

SE Michigan Residential Real Estate Recovery

Are we there yet or is it over?

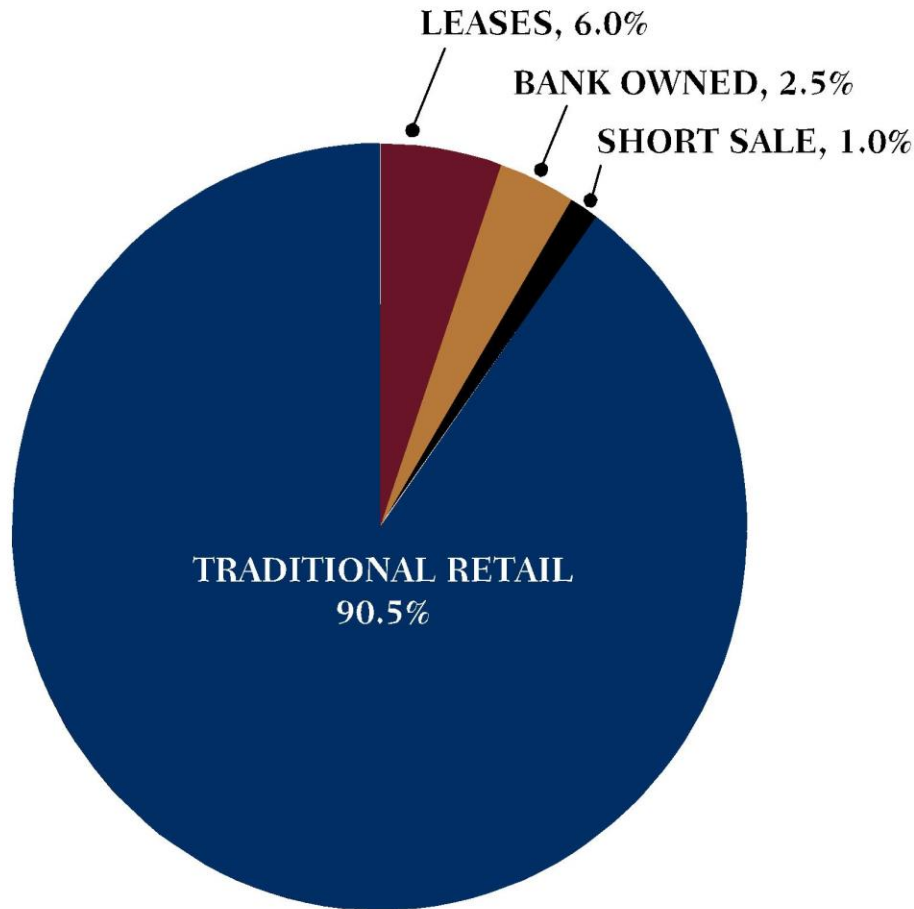


REAL ESTATE ONE

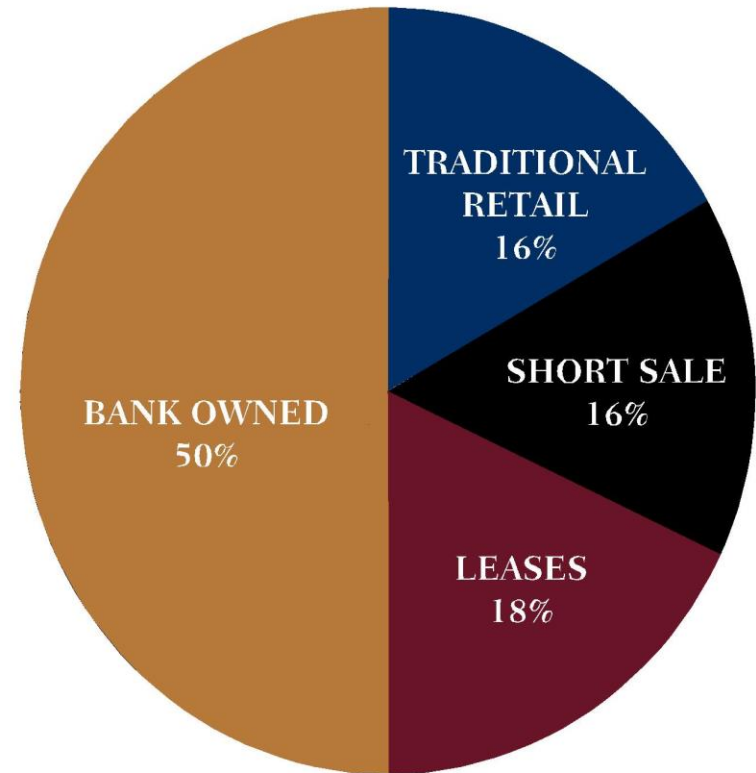
FAMILY of COMPANIES

Real Estate One Johnstone & Johnstone Reinhart Max Broock Advantage
John Adams Capital Title Insurance One Relocation America International

