HOUSING REPORT

SOUTHEAST MICHIGAN | SEPTEMBER 2019

Real Estate One®

SEPTEMBER 2019
HOUSING REPORT

Southeast Michigan

Slowing but Stable

No Bursting Bubbles

The 2008 recession took everyone by surprise when it took a 40% bite out of local real estate equity before bottoming out in 2011. The market has been on a stable run since. In most markets, values recovered and are above prerecession levels. Sales are gradually slowing—down just 1% from last year, but values continue to rise and YTD closed volume is up by 2%.

Knowing that markets run in cycles, buyers are wondering what lies ahead. When will we see the next market correction? How bad will it be? Understanding some key signals will help us understand what to expect.

The severity of the last market downturn was driven by extreme lending and financial market conditions that, with new regulations and scrutiny, will not be present in the next market slowdown.

Hypersupply is one of the key signals to watch for in predicting a bursting bubble. Hypersupply is the result of overdevelopment where both vacancy rates and unsold real estate inventory rise to extreme levels.

Heading into the last recession, available inventory had grown to three-times normal levels. Then during the recession, development completely stopped and a significant number of homes were removed from supply after becoming uninhabitable.

Since 2009 and through the recovery years as demand increased, available inventory levels continued to fall. Today, supply levels in all but a few select markets (i.e. high-end Traverse City and Detroit condo markets) remain below average and stable. With the exception of a few specific segments, local markets are far from a state of hypersupply.

Heading into the last recession, both homeowners and investors were speculating on real estate. It was a feeding frenzy as buyers scrambled to grab as much home as they could. Ironically, first-time investors were willing to pay premiums for fixer-uppers and flips that they thought provided profit potential. Everything was a sure bet and financing was easy.

The conditions that lead to the last market crash don't exist in the same way or scale. Inventory levels remain low and there is still a shortage of affordable move-in-ready homes. Through the recovery, values have been growing at slower, more sustainable rates. Lending practices are more restrained and buyers are more rational in their purchases.

The market is leveling in a healthy way where it is more likely to just slow or even drop a few points before moving on to the next growth cycle.

Purchasing now has advantages. There is less competition from other buyers when purchasing in a slower market. Purchasing during a lull ensures a buyer will be able to take full advantage of the growth phase of the next cycle. Assessed property tax values, which lag a couple of years behind property values, will lock in with lower tax caps today than in the future. And interest rates remain remarkable.

Although sales and appreciation rates have gradually been slowing and inventory is increasing compared to recent years, local markets remain stable and in good health with no bursting bubbles in sight.

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Southeast Michigan

Summary

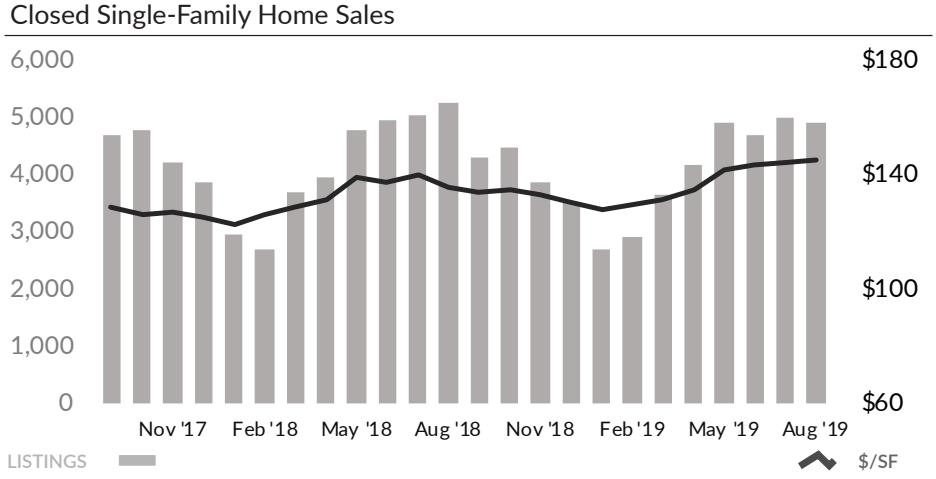
13,320
AVAILABLE HOMES
+2% from last month

5,350
NEW PENDINGS
-2% from last month

32,789
YTD CLOSED SALES
-1% from last year

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

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



YTD Closed Volume: $7.8B (+2%)

Summary

Available inventory rose 2% in the past month and is 7% higher than a year ago—it's about the same as 2 years ago. August new pendings declined slightly from the prior month, but were about the same as a year ago. Closed sales were also down slightly from the prior month and down 7% compared to August of 2018. YTD closed sales are running slightly behind last year's pace (-1%) while both average sale price and price per square foot are up 4%. There is a general perception that the market has been slowing, but both sales and prices have been holding steady.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	13320	2%	5350	-2%	2.5	4%
$10k - 150k	4033	4%	1791	4%	2.3	0%
$150k - 250k	2432	14%	1570	-5%	1.5	20%
$250k - 500k	4482	-4%	1643	-5%	2.7	1%
$500k +	2373	-1%	346	-3%	6.9	2%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	32789	-1%	$138	4%
$10k - 150k	11056	-8%	$81	3%
$150k - 250k	9802	1%	$134	3%
$250k - 500k	9868	3%	$151	2%
$500k +	2063	4%	$209	3%

Data source: Realcomp MLS using Great Lakes Repository Data.

