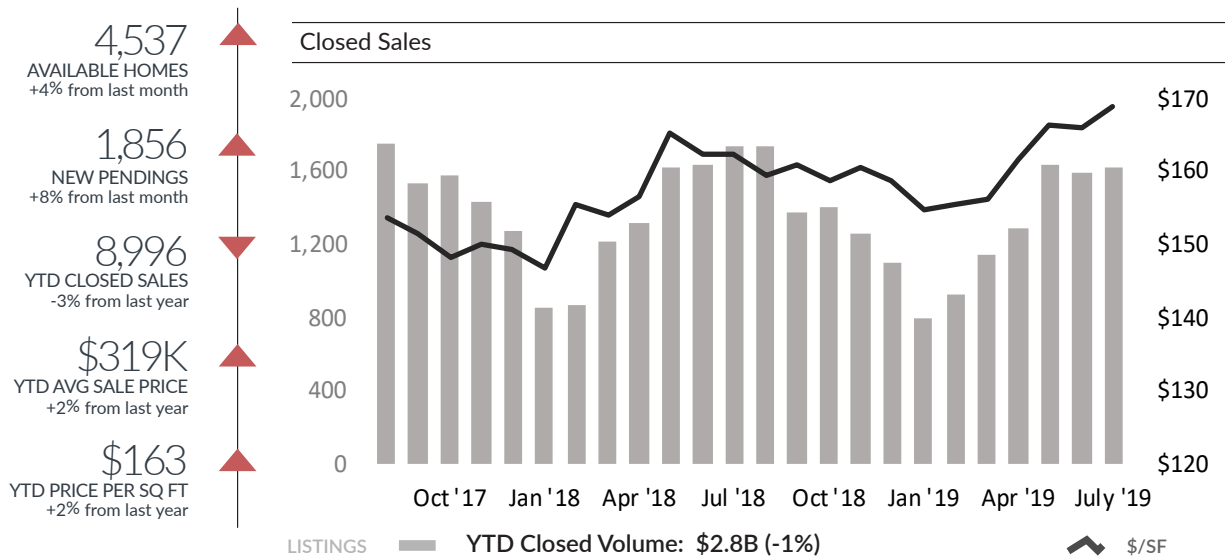
YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	27758	-1%	\$137	3%
\$10k - 150k	9553	-6%	\$80	3%
\$150k - 250k	8279	2%	\$133	3%
\$250k - 500k	8225	3%	\$151	2%
\$500k +	1701	3%	\$206	2%

Data source: Realcomp MLS using Great Lakes Repository Data.

Oakland County

Single-Family Homes



Summary

Available inventory is up slightly from a month ago and by 6% compared to the same time a year ago. Both last month's new pendings and closed sales were also higher. With that increase in pendings, August closings should be higher than July. YTD closed sales are down 3% compared to last year but both average price and price per square foot are up 2%. Entry-level markets continue to shrink while values flatten out—especially in the upper-end markets. Most of that 2% price increase is the result of fewer lower-end sales, as opposed to increasing values.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	4537	4%	1856	8%	2.4	-4%
\$10k - 200k	597	10%	497	11%	1.2	-1%
\$200k - 400k	1757	9%	929	10%	1.9	0%
\$400k - 800k	1596	-2%	373	2%	4.3	-3%
\$800k +	587	-1%	57	4%	10.3	-5%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	8996	-3%	\$163	2%
\$10k - 200k	2634	-10%	\$120	4%
\$200k - 400k	4358	1%	\$153	2%
\$400k - 800k	1736	-1%	\$174	1%
\$800k +	268	3%	\$285	0%

Data source: Realcomp MLS using Great Lakes Repository Data.