Changing View of Residential Transactions

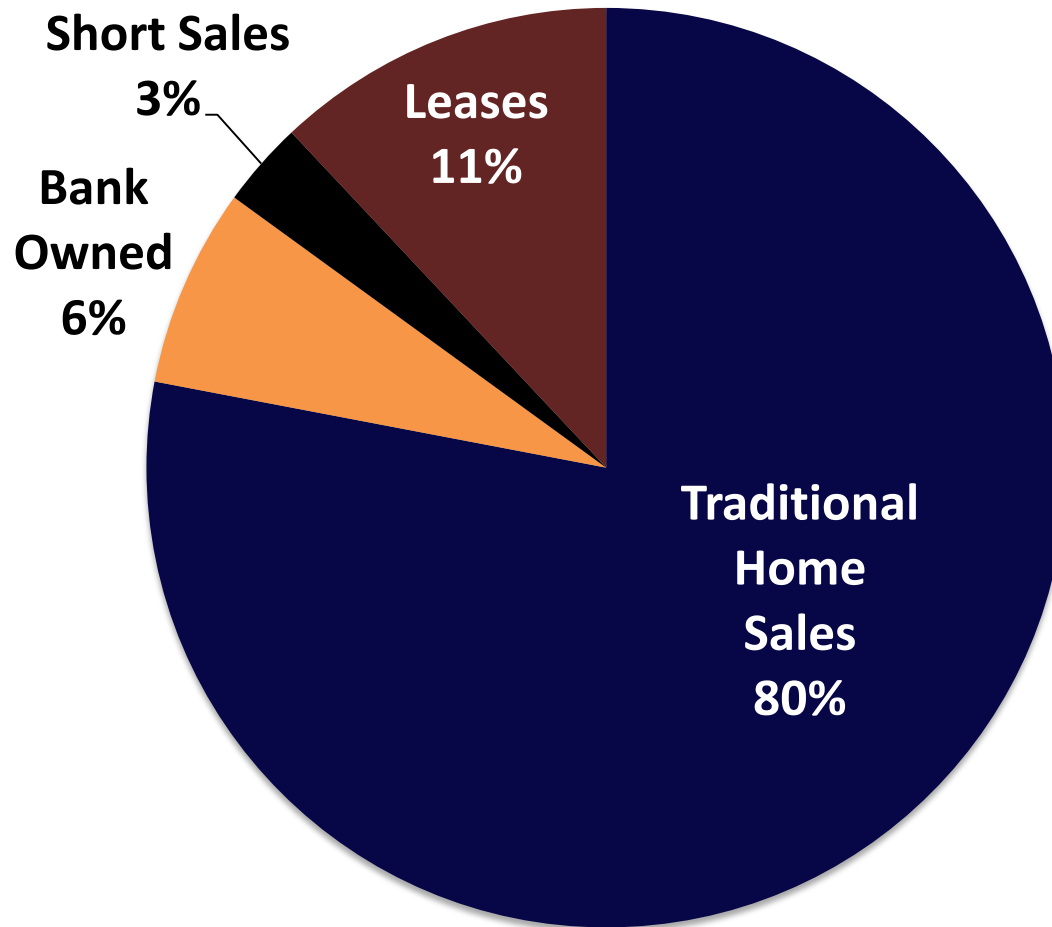


**HISTORIC HOME SALE
DISTRIBUTION**

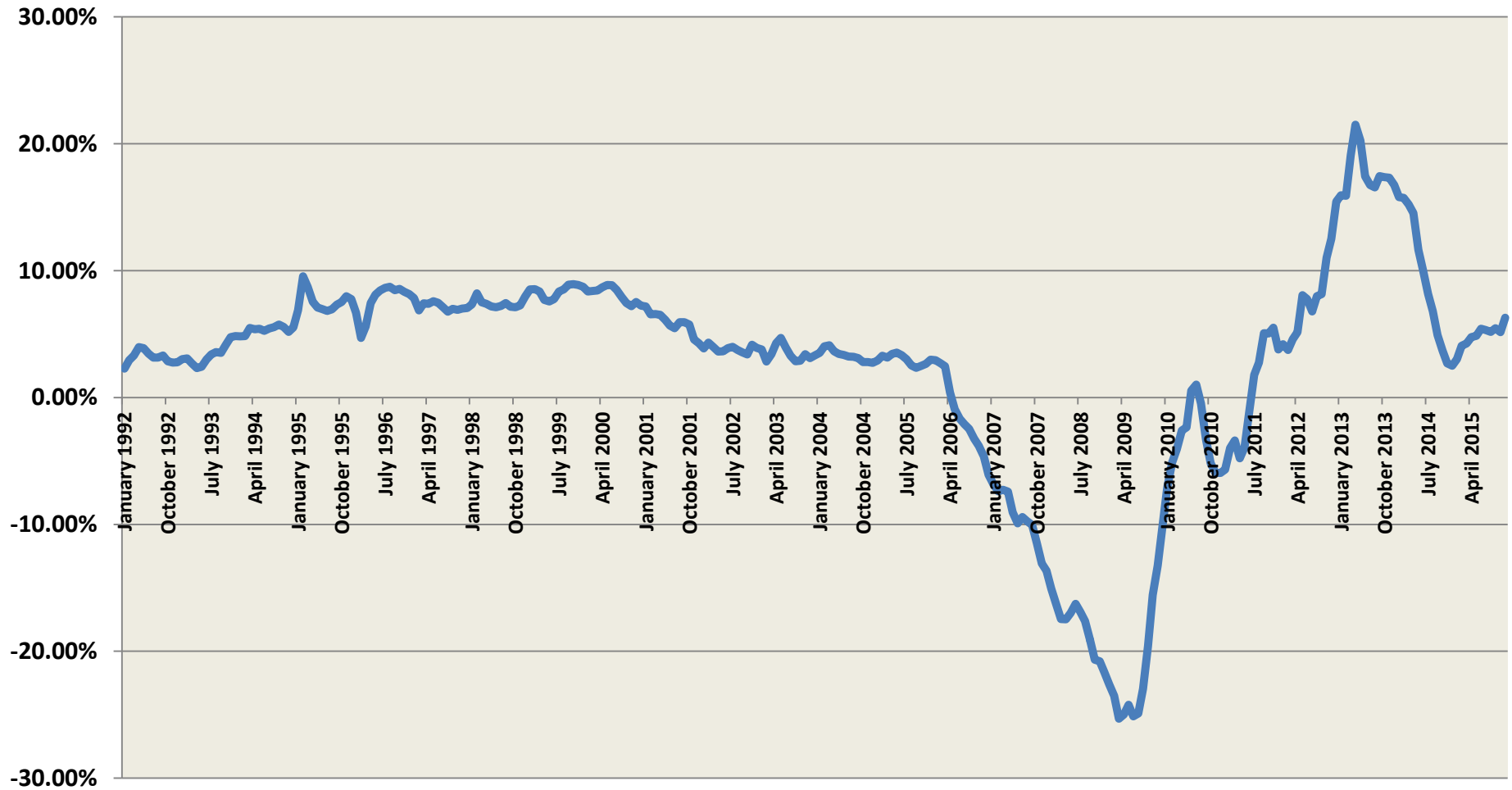


**CURRENT HOME SALE
DISTRIBUTION**

Changing View of Residential Transactions 2015

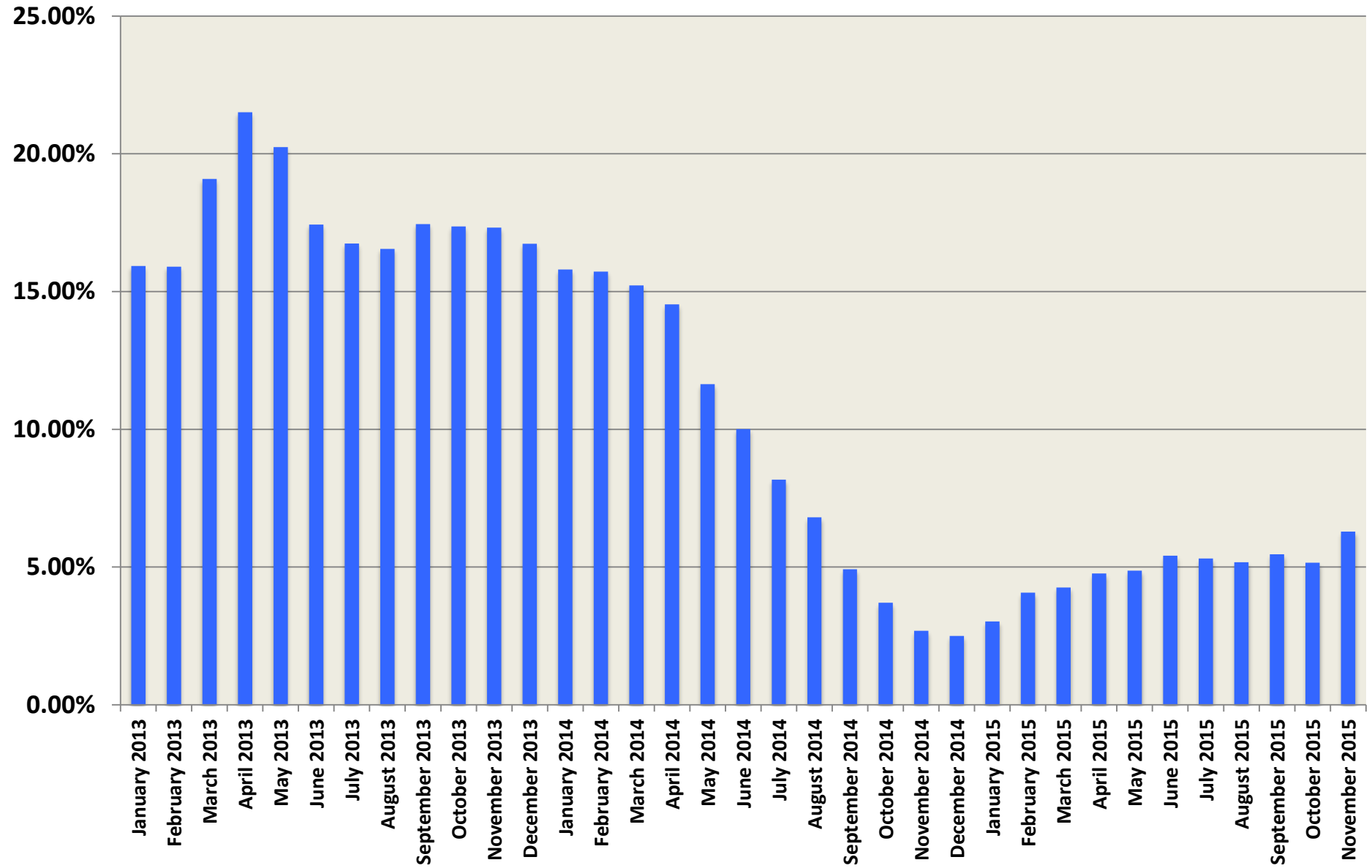


Case-Shiller Metro Detroit Annual Appreciation Rate Trend