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SEPTEMBER 2019
HOUSING REPORT

Oakland County

Single-Family Homes

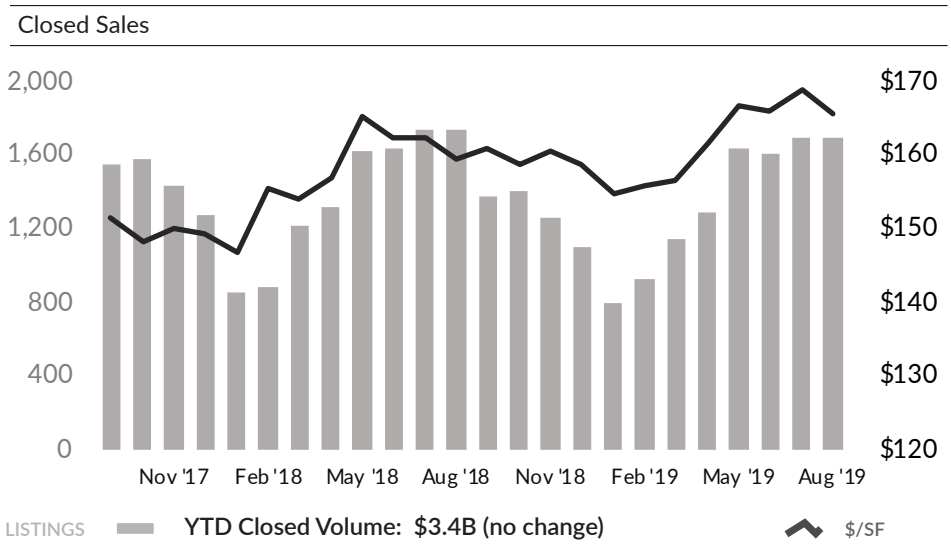
4,531
AVAILABLE HOMES
no change from last month

1,741
NEW PENDINGS
-6% from last month

10,747
YTD CLOSED SALES
-2% from last year

$321K
YTD AVG SALE PRICE
+3% from last year

$163
YTD PRICE PER SQ FT
+3% from last year



Summary

The number of available listings has held steady over the past month—they are up 2% compared to this time last year. With August new pendings down 6% compared to the prior months, expect to see a decline in closed sales over the next couple of months. YTD sales are down 2% compared to last year, but prices are up 3%. Although the number of over-$800k sales is up 8%, upper-end values have been flat.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	4531	0%	1741	-6%	2.6	6%
$10k - 200k	691	16%	510	3%	1.4	13%
$200k - 400k	1700	-3%	838	-10%	2.0	7%
$400k - 800k	1552	-3%	340	-9%	4.6	7%
$800k +	588	0%	53	-7%	11.1	8%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	10747	-2%	$163	3%
$10k - 200k	3092	-10%	$120	3%
$200k - 400k	5227	1%	$154	2%
$400k - 800k	2099	0%	$174	1%
$800k +	329	8%	$283	0%

Data source: Realcomp MLS using Great Lakes Repository Data.

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SEPTEMBER 2019
HOUSING REPORT

