

HOUSING REPORT

SOUTHEAST MICHIGAN | FEBRUARY 2020

**JOHNSTONE
& JOHNSTONE**
REALTORS



Southeast Michigan

Fierce Competition for Affordable Housing

Despite what most would consider off-season winter months, a shortage of affordable quality homes is creating heavy buyer competition throughout Detroit area markets such as Detroit, Ferndale, Oak Park, St. Clair Shores and most of the Downriver markets.

Using St. Clair Shores as an example, 1,000 homes sold for under \$145k five year ago. Last year, fewer than that sold for under \$200k. Two or three years ago it was easy for buyers to find well-built 1950's three bedroom brick ranches for around \$130k. Those same homes are now selling with competing offers for around \$160k.

Five years ago, 997 St. Clair Shores homes sold for under \$145k. Last year, less than that sold for under \$200k. That number has dropped to about half with a heavy concentration of those sales priced in a popular first-time buyer range between \$145k and \$160k. In that price range, heavy buyer competition is creating bidding wars where nearly two-thirds of sales are at or above full price. More specifically, 35% of sales are over asking, 28% are at full price and just 37% are less than asking price.

The over-asking price differentials were also surprisingly large. Only 11 of the 57 over-asking sales were within \$1,000 while 25 of them were \$5k or more and 9 were \$8k or more.

Of the 57 Over-Asking Offers

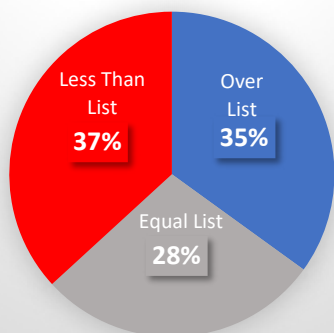
11	were within \$1k
25	were more than \$5k over
9	were more than \$8k over

As prices of Southeast Michigan homes have been on the rise for ten straight years, price increases have been outpacing income and making it difficult to find affordable move-in-ready homes. The shortage has created fierce competition with buyers bidding well over asking and often even waiving inspections (or doing mini-inspections during "highest and best offer" periods) to beat their competition.

If a new listing is amazing in the eyes of one buyer, it will probably be amazing for many. Be ready to act quickly with a strong offer.

Looking ahead, buyer competition in entry and moderate price ranges will continue to grow while supply levels continue to shrink. Buyers who are planning their first move into home ownership should consider acting sooner rather than waiting. Today's interest rates are remarkably low and today's prices are lower than they will be after another seasonal growth cycle begins.

Sale Price to List Price



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Southeast Michigan

Summary

9,712
AVAILABLE LISTINGS
-2% from last month

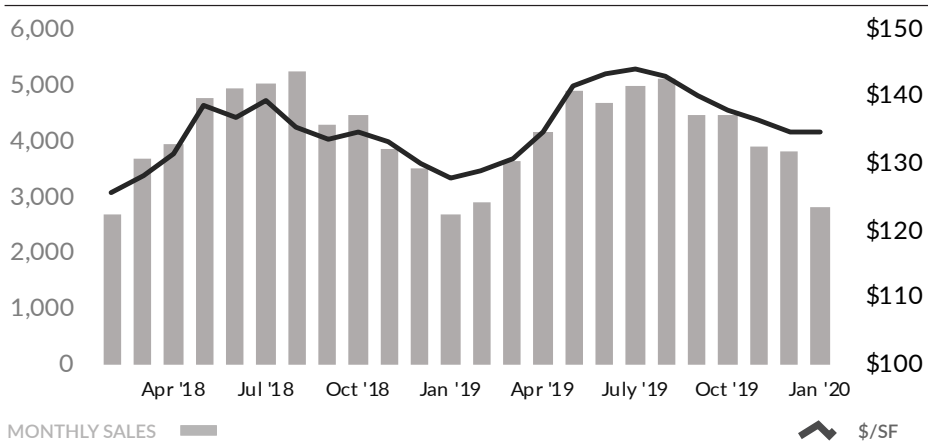
3,802
NEW PENDING
+24% from last month

2,804
YTD CLOSED SALES
+4% from last year

\$231K
YTD AVG SALE PRICE
+10% from last year

\$134
YTD PRICE PER SQ FT
+5% from last year

Closed Single-Family Home Sales



YTD Closed Volume: \$647M (+15%)

Summary

Following a strong 2019 sales year, 2020 is off to a strong start with January new pendings up 24% from the previous month and sales up 4% compared to last year. Average sale price, price per square foot and closed volume were all up—10%, 5% and 15% respectively. Inventory levels continue to drop while a large number of last year's carry-over buyers battle for affordable move-in-ready listings. In the \$250k to \$500k price range, January new pendings were up 20% compared to the same month last year. Expect tight inventory coupled with strong demand to continue to lift prices in 2020.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	9712	-2%	3802	24%	2.6	-21%
\$10k - 150k	3602	-1%	1396	20%	2.6	-18%
\$150k - 250k	1672	-6%	1096	21%	1.5	-23%
\$250k - 500k	2851	-2%	1091	31%	2.6	-25%
\$500k +	1587	3%	219	41%	7.2	-27%