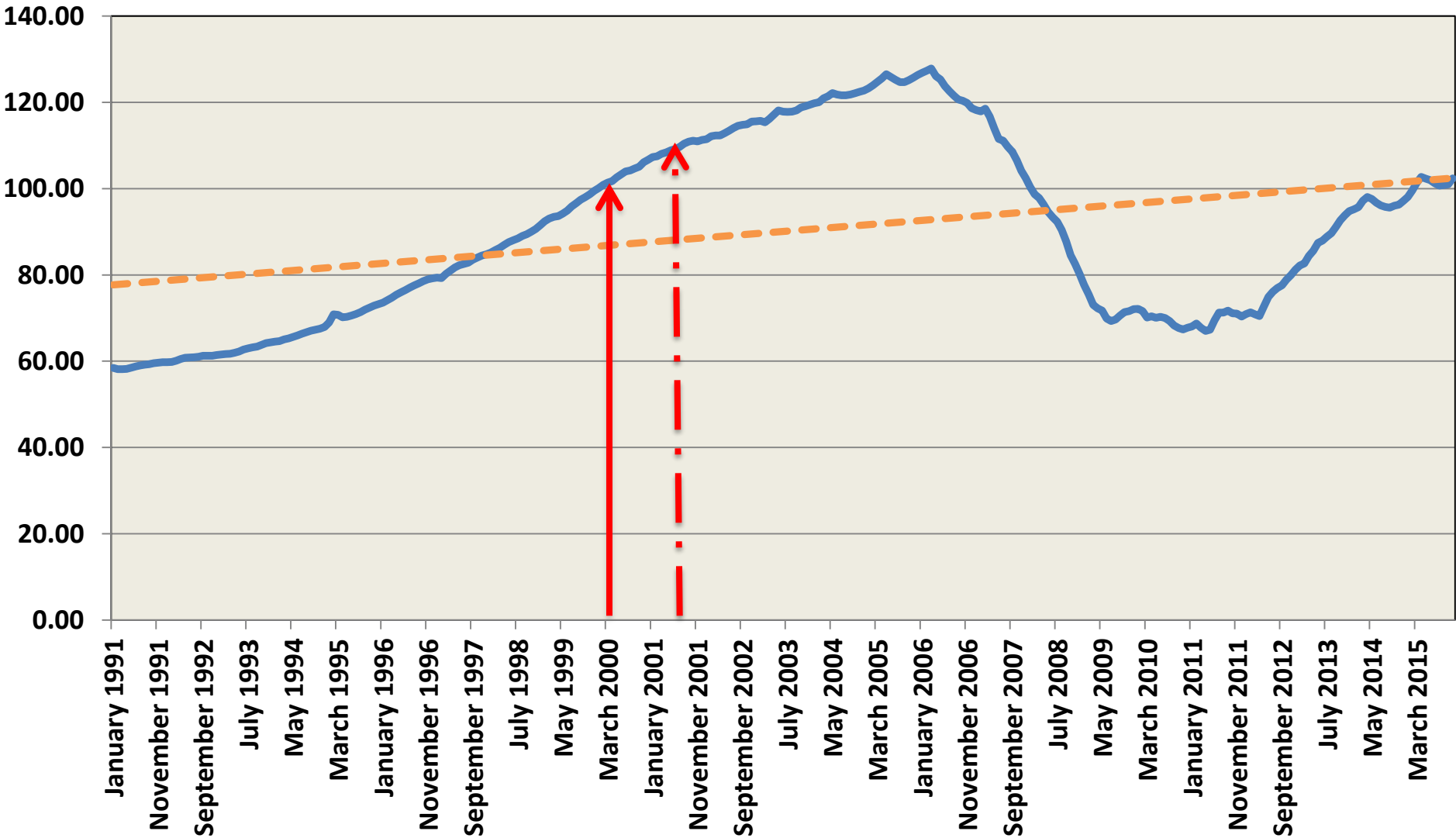
Year over year Price Changes by Month

Chase-Shiller Metro Detroit

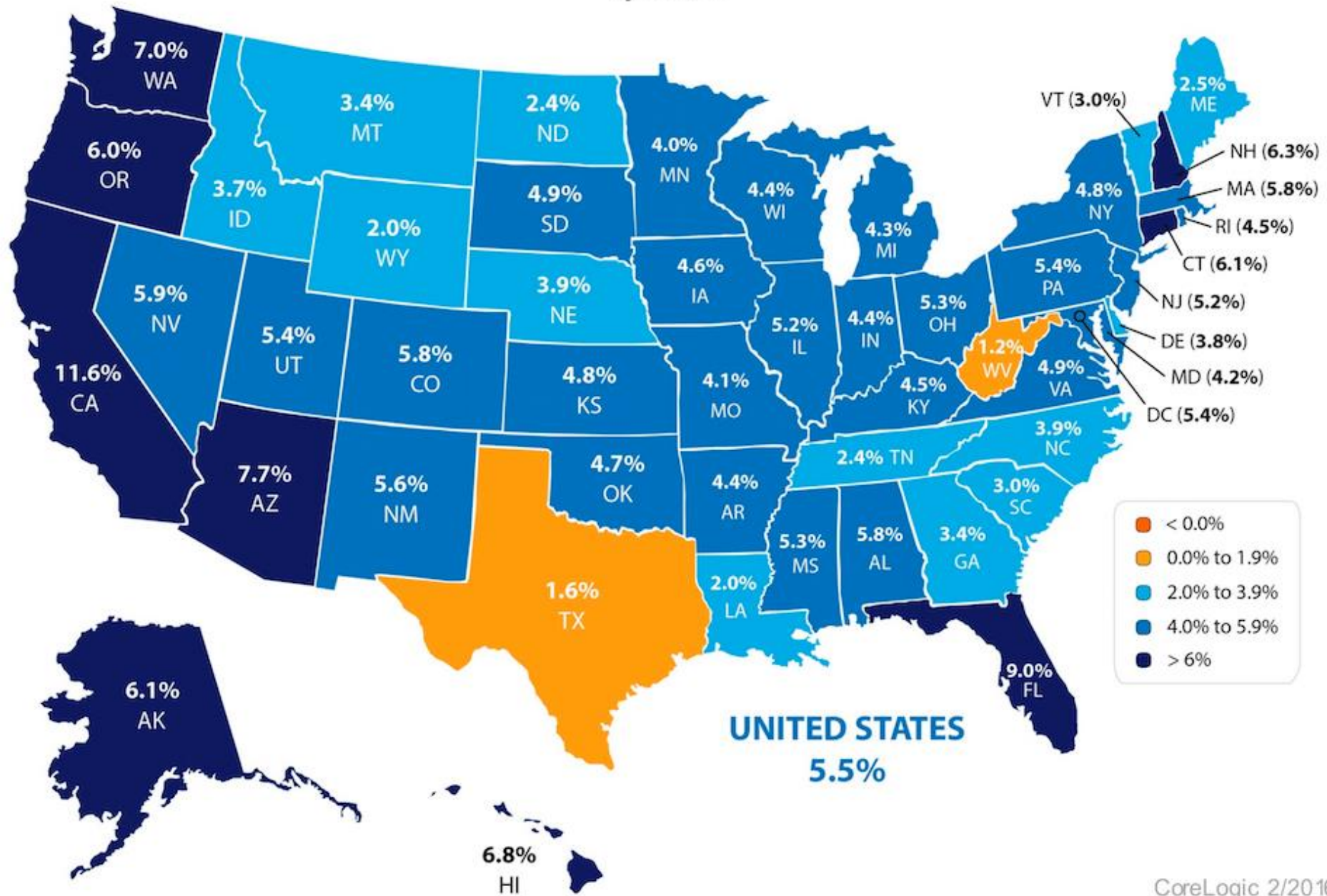


Case-Shiller Metro Detroit Value Index Trend

85%+- Back to Peak 2006 Values

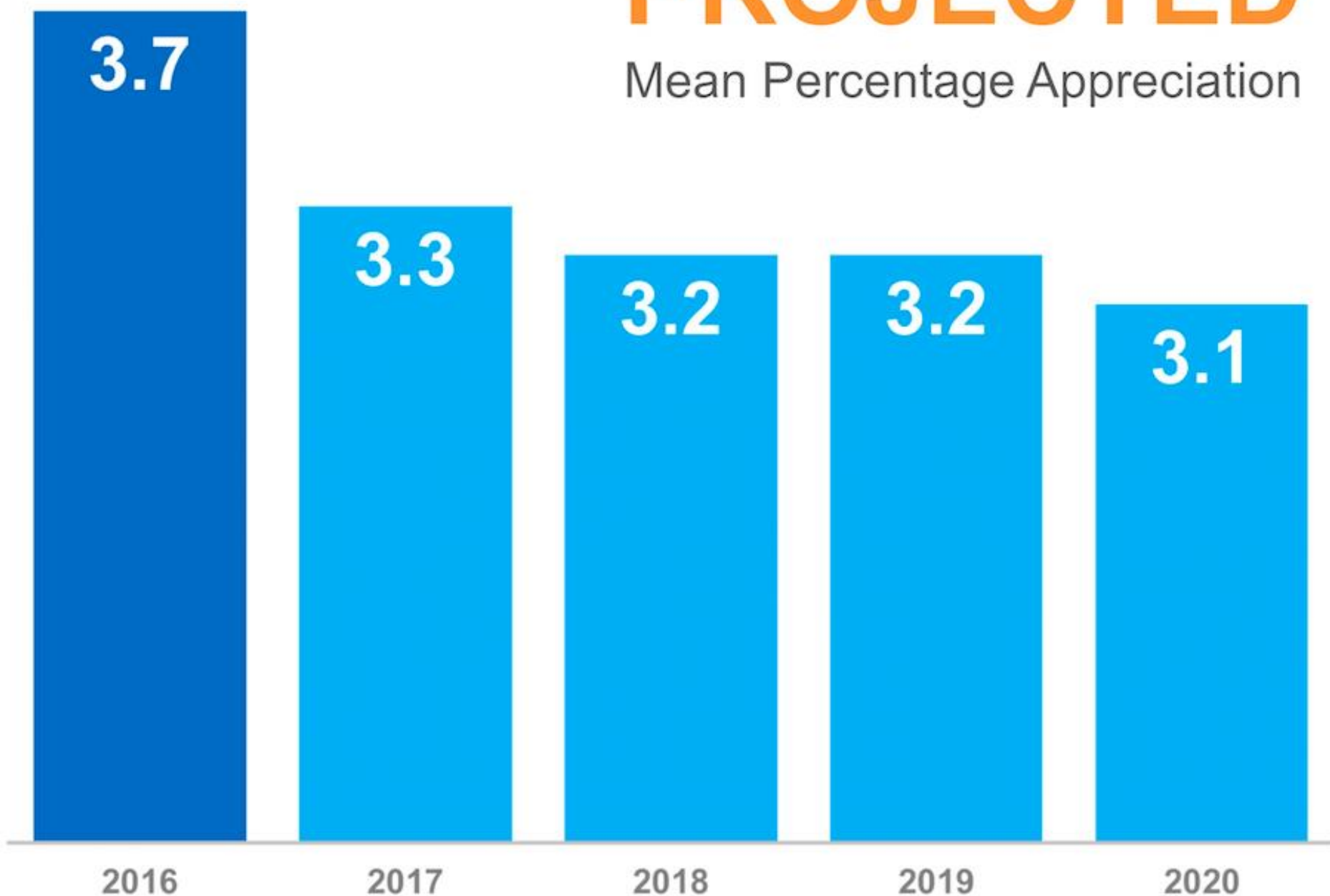


Forecasted Year-Over-Year % Change in Price by State



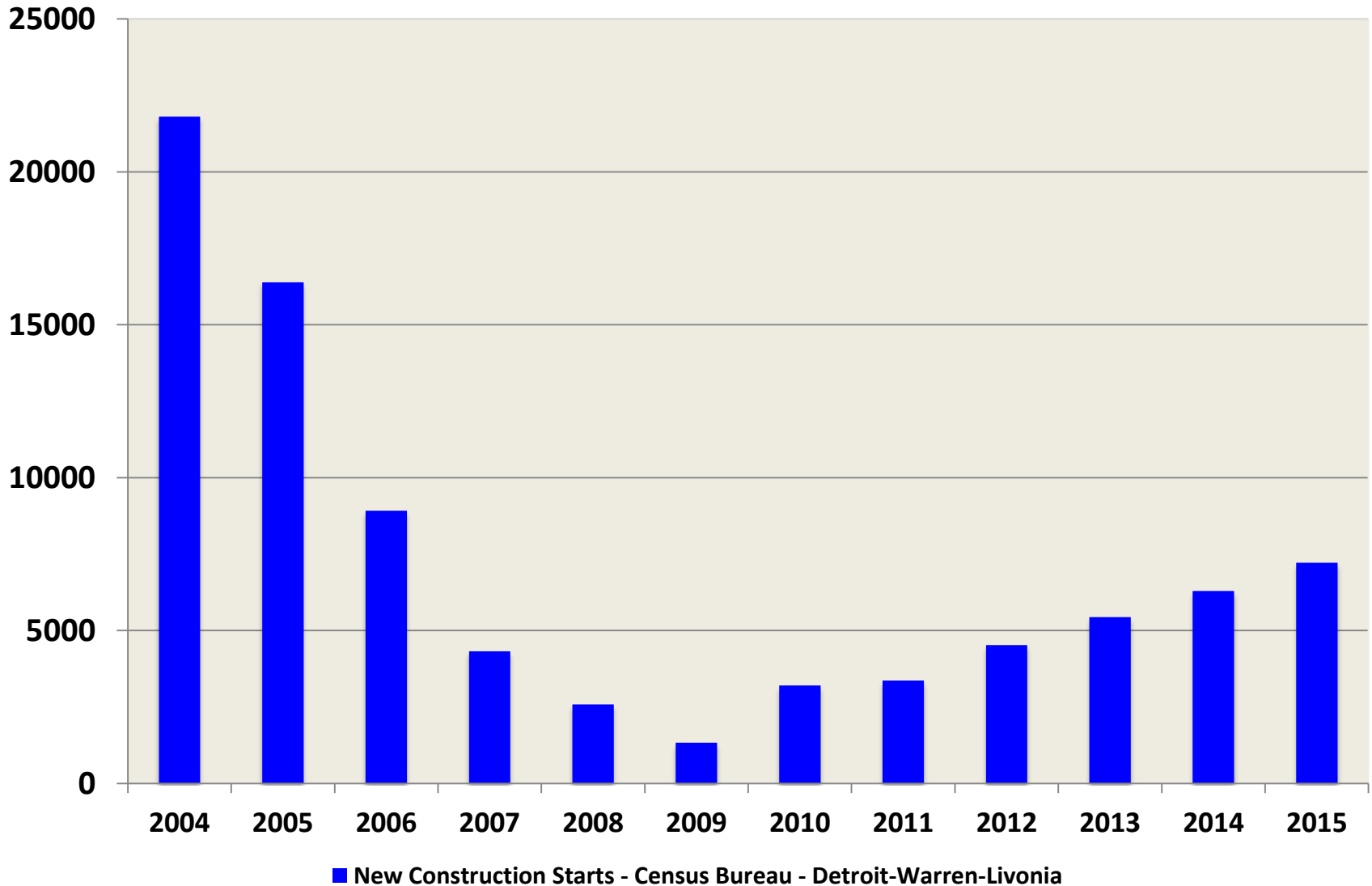
PROJECTED

Mean Percentage Appreciation



Metro New Construction Starts

Census Detroit-Warren-Livonia



Single Family New Construction Summary

- SE Michigan Peak Permits: 2004 – 21,808
- Bottom of Market: 2009 – 1,333 permits
- 94% drop in permits – peak to bottom
- 2015 – 7,217 permits - 33% back to peak
- Historical Average around 14,000 permits