Birmingham

Single-Family Homes

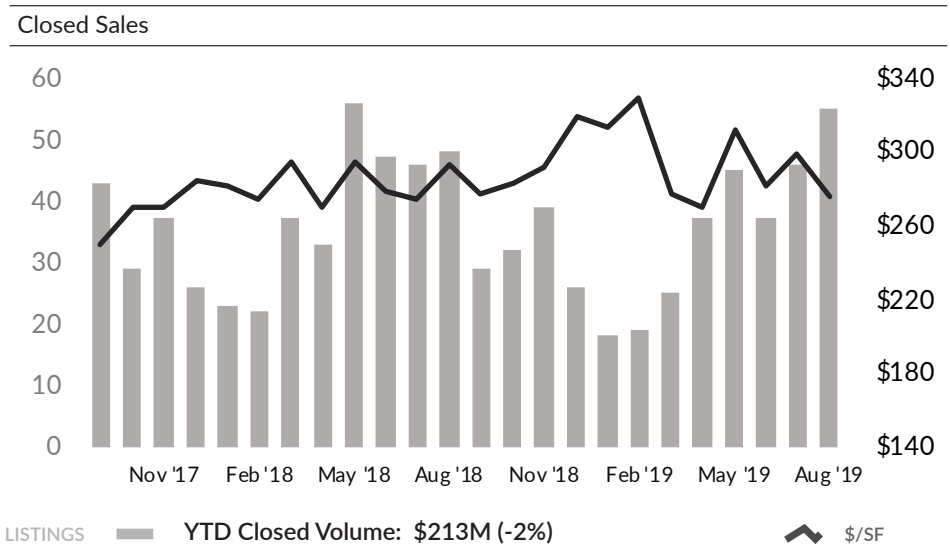
199
AVAILABLE HOMES
-3% from last month

42
NEW PENDINGS
-13% from last month

282
YTD CLOSED SALES
-10% from last year

$755K
YTD AVG SALE PRICE
+8% from last year

$292
YTD PRICE PER SQ FT
+3% from last year



Summary

Available listings dropped 3% in the past month. August new pendings were down from the prior month but closed sales moved up from 46 in July to 55 in August. YTD sales have fallen from 312 last year to 282 this year. A 35% increase in the number of $800k to $1.4m sales and a 7% increase in price per square foot in that high-end range helped create an 8% increase in average sale price. Values in other price ranges have been flat.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	199	-3%	42	-13%	4.7	10%
$10k - 400k	27	0%	12	-14%	2.3	17%
$400k - 800k	75	-6%	16	-16%	4.7	11%
$800k - 1.4m	58	-2%	13	30%	4.5	-24%
$1.4m +	39	-3%	1	-80%	39.0	388%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	282	-10%	$292	3%
$10k - 400k	67	-30%	$241	2%
$400k - 800k	120	-12%	$250	0%
$800k - 1.4m	65	35%	$300	7%
$1.4m +	30	-3%	$393	-2%

Data source: Realcomp MLS using Great Lakes Repository Data.

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SEPTEMBER 2019
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Macomb County

Single-Family Homes

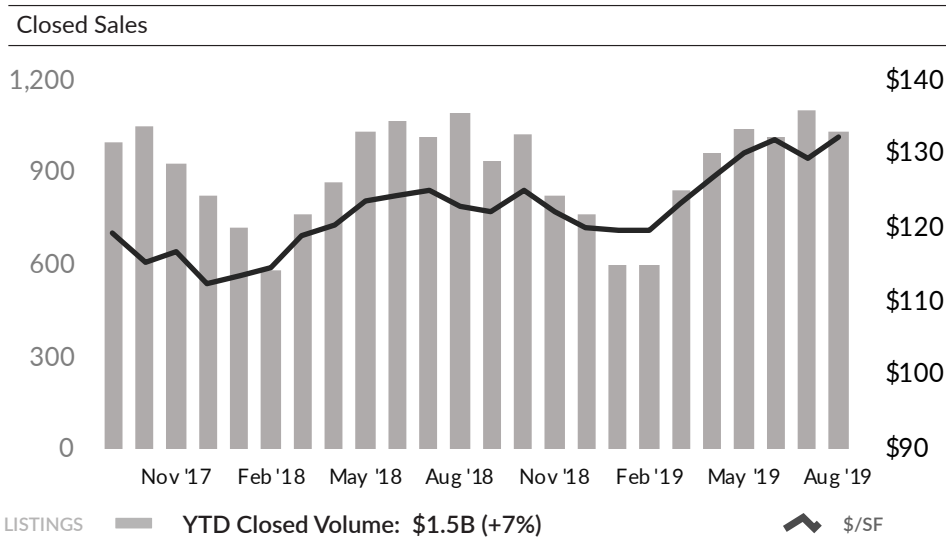
2,399
AVAILABLE HOMES
+4% from last month

1,124
NEW PENDINGS
-2% from last month

7,186
YTD CLOSED SALES
+1% from last year

$209K
YTD AVG SALE PRICE
+6% from last year

$128
YTD PRICE PER SQ FT
+5% from last year



Summary

Available listings are up 4% compared to last month and 6% compared to the same time last year. August new pendings dropped 2% from the prior month, but were about the same as August of last year. Sales also dropped 6% from July. YTD sales are running slightly ahead of last year's pace and average sale price and price per square foot are both up—6% and 5% respectively. Sales in the upper price ranges (above $225k) continue to rise with a 13% increase. The $164 price per square foot for closed sales priced over $400k is up 8% as well.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	2399	4%	1124	-2%	2.1	7%
$10-125k	413	10%	220	2%	1.9	7%
$125-225k	614	15%	454	-5%	1.4	21%
$225-400k	825	-1%	371	2%	2.2	-2%
$400k+	547	-1%	79	-15%	6.9	16%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	7186	1%	$128	5%
$10-125k	1590	-13%	$77	4%
$125-225k	2968	0%	$126	3%
$225-400k	2188	13%	$137	2%
$400k+	440	13%	$164	8%

Data source: Realcomp MLS using Great Lakes Repository Data.