YTD Closed Activity

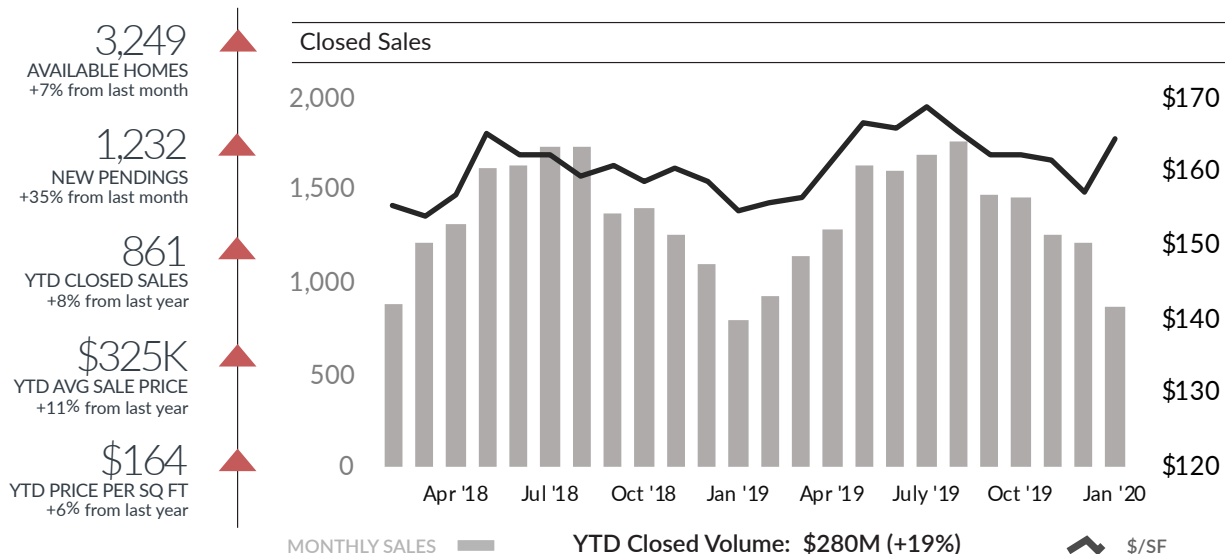
	YTD Closed	Change	YTD \$/SF	Change
All	2804	4%	\$134	5%
\$10k - 150k	1017	-12%	\$78	-1%
\$150k - 250k	859	11%	\$129	0%
\$250k - 500k	777	24%	\$149	3%
\$500k +	151	6%	\$217	5%

Data source: Realtor MLS using Great Lakes Repository Data.



Oakland County

Single-Family Homes



Summary

The combination of carry-over demand from buyers who didn't find what they were looking for last year and mild January weather has sales off to a strong 2020 start. January new pendings were up 35% compared to December and up 6% compared to January 2019. Closed sales, average sale price, price per square foot and closed volume were all up compared to last year—8%, 11%, 6% and 19%. Looking ahead, expect inventory levels to be tight and demand strong in the entry and middle price ranges. Sales of upper-end homes will increase, but values at those higher price levels will be flat or rise at a slower pace than previous years.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	3249	7%	1232	35%	2.6	-21%
\$10k - 200k	703	26%	375	25%	1.9	1%
\$200k - 400k	1157	5%	571	42%	2.0	-26%
\$400k - 800k	974	0%	245	36%	4.0	-26%
\$800k +	415	4%	41	41%	10.1	-26%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	861	8%	\$164	6%
\$10k - 200k	271	-14%	\$118	4%
\$200k - 400k	392	18%	\$152	3%
\$400k - 800k	162	27%	\$172	2%
\$800k +	36	57%	\$275	-15%

Data source: Realcomp MLS using Great Lakes Repository Data.