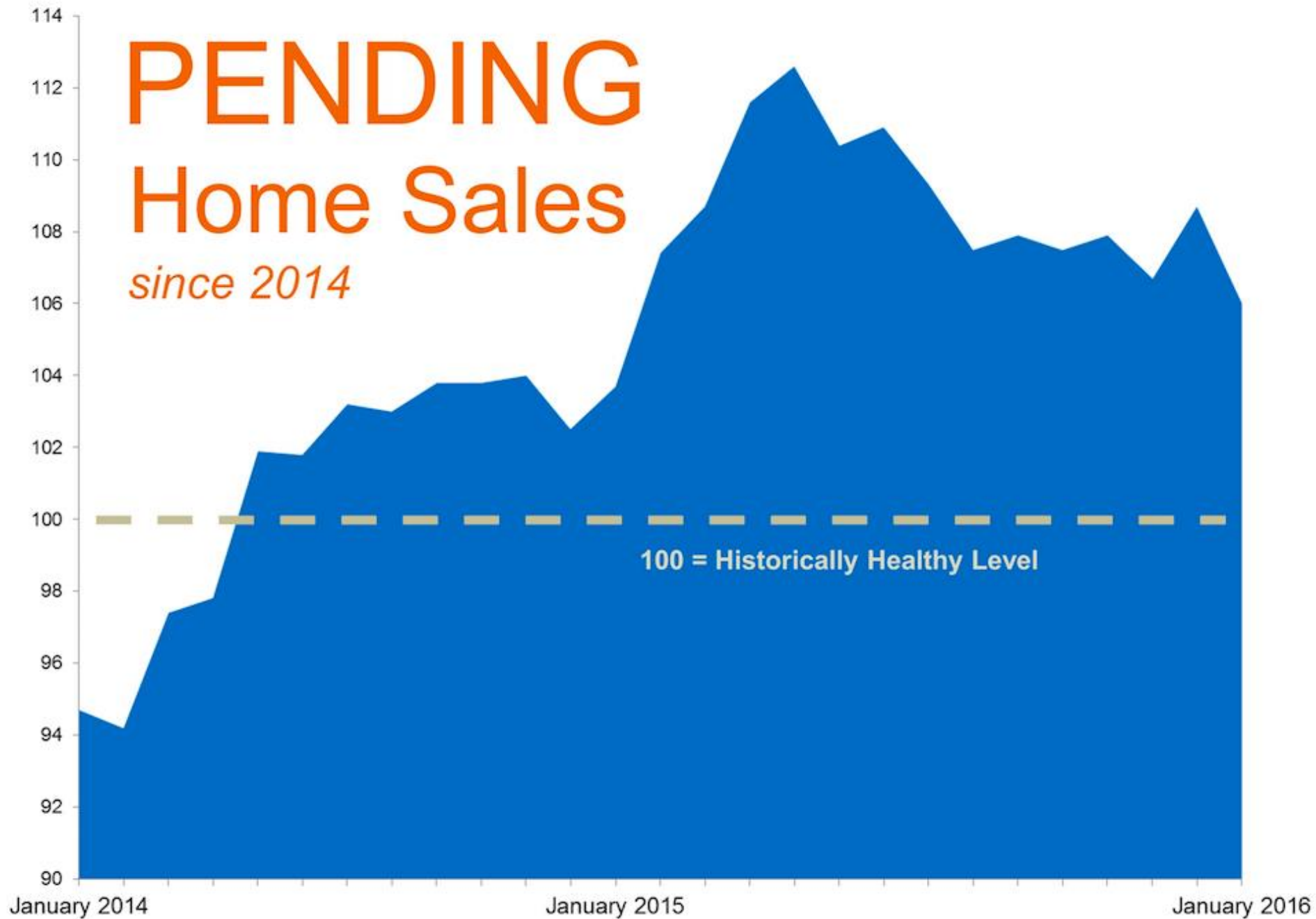
Mortgage Rate Projections



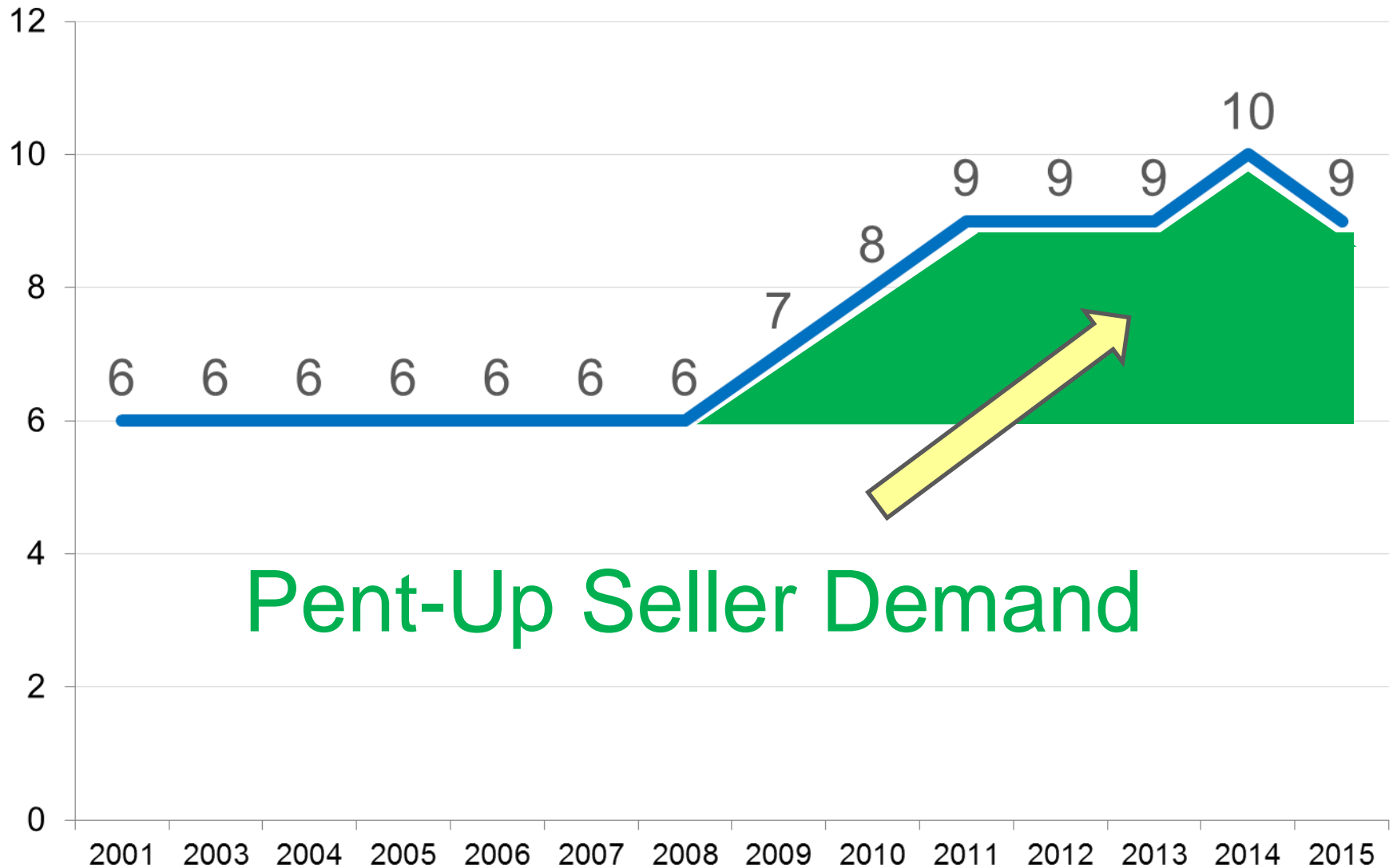
Quarter	Fannie Mae	Freddie Mac	MBA	NAR	Average of all four
2016 2Q	3.8%	3.9%	4.0%	4.0%	3.93%