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St. Clair Shores

Single-Family Homes

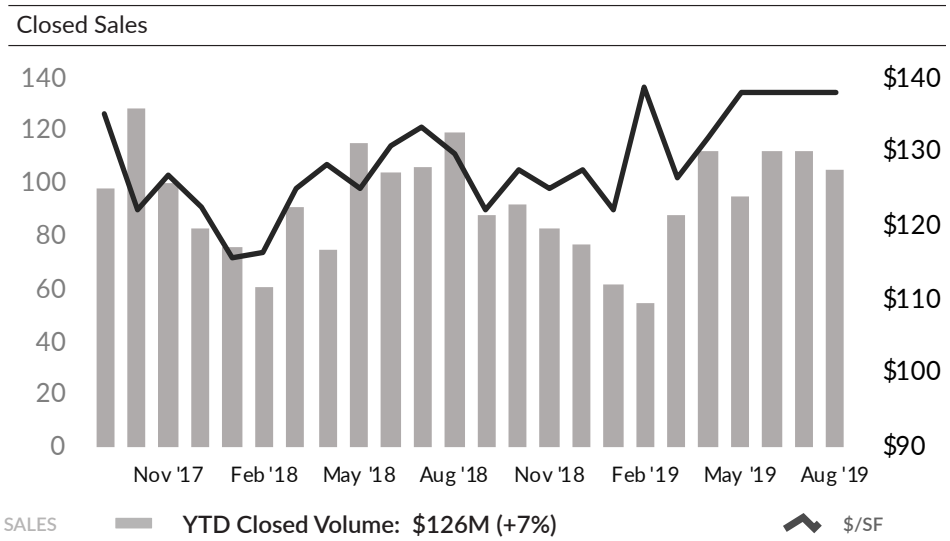
165
AVAILABLE HOMES
+14% from last month

116
NEW PENDINGS
+8% from last month

739
YTD CLOSED SALES
-1% from last year

$171K
YTD AVG SALE PRICE
+8% from last year

$134
YTD PRICE PER SQ FT
+6% from last year



Summary

Available listings continue to rise—up another 20 units in the past month. August new pendings rose by 9 units from July while closed sales dropped by 14 units. YTD sales are only down by 9 units compared to last year, but they are down by 116 units compared to peak sales in 2016. Average price is up 8%, but most of that is due to an increase in the proportion of sales priced over $160k, rising from 38% last year to 48% this year. As seen in the 2nd table below, within any given price range, the biggest value increase was 4% (in the over-$200k price range).

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	165	14%	116	8%	1.4	5%
$10-130k	17	21%	14	-13%	1.2	39%
$130-160k	46	35%	37	12%	1.2	21%
$160-200k	44	13%	45	10%	1.0	3%
$200k+	58	0%	20	18%	2.9	-15%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	739	-1%	$134	6%
$10-130k	125	-40%	$102	3%
$130-160k	256	-2%	$128	2%
$160-200k	247	29%	$141	3%
$200k+	111	26%	$155	4%

Data source: Realcomp MLS using Great Lakes Repository Data.

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Wayne County

Single-Family Homes

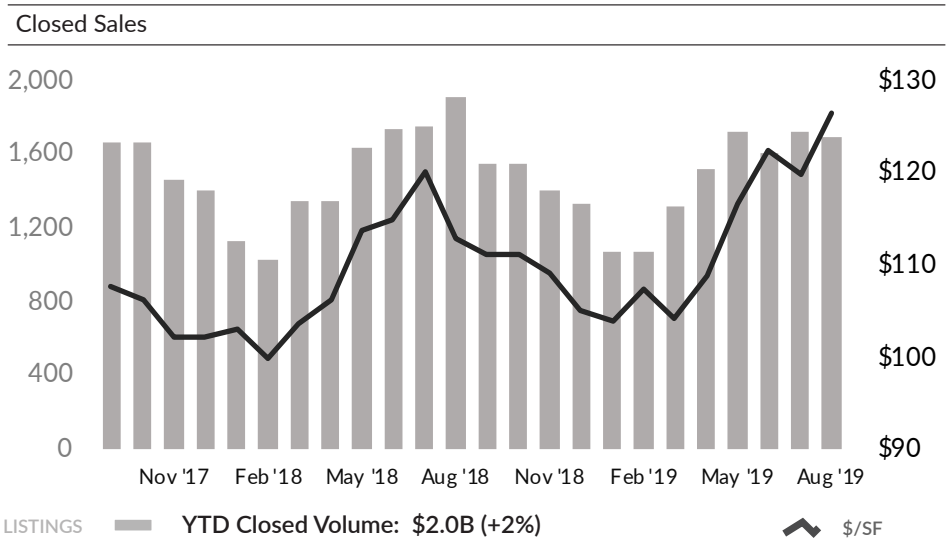
5,036
AVAILABLE HOMES
+3% from last month