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Birmingham

Single-Family Homes

181
AVAILABLE HOMES
+35% from last month

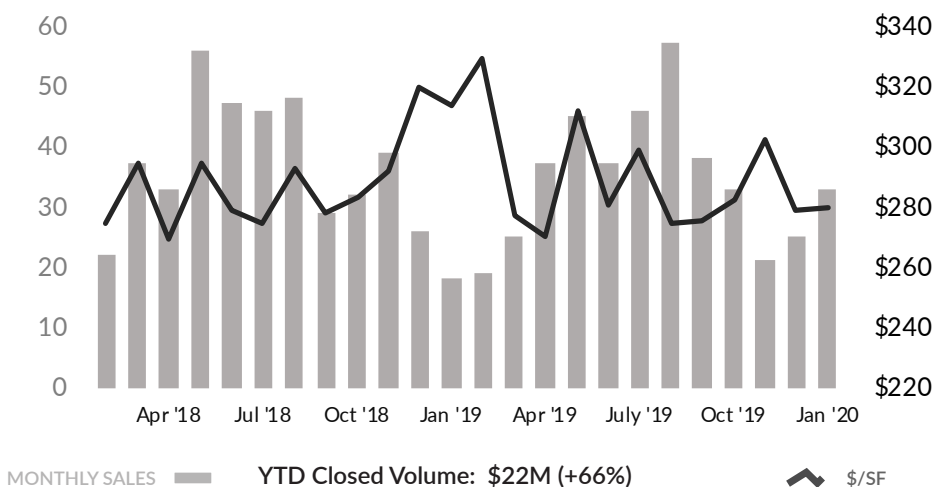
45
NEW PENDING
+96% from last month

33
YTD CLOSED SALES
+83% from last year

\$669K
YTD AVG SALE PRICE
-9% from last year

\$279
YTD PRICE PER SQ FT
-11% from last year

Closed Sales



Summary

Birmingham is off to a fast start with its 2020 sales activity. January new pendings jumped by 96% and closed sales jumped 32% compared to the prior month. Sales were up 83% compared to last year. With 17 closed sales and half of all January sales, the \$400k to \$800k price range was the most active market segment. While sales were strong, January values were light—average price was down 9% and price per square foot was down 11% compared to last year. Within the price levels shown in the second table below, price per square foot was down in most price ranges. Expect 2020 sales to be up, and upper-end values to be flat compared to prior years.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	181	35%	45	96%	4.0	-31%
\$10k - 400k	34	79%	17	183%	2.0	-37%
\$400k - 800k	50	6%	17	55%	2.9	-31%
\$800k - 1.4m	48	41%	7	133%	6.9	-39%
\$1.4m +	49	44%	4	33%	12.3	8%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	33	83%	\$279	-11%
\$10k - 400k	9	50%	\$244	-4%
\$400k - 800k	17	183%	\$234	-1%
\$800k - 1.4m	5	67%	\$321	-9%
\$1.4m +	2	-33%	\$439	12%

Data source: Realcomp MLS using Great Lakes Repository Data.



Macomb County

Single-Family Homes

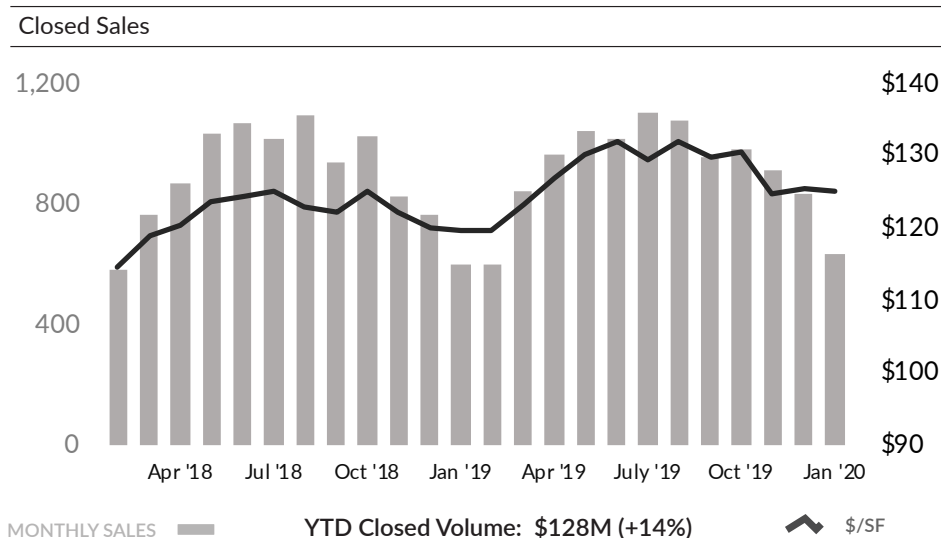
1,616
AVAILABLE HOMES
-6% from last month

786
NEW PENDING
+16% from last month

631
YTD CLOSED SALES
+6% from last year

\$202K
YTD AVG SALE PRICE
+8% from last year

\$125
YTD PRICE PER SQ FT
+5% from last year



Summary

With new January pendings up 16%, inventory levels continue to drop and are down 6%. 2020 got off to a strong start as January closed sales, average sale price, price per square foot and closed volume were all up compared to last year—6%, 8%, 5% and 14%. That jump in new pendings will boost February and March closings. While under-\$225k sales dropped 5%, over-\$225k sales were up 34%. That market shift by itself accounted for most of the jump in average price, price per square foot and closed volume. Values of those above-\$225 homes were flat—up 1% for the \$225k to \$400k sales and down 2% for the over-\$400k sales. For the 2020 upper-end markets, expect an increase in sales but flat values.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	1616	-6%	786	16%	2.1	-19%
\$10-125k	336	-6%	188	15%	1.8	-18%
\$125-225k	411	-9%	304	9%	1.4	-17%
\$225-400k	450	-14%	244	24%	1.8	-31%
\$400k+	419	6%	50	25%	8.4	-15%