2016 3Q	3.8%	4.2%	4.1%	4.2%	4.08%
2016 4Q	3.8%	4.4%	4.3%	4.4%	4.23%
2017 1Q	3.9%	4.5%	4.4%	4.5%	4.33%

PENDING Home Sales

since 2014



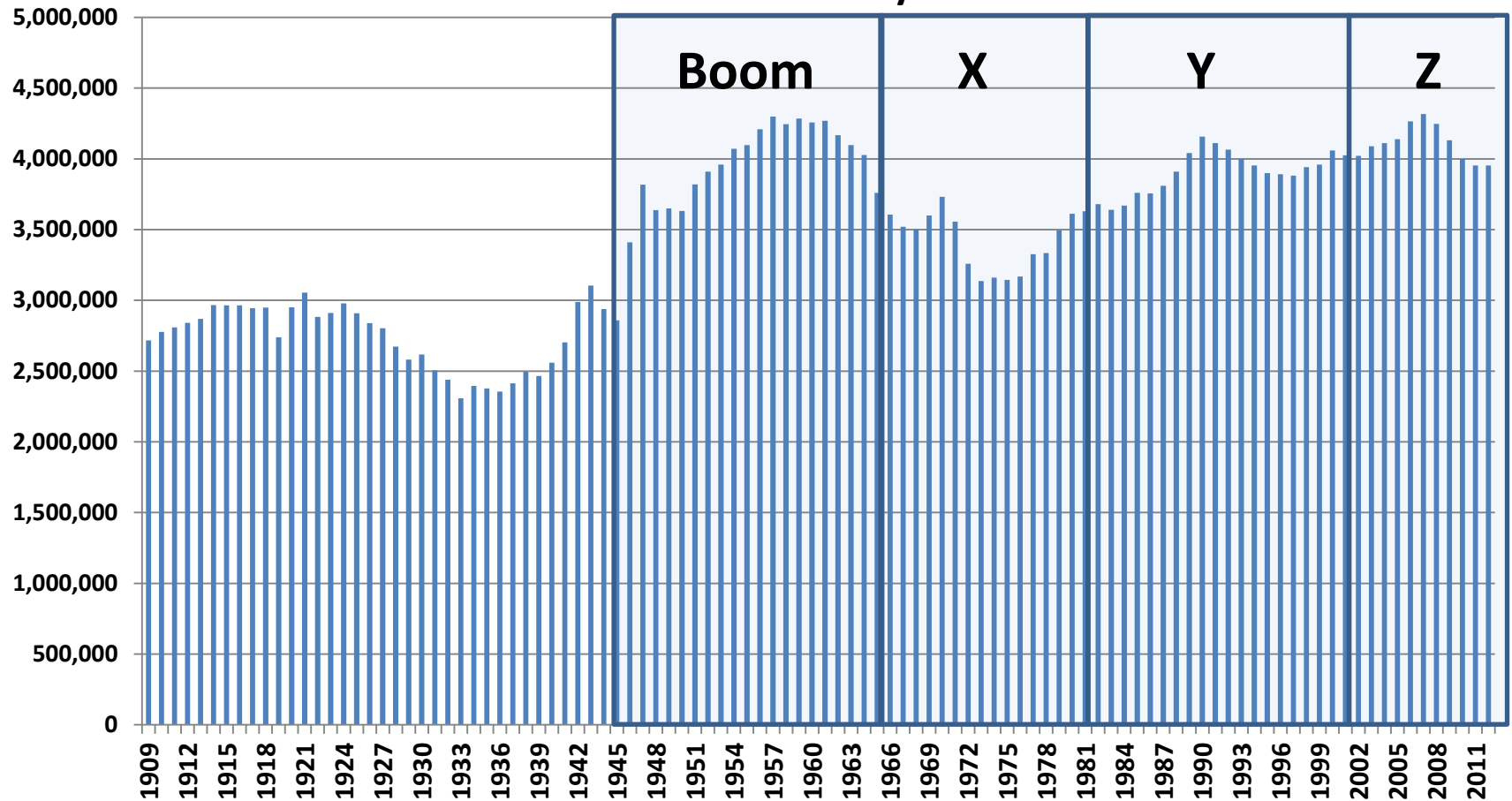
Median Years of Homeowner Tenure before Moving