1,963
NEW PENDINGS
+2% from last month

11,686
YTD CLOSED SALES
-1% from last year

$173K
YTD AVG SALE PRICE
+4% from last year

$115
YTD PRICE PER SQ FT
+4% from last year



Summary

Available inventory continues to rise but will soon level off. Compared to last year, inventory is up 15%. August new pendings and closed sales were both down 2% from the prior month. YTD sales are almost even with last year while both average price and price per square foot are up 4%. As shown in the chart above, price per square foot (black line) is probably near its peak for the year. As most of this year's prime listings sell out, expect that line to drop off—not necessarily an indication of falling values but more an indication that the remaining year-end listings are picked-over.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	5036	3%	1963	2%	2.6	0%
$10-100k	2162	3%	631	10%	3.4	-6%
$100-200k	1206	7%	740	-2%	1.6	10%
$200-400k	1034	4%	444	0%	2.3	3%
$400k+	634	-7%	148	3%	4.3	-10%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	11686	-1%	$115	4%
$10-100k	3814	-8%	$49	3%
$100-200k	4460	5%	$112	2%
$200-400k	2663	-2%	$141	3%
$400k+	749	1%	$179	5%

Data source: Realcomp MLS using Great Lakes Repository Data.

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Grosse Pointe

Single-Family Homes

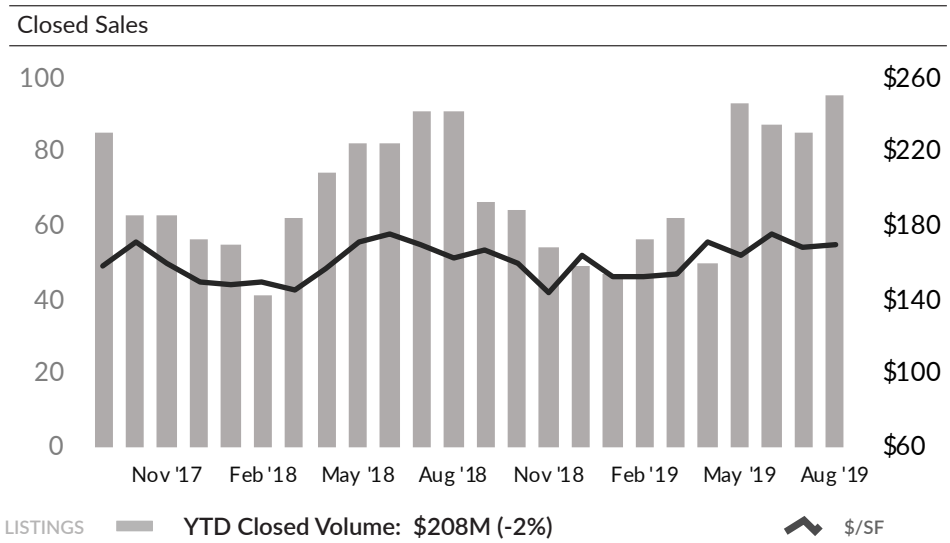
261
AVAILABLE HOMES
+11% from last month

82
NEW PENDINGS
-8% from last month

575
YTD CLOSED SALES
-1% from last year

$361K
YTD AVG SALE PRICE
-2% from last year

$165
YTD PRICE PER SQ FT
+2% from last year



Summary

Available listings rose by another 25 units since last month and inventory is 51 units higher than a year ago. August closed sales were up by 10 units from the prior month—those 95 sales will likely be the high for the year. With new pending sales dropping by 8%, expect September and October closed sales to decline. As seen in the black price per square foot line above, values have been relatively flat this year. Price per square foot is up just 2% and with fewer upper-end sales compared to last year, average sale price is down 2%. The number of listings priced over $700k are up compared to a year ago, but sales are down slightly.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	261	11%	82	-8%	3.2	20%
$10-200k	16	33%	9	13%	1.8	19%
$200-350k	88	5%	39	30%	2.3	-19%
$350-700k	102	11%	23	-53%	4.4	136%
$700k+	55	15%	11	450%	5.0	-79%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	575	-1%	$165	2%
$10-200k	92	15%	$132	7%
$200-350k	255	-2%	$153	3%
$350-700k	197	-4%	$170	1%
$700k+	31	-3%	$208	1%

Data source: Realcomp MLS using Great Lakes Repository Data.

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SEPTEMBER 2019
HOUSING REPORT