YTD Closed Activity

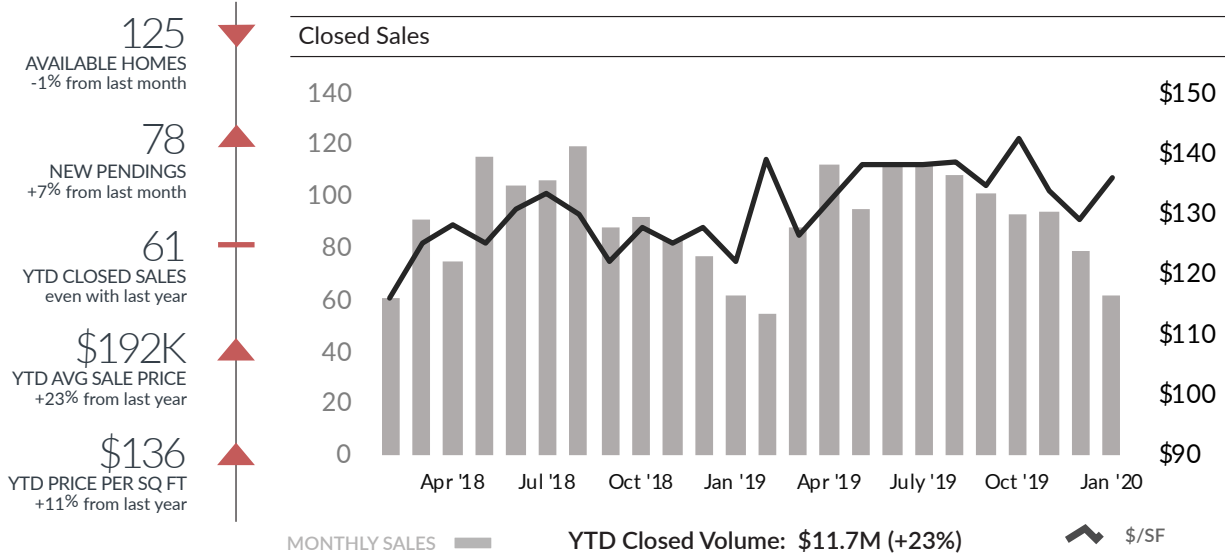
	YTD Closed	Change	YTD \$/SF	Change
All	631	6%	\$125	5%
\$10-125k	159	-5%	\$76	-1%
\$125-225k	257	-5%	\$125	5%
\$225-400k	180	34%	\$135	1%
\$400k+	35	35%	\$163	-2%

Data source: Realcomp MLS using Great Lakes Repository Data.

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St. Clair Shores

Single-Family Homes



Summary

Affordable housing stock kept the St. Clair Shores market popular and prices rapidly rising. January's average sale price rose 23% from a year ago. Price per square foot rose 11% and closed volume jumped 23%. In the past year, a third of homes priced between \$145k and \$160k sold for over full price, a third at full price and the remaining homes went for less than full price. This year, watch for the \$160k to \$200k market to be hot with great growth both in number of homes sold and price per square foot.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	125	-1%	78	7%	1.6	-7%
\$10-130k	24	26%	12	-20%	2.0	58%
\$130-160k	33	0%	20	-5%	1.7	5%
\$160-200k	33	-11%	38	65%	0.9	-46%
\$200k+	35	-5%	8	-43%	4.4	66%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	61	0%	\$136	11%
\$10-130k	12	-14%	\$100	-8%
\$130-160k	12	-50%	\$130	9%
\$160-200k	24	71%	\$145	14%
\$200k+	13	44%	\$144	9%

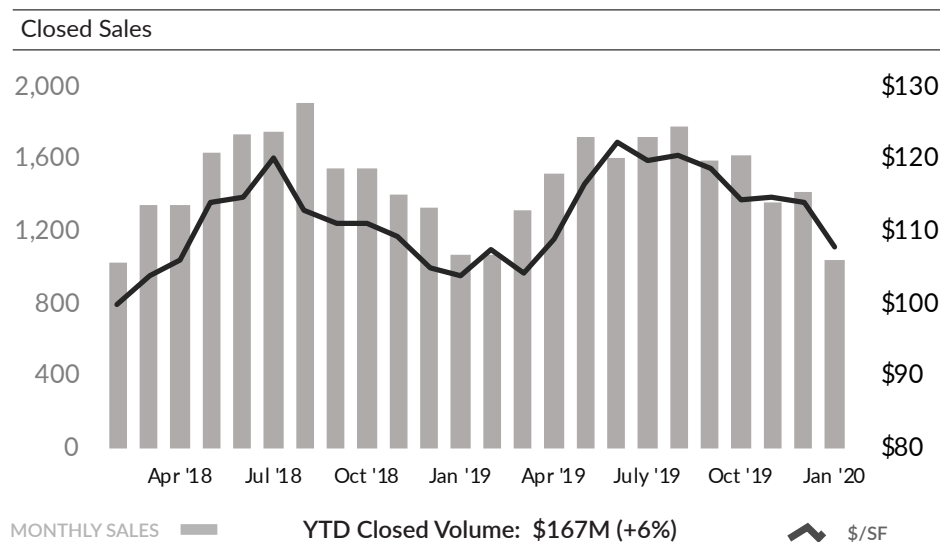
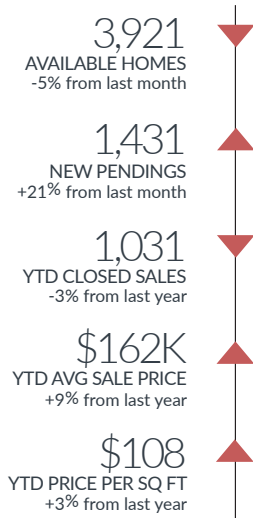
Data source: Realtor.com MLS using Great Lakes Repository Data.