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Birmingham

Single-Family Homes

206
AVAILABLE HOMES
-3% from last month

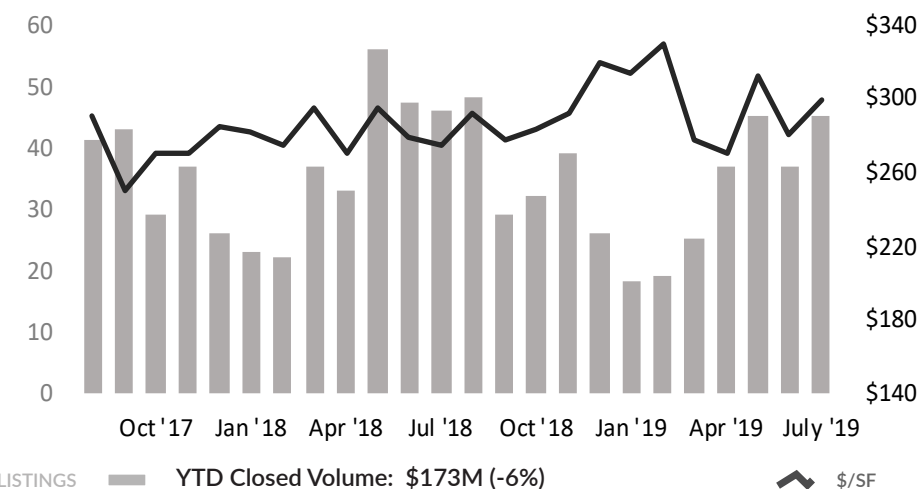
48
NEW PENDING
-6% from last month

226
YTD CLOSED SALES
-14% from last year

\$765K
YTD AVG SALE PRICE
+9% from last year

\$296
YTD PRICE PER SQ FT
+5% from last year

Closed Sales



Summary

Available inventory dropped slightly from a month ago but it's 10 units higher than a year ago. July's 45 closed sales were up slightly from the prior month but the 226 YTD sales are 38 units behind last year's pace. Both average price and price per square foot are up—9% and 5% respectively. The \$800k-\$1.4m price range is the only one that has had an increase in sales activity. Sales are down in all other price ranges.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	206	-3%	48	-6%	4.3	3%
\$10k - 400k	27	-4%	14	133%	1.9	-59%
\$400k - 800k	80	3%	19	-21%	4.2	30%
\$800k - 1.4m	59	-9%	10	11%	5.9	-18%
\$1.4m +	40	-5%	5	-58%	8.0	129%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	226	-14%	\$296	5%
\$10k - 400k	51	-35%	\$243	2%
\$400k - 800k	103	-11%	\$251	2%
\$800k - 1.4m	47	9%	\$303	9%
\$1.4m +	25	-7%	\$404	2%

Data source: Realcomp MLS using Great Lakes Repository Data.

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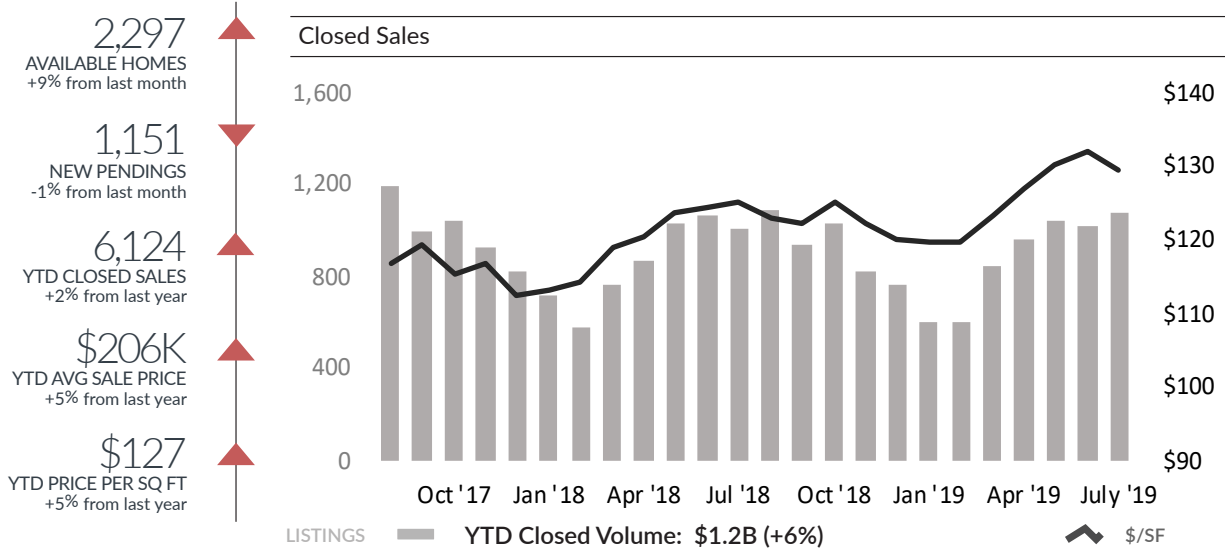