Detroit

Single-Family Homes

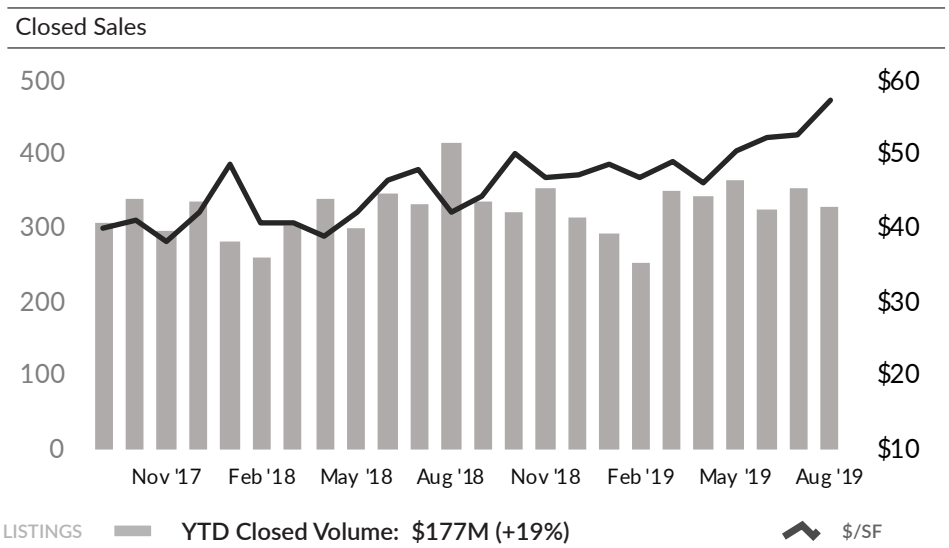
2,039
AVAILABLE HOMES
+3% from last month

453
NEW PENDINGS
+11% from last month

2,602
YTD CLOSED SALES
+1% from last year

$68K
YTD AVG SALE PRICE
+18% from last year

$51
YTD PRICE PER SQ FT
+16% from last year



Summary

Available listings are up 3% from a month ago—they're 24% higher than a year ago. August closed sales dropped 7% from the prior month, but new pendings were up 11%. Those new pendings will drive an increase in September closings. YTD closed sales are 1% ahead of last year's pace and values are up—at $68k, average price is up 10k from last year. The $100k to $200k price range is the hottest with YTD sales up 66% and price per square foot up 13%. Buyers continue to seek move-in-ready Detroit homes.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	2039	3%	453	11%	4.5	-7%
$5-30k	579	-4%	134	28%	4.3	-25%
$30-100k	1102	4%	236	8%	4.7	-4%
$100-200k	228	22%	61	11%	3.7	10%
$200k+	130	5%	22	-24%	5.9	38%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	2602	1%	$51	16%
$5-30k	912	-24%	$17	5%
$30-100k	1209	20%	$42	8%
$100-200k	345	66%	$82	13%
$200k+	136	-6%	$110	5%

Data source: Realcomp MLS using Great Lakes Repository Data.

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SEPTEMBER 2019
HOUSING REPORT

Detroit

Condos/Lofts

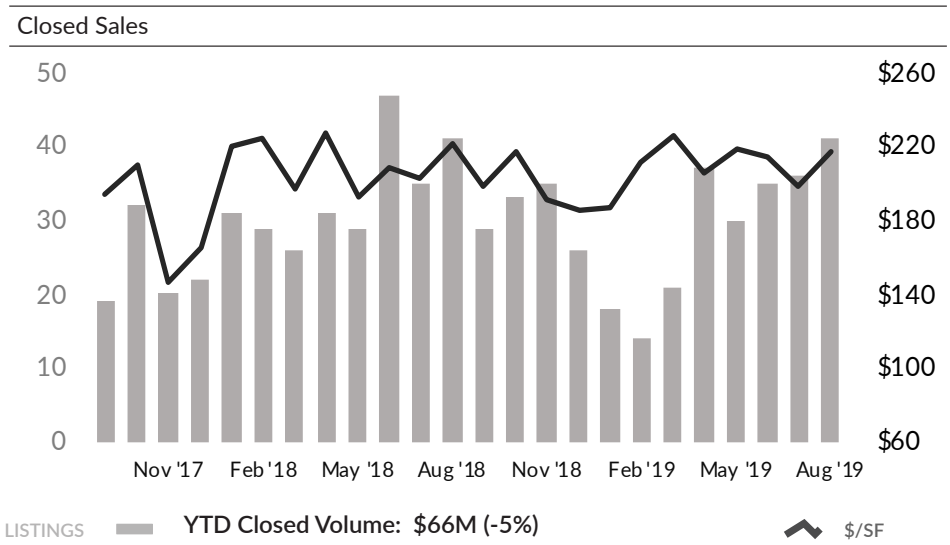
256
AVAILABLE CONDOS
+5% from last month

35
NEW PENDINGS
-8% from last month

232
YTD CLOSED SALES
-14% from last year

$283K
YTD AVG SALE PRICE
+11% from last year

$211
YTD PRICE PER SQ FT
-1% from last year



Summary

Available inventory rose by 13 units in the past month—it's 98 units higher than a year ago. While August closed sales set a new 2019 high, August new pendings were down from the previous month and 20% lower than the same month last year. A drop in new pendings typically precedes a decline in closed sales. Despite a 62% increase in inventory compared to last year, YTD closed sales are down 14%. The 11% increase in average sale price is misleading. Price per square foot has been falling in all but the $200k to $400k price ranges. Those prices are up by just 3%.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	256	5%	35	-8%	7.3	14%
$10-100k	39	22%	4	-60%	9.8	205%
$100-200k	37	-3%	8	33%	4.6	-27%
$200-400k	114	9%	16	7%	7.1	2%
$400k+	66	-3%	7	0%	9.4	-3%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	232	-14%	$211	-1%
$10-100k	40	-5%	$40	-47%
$100-200k	47	-24%	$147	-3%
$200-400k	98	-20%	$225	3%
$400k+	47	9%	$320	-1%

Data source: Realcomp MLS using Great Lakes Repository Data.