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Wayne County

Single-Family Homes



Summary

While January new pendings jumped 21% from the prior month, inventory and closed sales both dropped. Compared to a year ago, January's average price was up 9% and closed volume was up 6%. Year-over-year closed sales were up 16% in the \$200k to \$400k price range, but dropped in all other ranges. Ironically, the price range with the increase in sales was the only one that had a drop in price per square foot—it was down 6%. Because of the many smaller and dissimilar markets within Wayne County (i.e. Detroit, Grosse Pointe, Downriver), county-wide statistics may not be relevant to some of those sub-markets. For that reason, this county is also divided into several smaller areas in the Southeast Michigan Housing Report.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	3921	-5%	1431	21%	2.7	-21%
\$10-100k	1999	-1%	508	18%	3.9	-16%
\$100-200k	890	-10%	530	20%	1.7	-25%
\$200-400k	615	-12%	311	23%	2.0	-29%
\$400k+	417	1%	82	49%	5.1	-32%

YTD Closed Activity

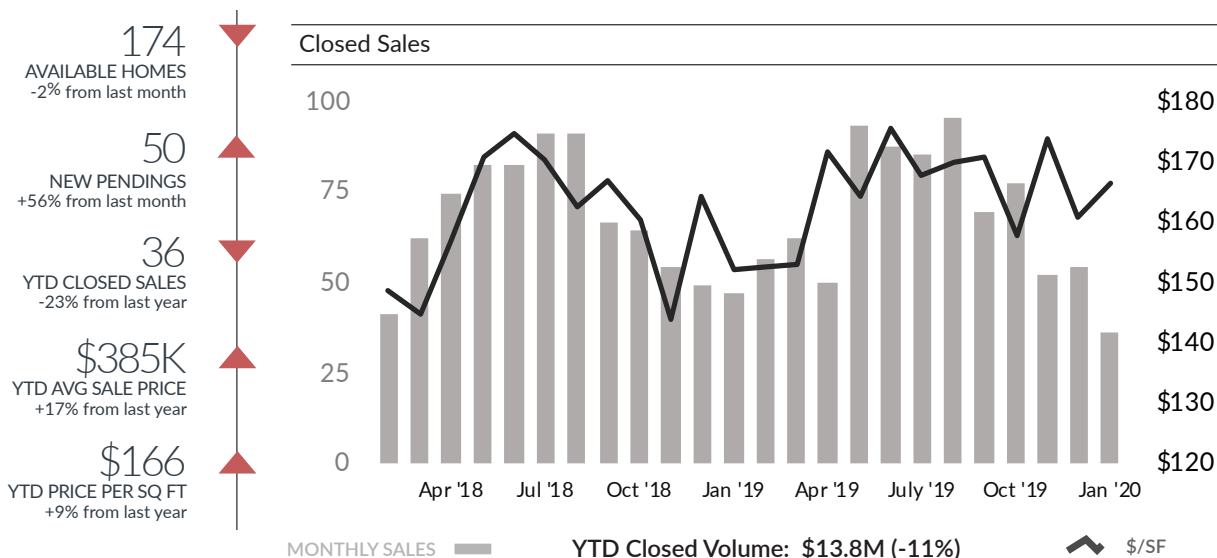
	YTD Closed	Change	YTD \$/SF	Change
All	1031	-3%	\$108	3%
\$10-100k	365	-14%	\$49	0%
\$100-200k	397	-1%	\$111	2%
\$200-400k	220	16%	\$130	-6%
\$400k+	49	-2%	\$182	10%

Data source: Realtor MLS using Great Lakes Repository Data.



Grosse Pointe

Single-Family Homes



Summary

January closed sales dropped 33% from December and 23% compared to a year ago. On a brighter note, strong carryover demand from buyers who never found what they were looking for last year boosted January sales activity as new pendings jumped 56% from 32 to 50. The additional new pendings will ensure an upswing in February and March closed sales. Looking ahead and despite strong demand, limited and picked-over inventory in the under-\$350k price ranges will continue to restrict sales. Expect the \$350k to \$700k range to show strong sales activity while the over-\$700k market goes a little flat. With 43 active over-\$700k listings, there were just two new pendings and one January closed sale.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	174	-2%	50	56%	3.5	-37%
\$10-200k	12	-25%	6	-25%	2.0	0%
\$200-350k	50	-4%	26	136%	1.9	-59%
\$350-700k	69	3%	15	50%	4.6	-31%
\$700k+	43	0%	3	0%	14.3	0%

YTD Closed Activity

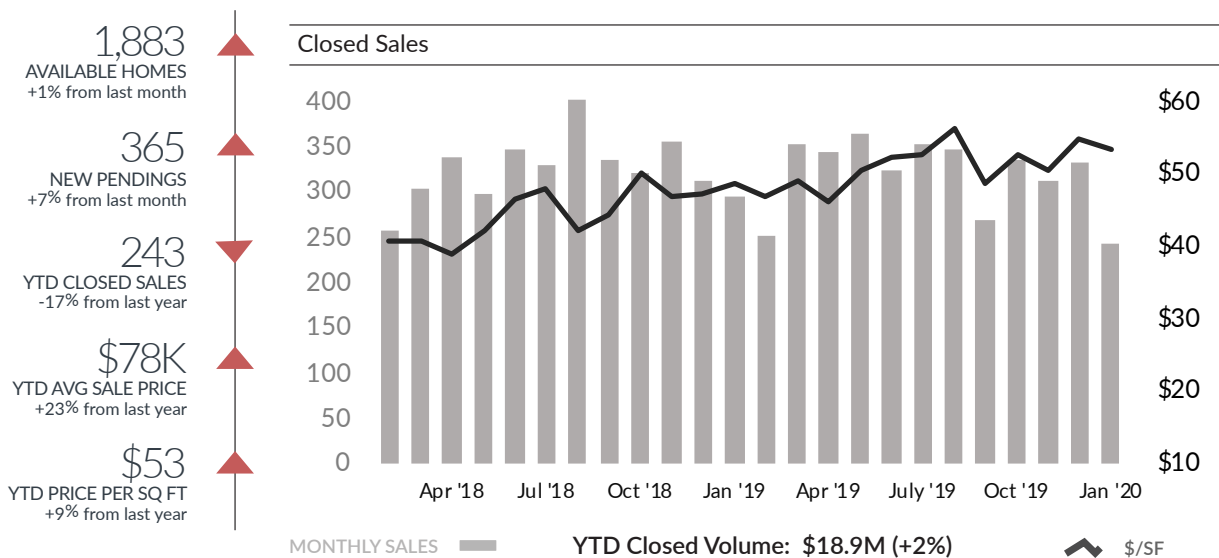
	YTD Closed	Change	YTD \$/SF	Change
All	36	-23%	\$166	9%
\$10-200k	8	33%	\$111	-15%
\$200-350k	13	-48%	\$150	-1%
\$350-700k	14	0%	\$174	13%
\$700k+	1	-50%	\$306	83%