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Macomb County

Single-Family Homes



Summary

Both inventory and sales continue to rise. Available listings are up 9% compared to last month and 16% compared to a year ago. Last month's closed sales were 60 units higher than the previous month. YTD sales are 101 units higher than a year ago and both average sale price and price per square foot are 5% higher. While values continue to rise it has become more challenging for buyers to find affordable homes priced under \$225k. Upper-end values in most local markets have been flat, but they continue to rise in Macomb County. Price per square foot for Macomb homes priced over \$400k has risen 9%.

Monthly Activity

	Listings	Change	New Pending	Change	Months Supply	Change
All	2297	9%	1151	-1%	2.0	10%
\$10-125k	376	14%	215	0%	1.7	14%
\$125-225k	536	21%	478	0%	1.1	20%
\$225-400k	832	6%	365	-7%	2.3	14%
\$400k+	553	0%	93	19%	5.9	-16%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	6124	2%	\$127	5%
\$10-125k	1390	-11%	\$77	4%
\$125-225k	2533	0%	\$125	3%
\$225-400k	1846	14%	\$137	2%
\$400k+	355	11%	\$164	9%

Data source: Realcomp MLS using Great Lakes Repository Data.

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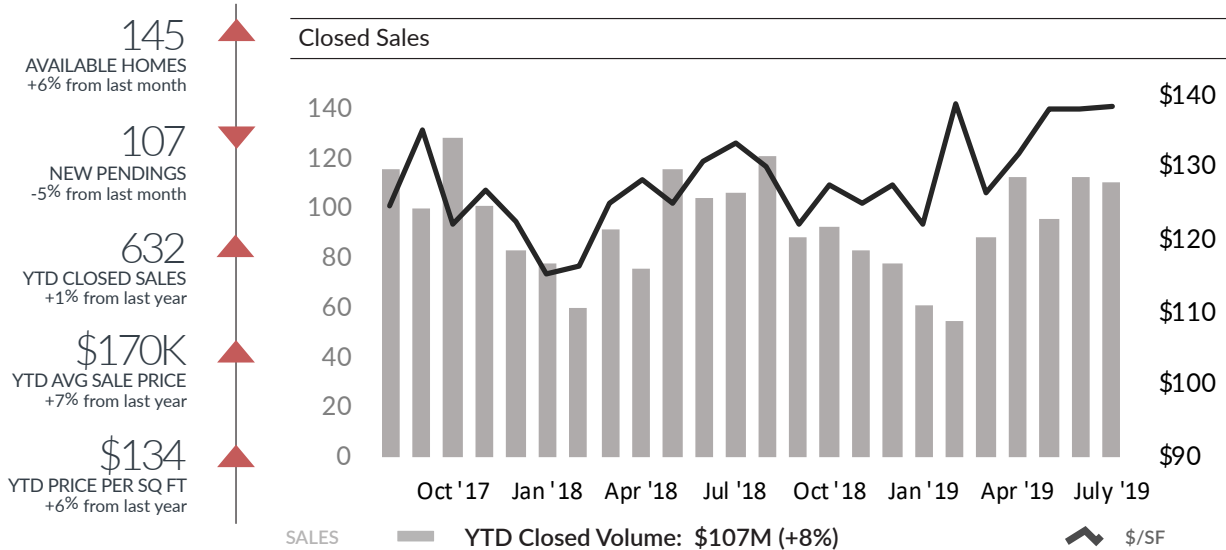