DEMOGRAPHICS SET THE TABLE

Population and Its Characteristics Define the Future

US Live Births by Year and Generation

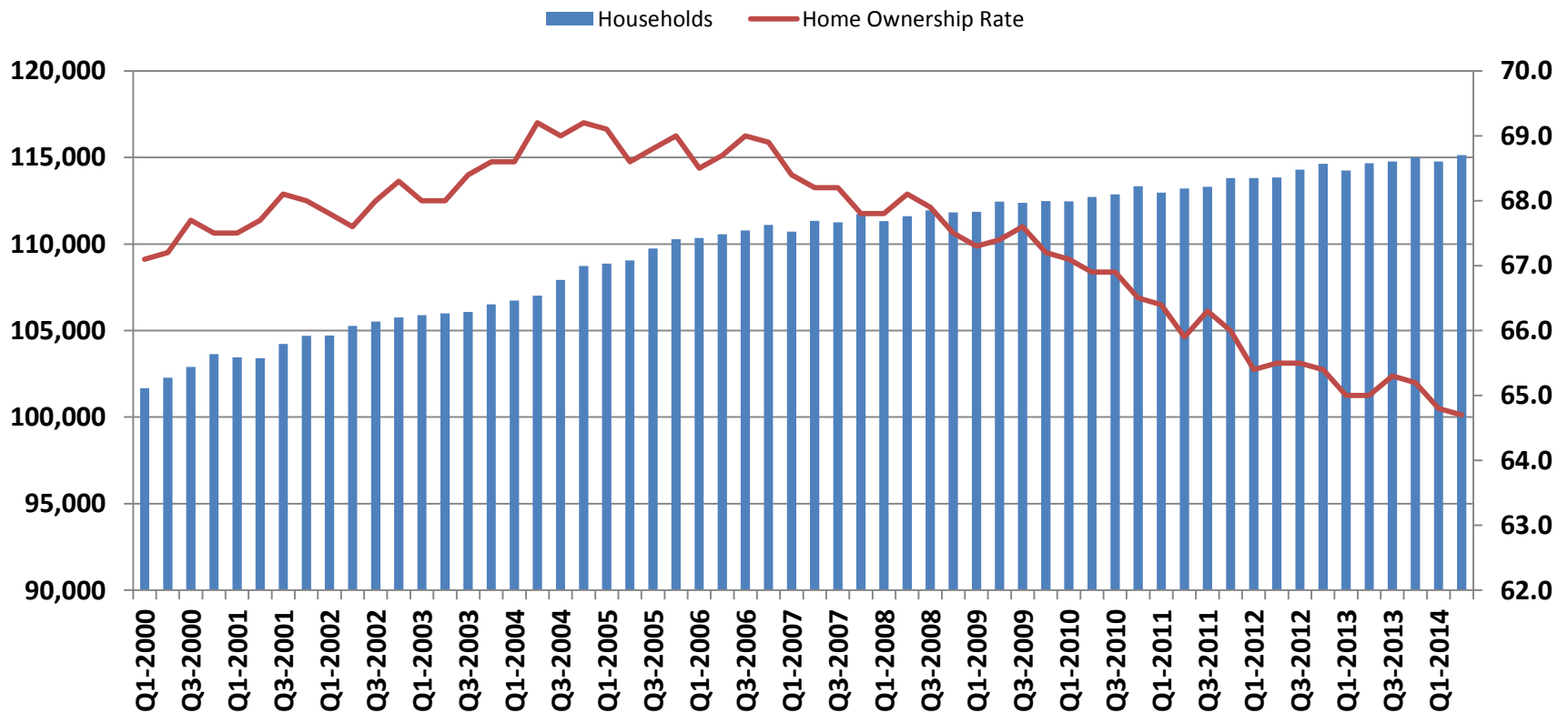


Source: US National Center for Health Statistics

HOUSEHOLDS ARE GROWING BUT SO ARE RENTERS

Causing Homeownership rates to fall below historical averages

Households and Home Ownership

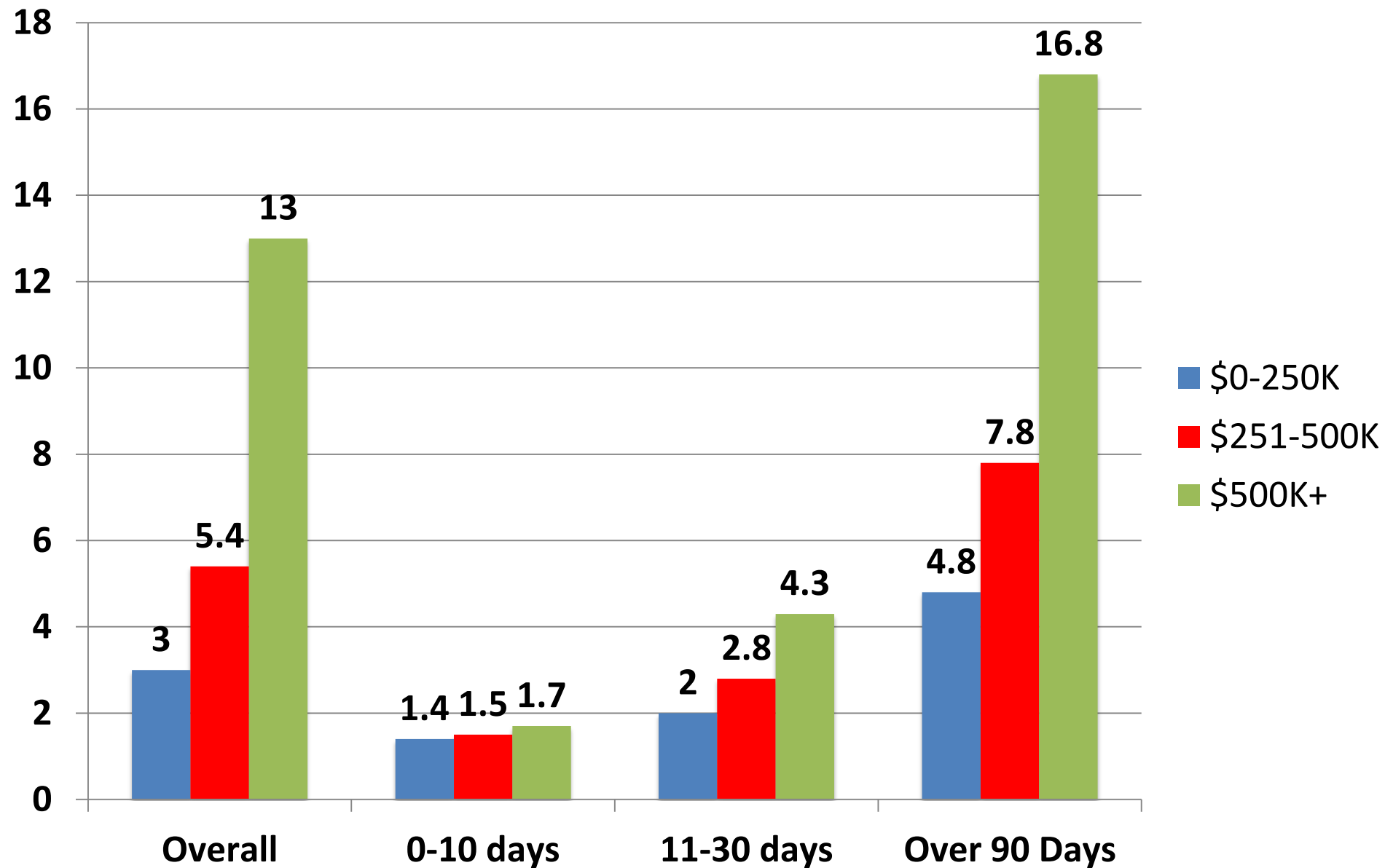


Source: Commerce Department

Market Momentum – Oakland County

- Under \$250,000
 - More Buyers than Listings
 - At or above list price 22% of the time
 - Listing Inventory Still Declining, but the decline is slowing
 - 31% Selling in 10 days or less, 54% in 30 days or less
- \$250 - \$500,000
 - Still a few more Buyers than sellers but balancing
 - At or above list price 17% of the time
 - Listing Inventory Rising
 - 24% Selling in 10 days or less, 63% in 30 or less
- Over \$500,000
 - Listings increasing faster than buyers – Listing inventory rising
 - At or above list price 17% of the time
 - 13% Selling in 10 days or less and 23% in 30 or less