Data source: Realcomp MLS using Great Lakes Repository Data.

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Detroit

Single-Family Homes



Summary

As the condition of Detroit housing stock improves, prices continue to rise. Despite the improvements, fewer homes are being bought and sold. The number of January new pendings was up 7% from the prior month, but down 14% compared to a year ago. Closed sales dropped by 90 from the prior month and by 50 compared to the same month last year. While nearly half of Detroit home sales are priced between \$30k and \$100k, about a third of sales are still \$30k or less. Listings in the \$100k-\$200k range are in great demand. Last year, those sales averaged 97% of list price (higher than any other segment) and sold in an average of 21 days. The next fastest price range was three times longer at 62 days for \$30k-\$100k sales.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	1883	1%	365	7%	5.2	-6%
\$5-30k	492	2%	127	20%	3.9	-15%
\$30-100k	1086	2%	170	0%	6.4	2%
\$100-200k	195	-5%	46	0%	4.2	-5%
\$200k+	110	-8%	22	10%	5.0	-16%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	243	-17%	\$53	9%
\$5-30k	85	-29%	\$16	-1%
\$30-100k	111	-15%	\$41	-6%
\$100-200k	31	7%	\$84	-5%
\$200k+	16	7%	\$127	14%

Data source: Realcomp MLS using Great Lakes Repository Data.



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Detroit

Condos/Lofts

237
AVAILABLE CONDOS
-3% from last month

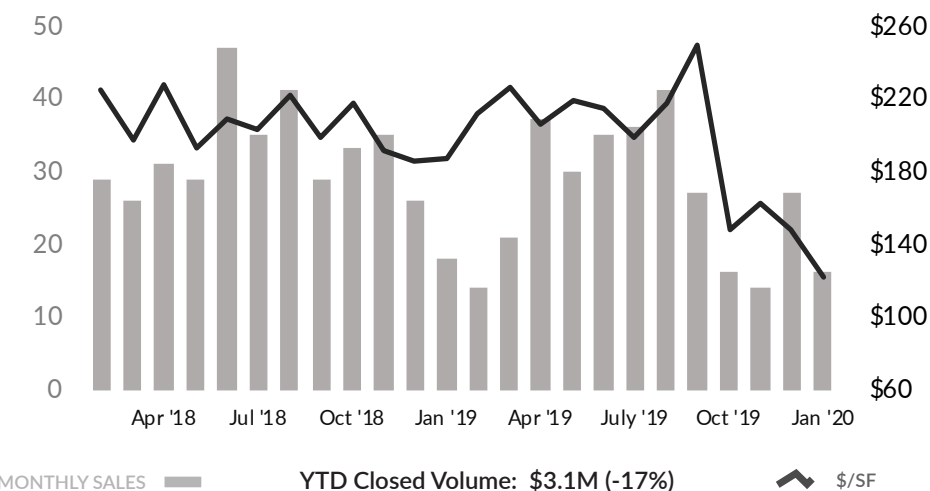
28
NEW PENDING
+8% from last month

16
YTD CLOSED SALES
-11% from last year

\$194K
YTD AVG SALE PRICE
-7% from last year

\$122
YTD PRICE PER SQ FT
-35% from last year

Closed Sales



Summary

Inventory dropped slightly in January, but is still 32% higher than a year ago. Closed sales dropped from 27 in December to 16 in January, but new pendings were up slightly. With 51 listings priced above \$400k, there were two closed sales and seven new pendings. With the recent unsold development, the condo/loft market has a surplus of listings. Many of those newer units are more of an apartment style. Loft-style units within the Midtown and Eastern Market locations continue to sell quickly and for premium prices.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	237	-3%	28	8%	8.5	-10%
\$10-100k	43	16%	5	-17%	8.6	39%
\$100-200k	36	-5%	5	-17%	7.2	14%
\$200-400k	107	-1%	11	0%	9.7	-1%
\$400k+	51	-16%	7	133%	7.3	-64%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	16	-11%	\$122	-35%
\$10-100k	6	0%	\$21	-52%
\$100-200k	3	-40%	\$123	-26%
\$200-400k	5	0%	\$258	4%
\$400k+	2	0%	\$247	-27%