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St. Clair Shores

Single-Family Homes



Summary

Inventory is up 6% compared to a month ago and about even with a year ago. Both new pendings and closed sales dropped slightly in July compared to the prior month. YTD sales are up 1% and average sale price is up 7%—it increased from \$158k a year ago to \$170k now. More than two-thirds of SCS closed sales are between \$130k and \$200k with the heaviest concentration between \$150k and \$175k. It's difficult for buyers to find entry-level homes priced under \$130k—closed sales in that price range dropped by 40% in the past year.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	145	16%	107	-14%	1.4	34%
\$10-130k	14	8%	16	0%	0.9	8%
\$130-160k	34	10%	33	-18%	1.0	33%
\$160-200k	39	22%	41	-9%	1.0	34%
\$200k+	58	18%	17	-26%	3.4	60%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	632	1%	\$134	6%
\$10-130k	108	-40%	\$103	4%
\$130-160k	225	8%	\$128	2%
\$160-200k	206	26%	\$140	3%
\$200k+	93	22%	\$154	4%

Data source: Realcomp MLS using Great Lakes Repository Data.

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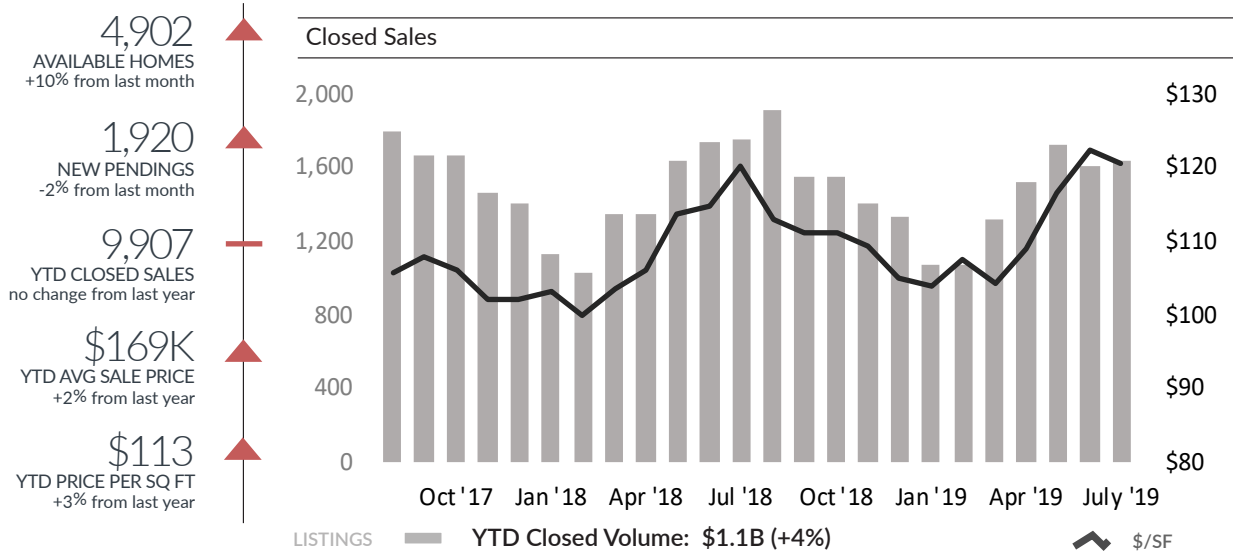


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Wayne County

Single-Family Homes



Summary

Wayne County's inventory continues to grow—it's up 10% from a month ago and 22% from a year ago. July sales were slightly higher than June, but new pendings dropped off slightly. YTD closed sales are even with last year and values continue to level off—average price is up 2% and price per square foot is up 3%. Despite increasing inventory in all price ranges, the \$100-\$200k price range is the only band with increased sales. Expect values to level off as the market moves into fall.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	4902	10%	1920	-2%	2.6	12%
\$10-100k	2100	10%	576	-6%	3.6	17%
\$100-200k	1123	15%	758	-1%	1.5	15%
\$200-400k	997	11%	443	0%	2.3	11%
\$400k+	682	5%	143	6%	4.8	-1%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	9907	0%	\$113	3%
\$10-100k	3291	-6%	\$49	3%
\$100-200k	3790	7%	\$112	1%
\$200-400k	2223	-2%	\$141	3%
\$400k+	603	-2%	\$172	1%