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SEPTEMBER 2019
HOUSING REPORT

Downriver

Single-Family Homes

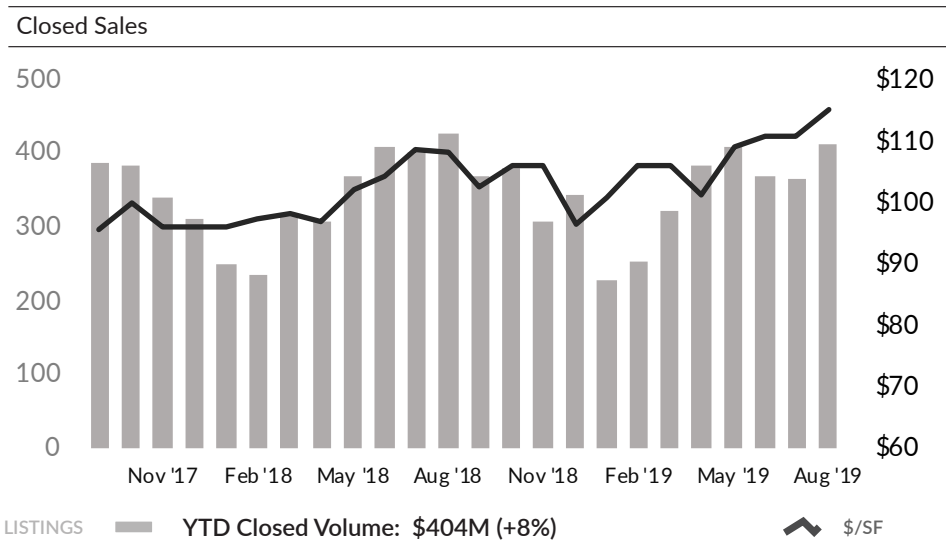
753
AVAILABLE HOMES
-5% from last month

430
NEW PENDINGS
-11% from last month

2,731
YTD CLOSED SALES
+1% from last year

$148K
YTD AVG SALE PRICE
+8% from last year

$108
YTD PRICE PER SQ FT
+6% from last year



Summary

Available inventory may have begun its seasonal decline. While August closed sales were up by 46 units compared to July, new pendings dropped by 53. That decline in new pendings will lead to closed sales falling off in September and October. Expect monthly closed sales to generally drop through the balance of the year. YTD sales are up 1% compared to last year and both average sale price and price per square foot are up 8% and 6% respectively. A plentiful supply of affordable housing will keep the Downriver market strong well after other higher-end markets begin to level off or decline.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	753	-5%	430	-11%	1.8	6%
$10-75k	90	-17%	50	-17%	1.8	0%
$75-125k	205	-3%	129	-8%	1.6	5%
$125-250k	253	-7%	198	-9%	1.3	2%
$250k+	205	0%	53	-20%	3.9	25%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	2731	1%	$108	6%
$10-75k	411	-17%	$54	-3%
$75-125k	855	-2%	$95	5%
$125-250k	1158	4%	$116	3%
$250k+	307	31%	$133	3%

Data source: Realcomp MLS using Great Lakes Repository Data.

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SEPTEMBER 2019
HOUSING REPORT