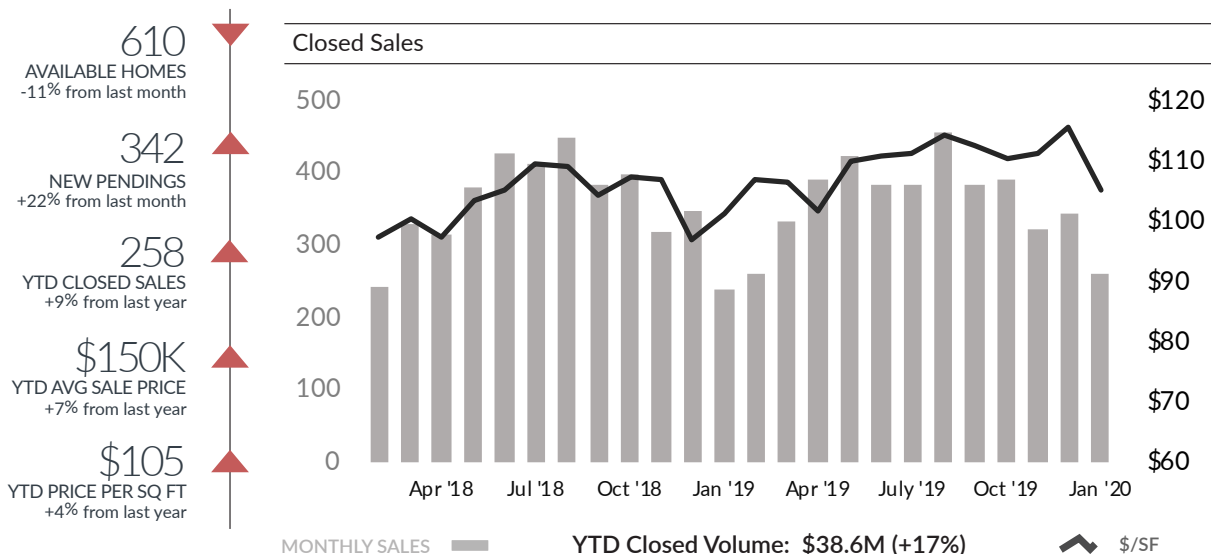
Data source: Realcomp MLS using Great Lakes Repository Data.



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Downriver

Single-Family Homes



Summary

January brought its customary drop in closed sales compared to the prior month, but sales were up 9% compared to last year. New pending activity was also strong—up 22% from the prior month. Those new pendings will ensure an increasing amount of February and March closings. With its rich supply of affordable housing, expect the Downriver markets to have another year of near-record sales with historic high prices and closed volume. There was a 40% increase in over-\$250k sales last year. Expect that price segment to continue to enjoy the most growth in terms of both closed sales and value.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	610	-11%	342	22%	1.8	-27%
\$10-75k	96	-12%	42	27%	2.3	-31%
\$75-125k	182	-8%	112	44%	1.6	-36%
\$125-250k	199	-13%	143	12%	1.4	-23%
\$250k+	133	-9%	45	10%	3.0	-17%

YTD Closed Activity

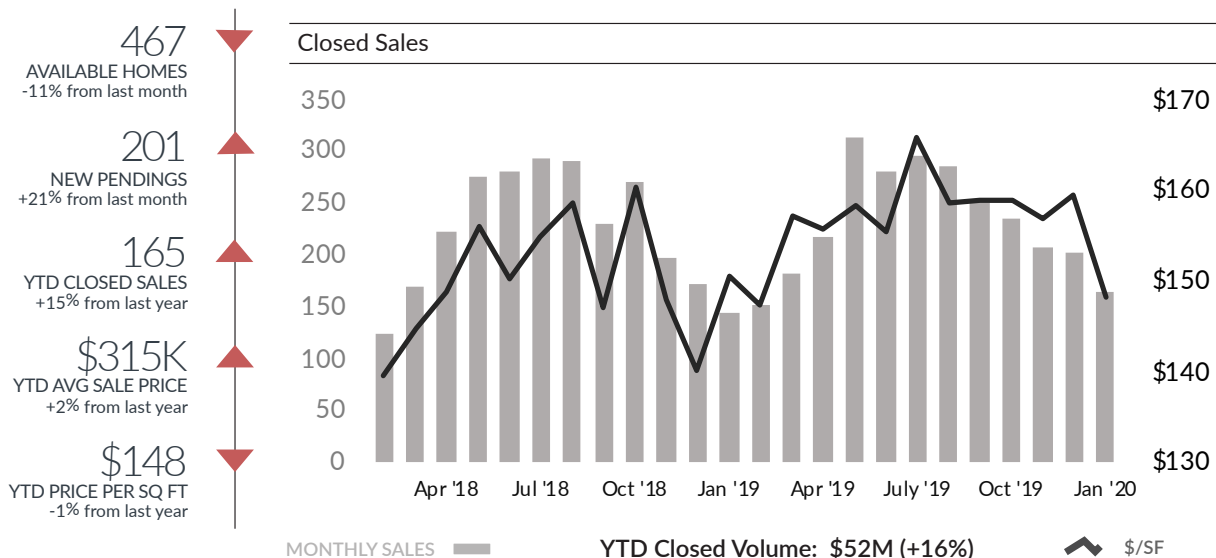
	YTD Closed	Change	YTD \$/SF	Change
All	258	9%	\$105	4%
\$10-75k	36	-20%	\$61	6%
\$75-125k	82	6%	\$93	4%
\$125-250k	112	26%	\$106	-1%
\$250k+	28	12%	\$137	3%

Data source: Realcomp MLS using Great Lakes Repository Data.