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

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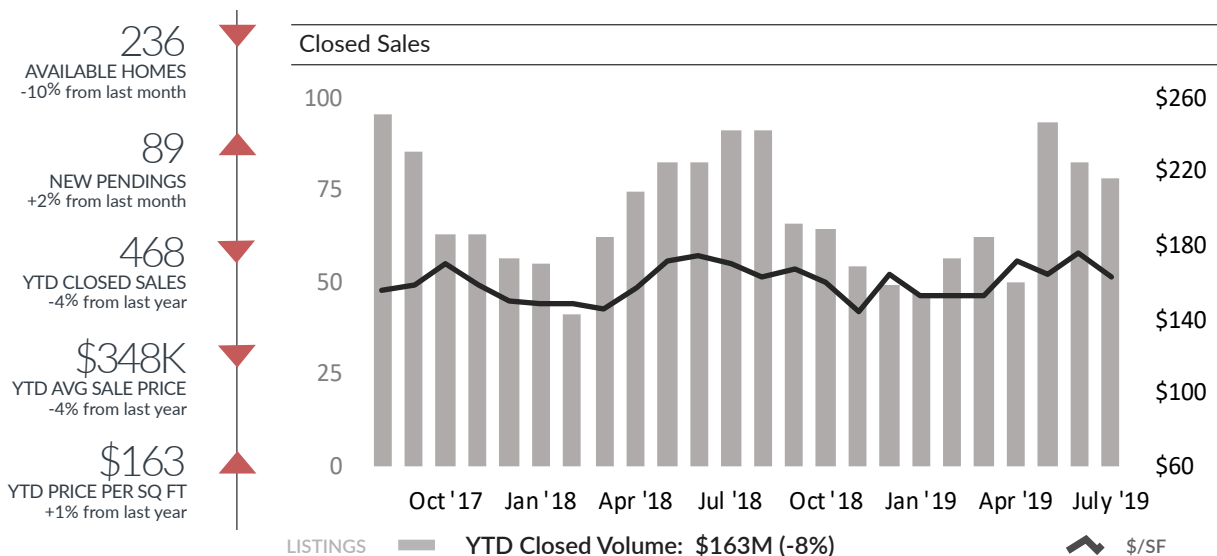


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Grosse Pointe

Single-Family Homes



Summary

After a big 60-unit increase in June, available inventory fell off by 25 units in July. With 236 available listings, inventory is 20 units higher than a year ago (250 would be normal for this time of year). The 78 closed July sales was light—down from 82 in June and 91 a year ago. It's not unusual for July sales to drop before the August and September rush to get settled for a new school year. Redistricting and closing of some local schools may affect the market. Inventory in the \$200k-\$350k price range is up 33% from a year ago, yet sales are just even in that range.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	236	-10%	89	2%	2.7	-12%
\$10-200k	12	20%	8	-53%	1.5	155%
\$200-350k	84	8%	30	-9%	2.8	18%
\$350-700k	92	-23%	49	69%	1.9	-54%
\$700k+	48	-11%	2	-75%	24.0	256%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	468	-4%	\$163	1%
\$10-200k	78	11%	\$131	7%
\$200-350k	223	0%	\$153	4%
\$350-700k	144	-16%	\$168	0%
\$700k+	23	0%	\$206	-5%

Data source: Realcomp MLS using Great Lakes Repository Data.