Livingston County

Single-Family Homes

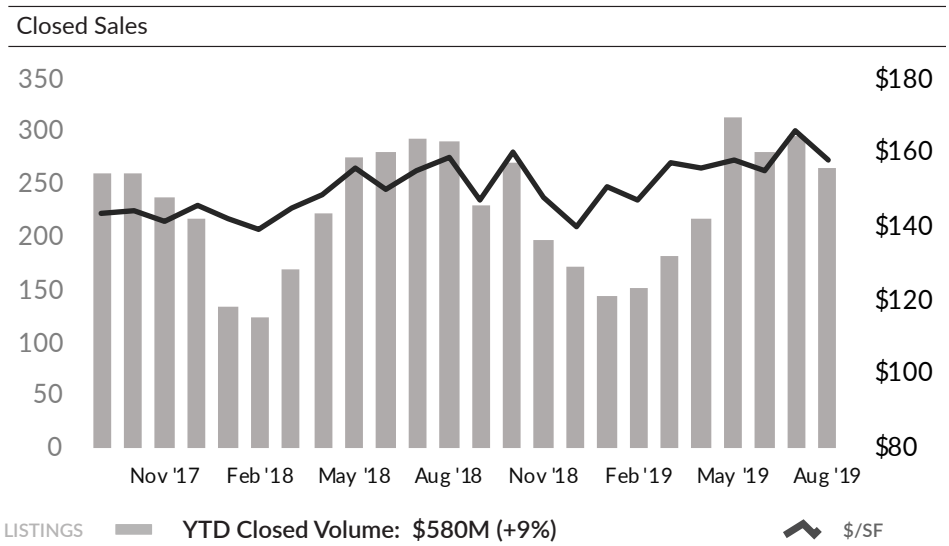
746
AVAILABLE HOMES
-1% from last month

285
NEW PENDINGS
-4% from last month

1,850
YTD CLOSED SALES
+4% from last year

$313K
YTD AVG SALE PRICE
+6% from last year

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



Summary

Available inventory, new pendings, closed sales and price per square foot all declined in August compared to the prior month. However, Livingston County's YTD sales, average price and price per square foot are all up compared to last year. The 6% increase in average sale price is a little misleading. It was driven by a change in proportion of above and below average sales. As seen in the second table below, the increase in average price was driven by a large increase in the number of higher-end sales priced over $300k. But price per square foot rose by only 3% for sales between $300k and $500k and it was flat for the over-$500k sales. Despite a 6% increase in average price, value increases for most properties were not more than 3%.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	746	-1%	285	-4%	2.6	3%
$10-200k	56	-3%	46	0%	1.2	-3%
$200-300k	211	5%	113	-1%	1.9	6%
$300-500k	326	-4%	101	-11%	3.2	9%
$500k+	153	-1%	25	9%	6.1	-9%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	1850	4%	$157	4%
$10-200k	278	-16%	$124	3%
$200-300k	739	-5%	$146	2%
$300-500k	695	24%	$160	3%
$500k+	138	19%	$204	0%

Data source: Realcomp MLS using Great Lakes Repository Data.

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SEPTEMBER 2019
HOUSING REPORT

St. Clair County

Single-Family Homes

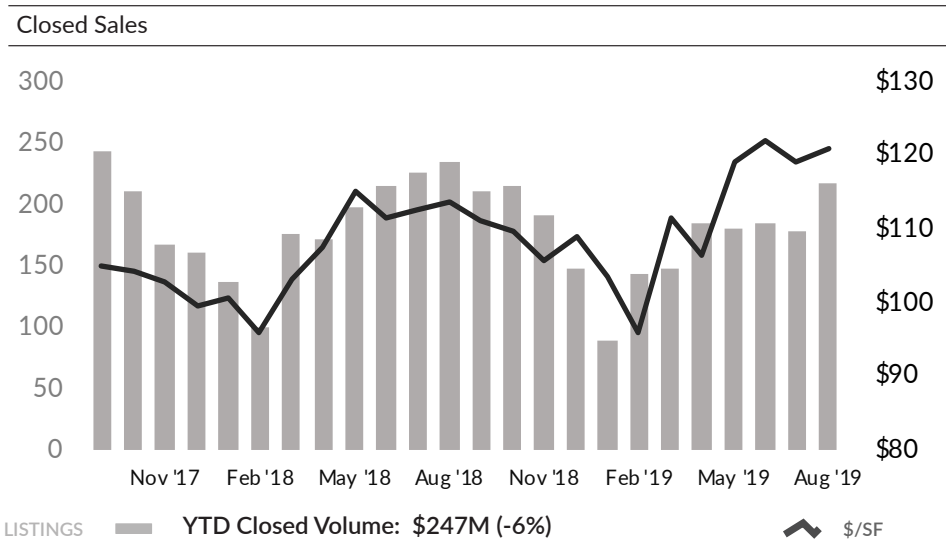
608
AVAILABLE HOMES
+8% from last month

237
NEW PENDINGS
+5% from last month

1,320
YTD CLOSED SALES
-9% from last month

$187K
YTD AVG SALE PRICE
+4% from last year

$114
YTD PRICE PER SQ FT
+4% from last year



Summary

Available inventory continues to rise—it's 8% higher than a month ago. Closed sales jumped from 178 the previous month to 217 in August. New pendings were also up. The additional August pendings will bolster September and October closings. Looking at annual performance, YTD closed sales are down 9% from last year. As seen in the chart above, summer months were flat compared to last year. Both average sale price and price per square foot are up 4%. Much of that increase was driven by a handful of million-dollar sales with Lake Huron shorelines. Otherwise, values have been relatively flat.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	608	8%	237	5%	2.6	2%
$10-100k	83	11%	36	13%	2.3	-2%
$100-200k	179	9%	111	9%	1.6	0%
$200-400k	253	5%	86	9%	2.9	-3%
$400k+	93	8%	4	-67%	23.3	224%

YTD Closed Activity

	YTD Closed	Change	YTD $/SF	Change
All	1320	-9%	$114	4%
$10-100k	263	-17%	$54	0%
$100-200k	576	-14%	$101	1%
$200-400k	427	4%	$132	2%
$400k+	54	-11%	$199	18%

Data source: Realcomp MLS using Great Lakes Repository Data.

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