Livingston County

Single-Family Homes



Summary

Livingston County was off to a fast start with January new pendings up 21% compared to last month and 11% higher than a year ago. Closed sales were also up 15% from a year ago. The additional sales contributed to a decline in active listing inventory, which dropped 11% from a month ago and is down 5% from a year ago. Despite increased sales activity, values have been flat. The average closed price per square foot dropped 1% compared to January of 2019, was down 2% for sales under \$300k and even for sales above \$300k. Carry-over demand from buyers who didn't find what they were looking for last year will continue to drive early 2020 sales, but a lack of quality inventory will limit prices until more fresh listings hit the market.

Monthly Activity

	Listings	Change	New Pending	Change	Months Supply	Change
All	467	-11%	201	21%	2.3	-26%
\$10-200k	44	-8%	31	-6%	1.4	-2%
\$200-300k	118	-18%	91	52%	1.3	-46%
\$300-500k	207	-9%	66	2%	3.1	-11%
\$500k+	98	-6%	13	63%	7.5	-42%

YTD Closed Activity

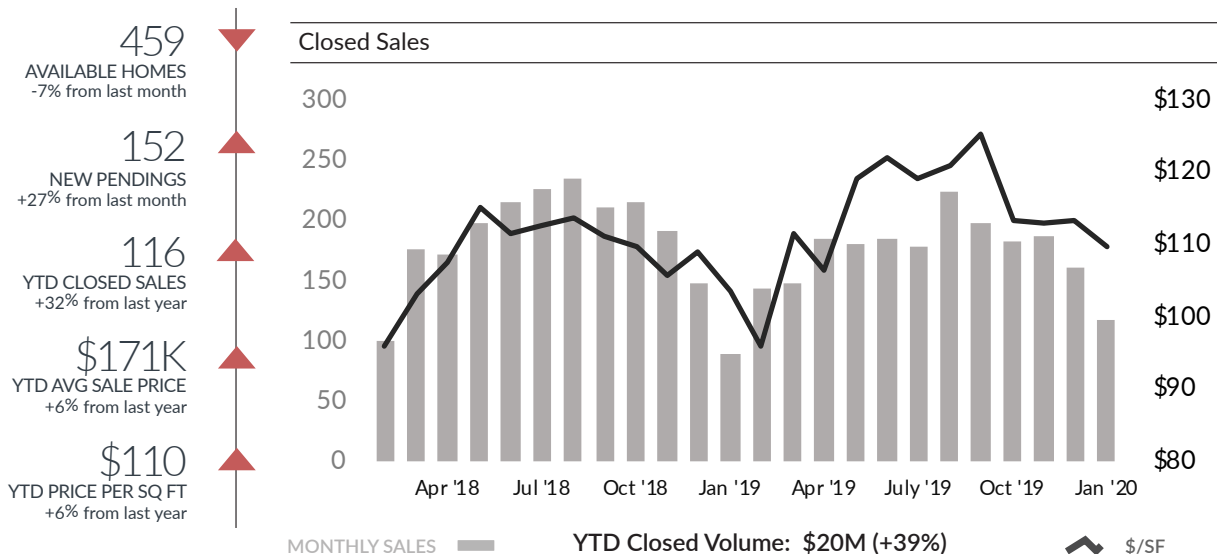
	YTD Closed	Change	YTD \$/SF	Change
All	165	15%	\$148	-1%
\$10-200k	21	-13%	\$110	-2%
\$200-300k	67	31%	\$141	-2%
\$300-500k	67	20%	\$151	0%
\$500k+	10	-23%	\$193	0%

Data source: Realcomp MLS using Great Lakes Repository Data.

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St. Clair County

Single-Family Homes



Summary

St. Clair County got off to a strong start in 2020. January new pendings were up 27% compared to the prior month and while closed sales showed the typical seasonal drop compared to the prior month, they were up 32% compared to last year. The jump in new pendings will also ensure an increase in February and March closings. While there was a 6% increase in both average sale price and price per square foot, be careful not to assume values all rose by that amount. Most of that increase was driven by a jump in higher-priced sales. Sales in the \$200k to \$400k range rose from 25 last year to 38 and over-\$400k sales went from zero to three. Looking forward, growing upper-end inventories will provide additional buyer choices that will increase sales. Expect those upper-end values to be flat compared to prior years.

Monthly Activity

	Listings	Change	New Pendings	Change	Months Supply	Change
All	459	-7%	152	27%	3.0	-27%
\$10-100k	70	-19%	39	44%	1.8	-44%
\$100-200k	139	-17%	75	42%	1.9	-41%
\$200-400k	185	4%	36	0%	5.1	4%
\$400k+	65	2%	2	-50%	32.5	103%

YTD Closed Activity

	YTD Closed	Change	YTD \$/SF	Change
All	116	32%	\$110	6%
\$10-100k	31	35%	\$55	-2%
\$100-200k	44	10%	\$107	9%
\$200-400k	38	52%	\$130	0%
\$400k+	3	—	\$182	—

Data source: Realcomp MLS using Great Lakes Repository Data.