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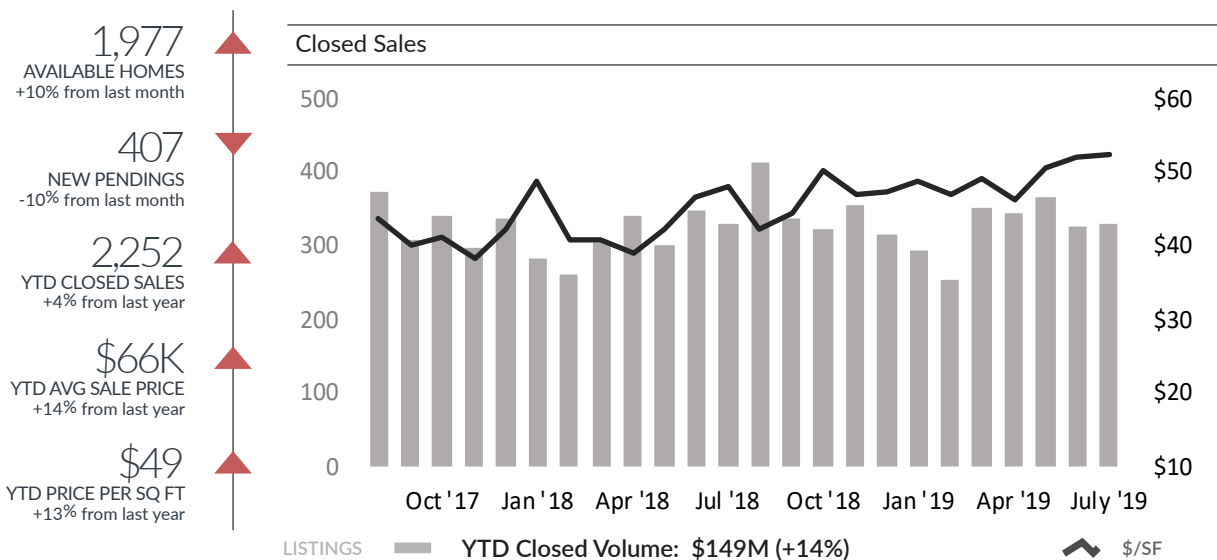


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Detroit

Single-Family Homes



Summary

Despite a 10% rise in inventory from a month ago and 25% compared to a year ago, July new pending sales dropped by 10% from the previous month. Closed sales, which had been rising, have been showing signs of leveling. Prices, however, continue to rise—YTD average sale price is up 14%. Most of that jump is due to strong sales in the \$100k-\$200k price range. Surprisingly, price per square foot for over-\$200k homes dropped. Buyers continue to look for clean new listings in the \$100k-\$200k price range. As more of them have become available, sales in that price range have increased from 175 last year to 296 this year.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	1977	10%	407	-10%	4.9	22%
\$5-30k	604	9%	105	-16%	5.8	30%
\$30-100k	1062	9%	218	-10%	4.9	20%
\$100-200k	187	27%	55	-15%	3.4	50%
\$200k+	124	8%	29	38%	4.3	-22%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	2252	4%	\$49	13%
\$5-30k	806	-22%	\$17	6%
\$30-100k	1041	27%	\$42	9%
\$100-200k	296	69%	\$81	11%
\$200k+	109	-14%	\$106	-2%

Data source: Realcomp MLS using Great Lakes Repository Data.

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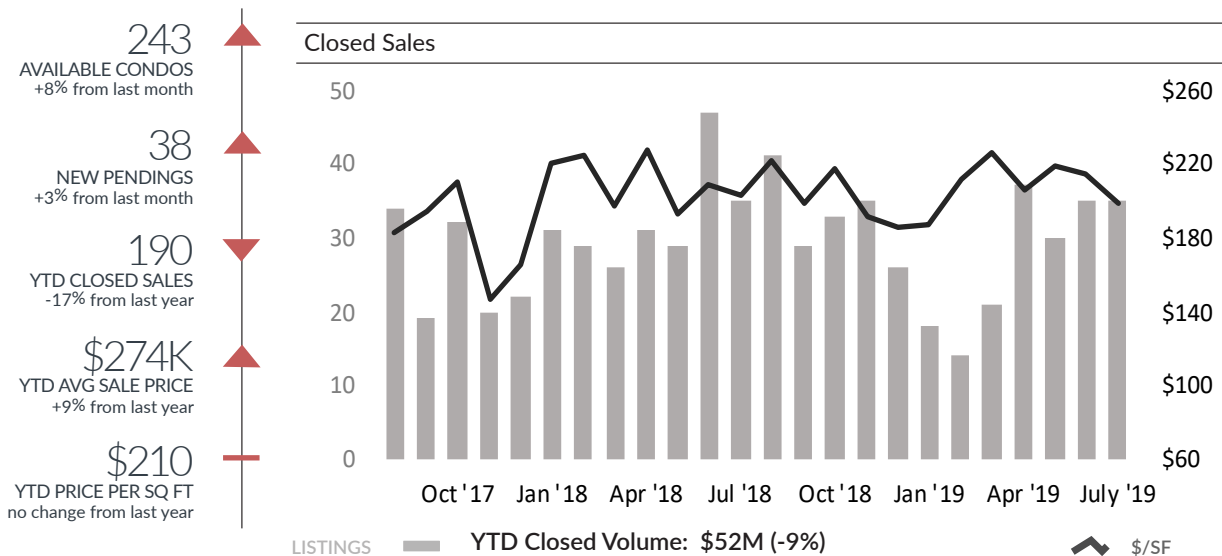


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Condos/Lofts



Summary

Condo inventory is up 8% from a month ago and 48% compared to this time last year. Despite the inventory growth and all of the newly constructed available units, YTD sales are down 17%. Although average sale price is up 9%, there has been no change in the average price per square foot. The YTD average price per square foot for units priced over \$400k has also declined from \$336 a year ago to \$308 this year. The upper-end market hasn't been expanding the way developers had planned. Sellers of existing luxury units are facing additional competition.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	243	8%	38	3%	6.4	5%
\$10-100k	32	7%	10	25%	3.2	-15%
\$100-200k	38	6%	6	0%	6.3	6%
\$200-400k	105	14%	15	-6%	7.0	22%
\$400k+	68	0%	7	0%	9.7	0%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	190	-17%	\$210	0%
\$10-100k	34	0%	\$45	-39%
\$100-200k	36	-33%	\$141	-5%
\$200-400k	83	-22%	\$228	5%
\$400k+	37	9%	\$308	-8%

Data source: Realcomp MLS using Great Lakes Repository Data.

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Downriver

Single-Family Homes

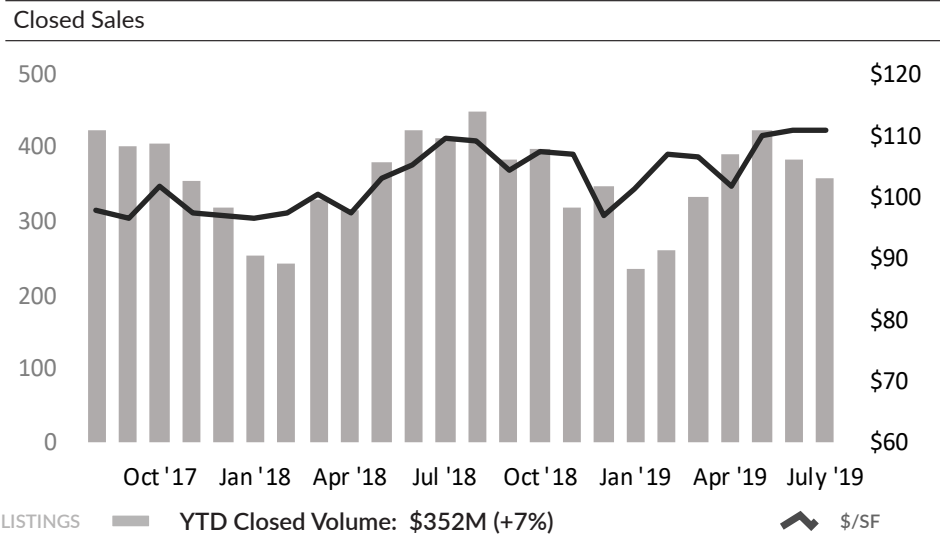
796
AVAILABLE HOMES
+8% from last month

483
NEW PENDINGS
+10% from last month

2,376
YTD CLOSED SALES
+1% from last year

\$148K
YTD AVG SALE PRICE
+6% from last year

\$107
YTD PRICE PER SQ FT
+5% from last year



Summary

Inventory continues to rise—it's up 8% from a month ago and 12% compared to last year. Although closed sales have dropped in both of the past two months, new pendings were up 10% last month. That rise will help bump up closed sales in August and September. YTD closed sales are slightly ahead of last year's pace and values are up. Average sale price is up 6% and price per square foot is up 5%. The upper-end market is growing. The number of over-\$250k sales is up by 64 units.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	796	8%	483	10%	1.6	-2%
\$10-75k	108	-1%	60	20%	1.8	-17%
\$75-125k	212	10%	140	14%	1.5	-3%
\$125-250k	271	14%	217	4%	1.2	10%
\$250k+	205	2%	66	10%	3.1	-7%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	2376	1%	\$107	5%
\$10-75k	355	-19%	\$54	-3%
\$75-125k	751	1%	\$95	5%
\$125-250k	979	3%	\$116	2%
\$250k+	291	30%	\$130	2%

Data source: Realcomp MLS using Great Lakes Repository Data.

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Livingston County

Single-Family Homes

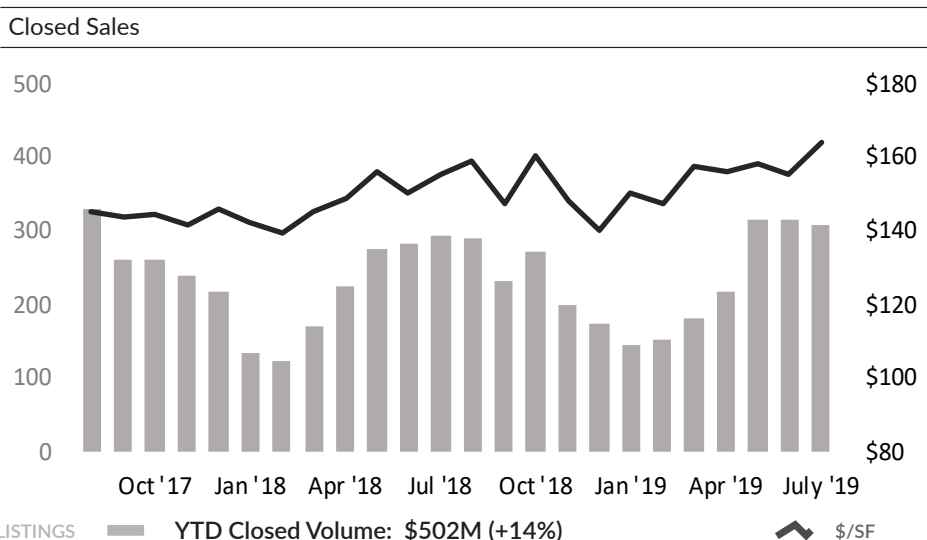
752
AVAILABLE HOMES
+15% from last month

297
NEW PENDINGS
-8% from last month

1,630
YTD CLOSED SALES
+9% from last year

\$308K
YTD AVG SALE PRICE
+5% from last year

\$156
YTD PRICE PER SQ FT
+5% from last year



Summary

Current inventory rose 15% since last month and is 5% higher than a year ago. July new pendings dropped 8%. The lower new pendings suggest August closed sales might drop. Both June and July closed sales dropped from the prior months. YTD closed sales are up 9% and average sale price is up 5%. That 5% figure is misleading—much of it comes from a shift in the proportion of sales from the various price ranges. There have been more high-end and fewer lower-priced sales. While the number of over-\$500k sales increased 35%, price per square foot for those sales only increased 2%.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	752	15%	297	-8%	2.5	25%
\$10-200k	58	12%	46	-10%	1.3	24%
\$200-300k	201	29%	114	-7%	1.8	38%
\$300-500k	339	13%	114	-10%	3.0	26%
\$500k+	154	5%	23	5%	6.7	1%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	1630	9%	\$156	5%
\$10-200k	276	-2%	\$124	2%
\$200-300k	640	-4%	\$146	3%
\$300-500k	599	28%	\$161	4%
\$500k+	115	35%	\$202	2%

Data source: Realcomp MLS using Great Lakes Repository Data.

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