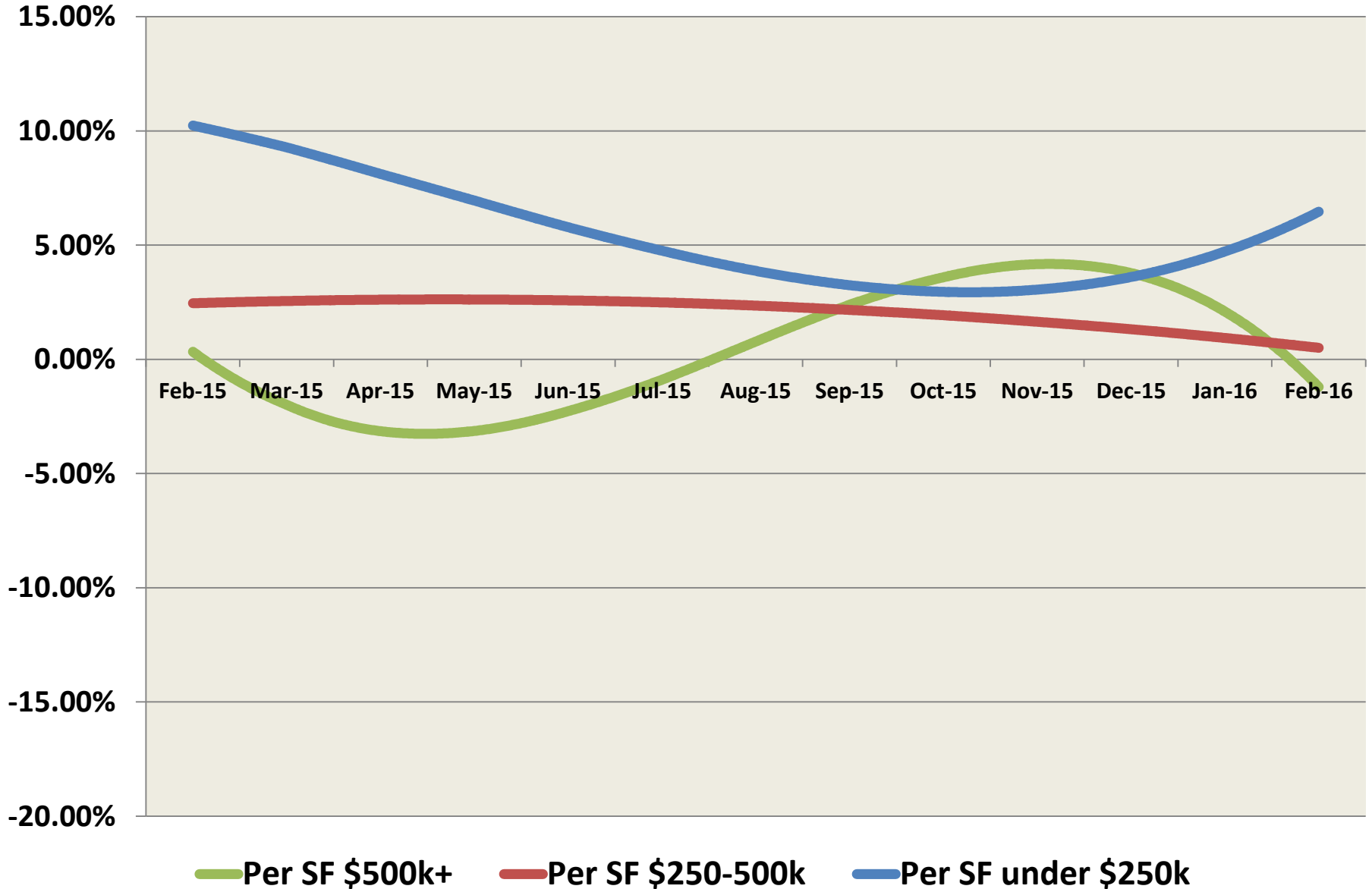
Months Supply of Inventory by Age of Listing Oakland County



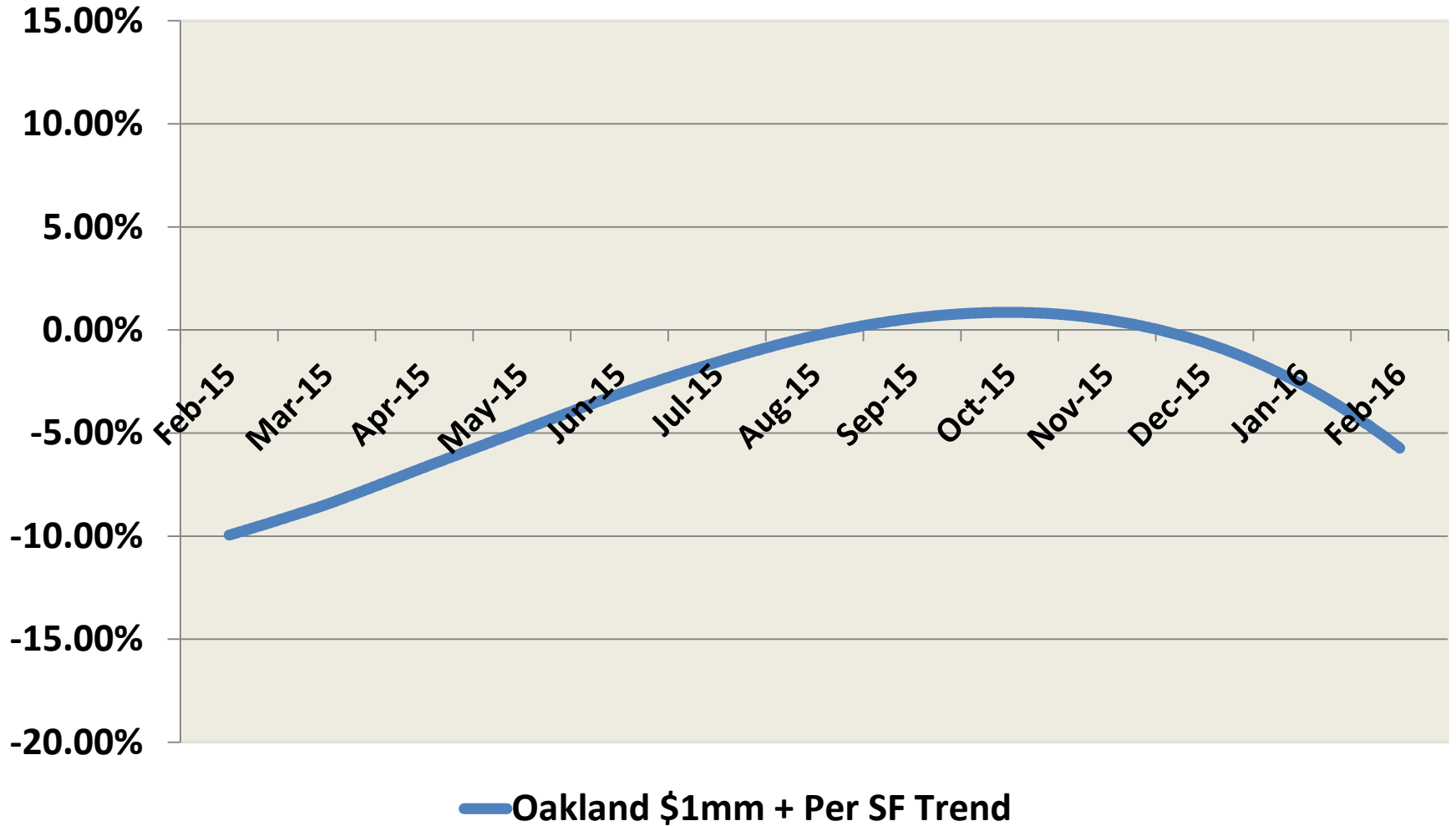
Market Velocity Indicators

	# New Listings 15' vs. 14'	# New Contracts 15' vs. 14'	Ratio List/Contracts
\$0-150k	-167	930	(0.18)
\$151-250k	937	1828	0.51
\$251-500k	2420	1970	1.23
\$500k+	602	328	1.84

Oakland County Price per Square Foot Trend

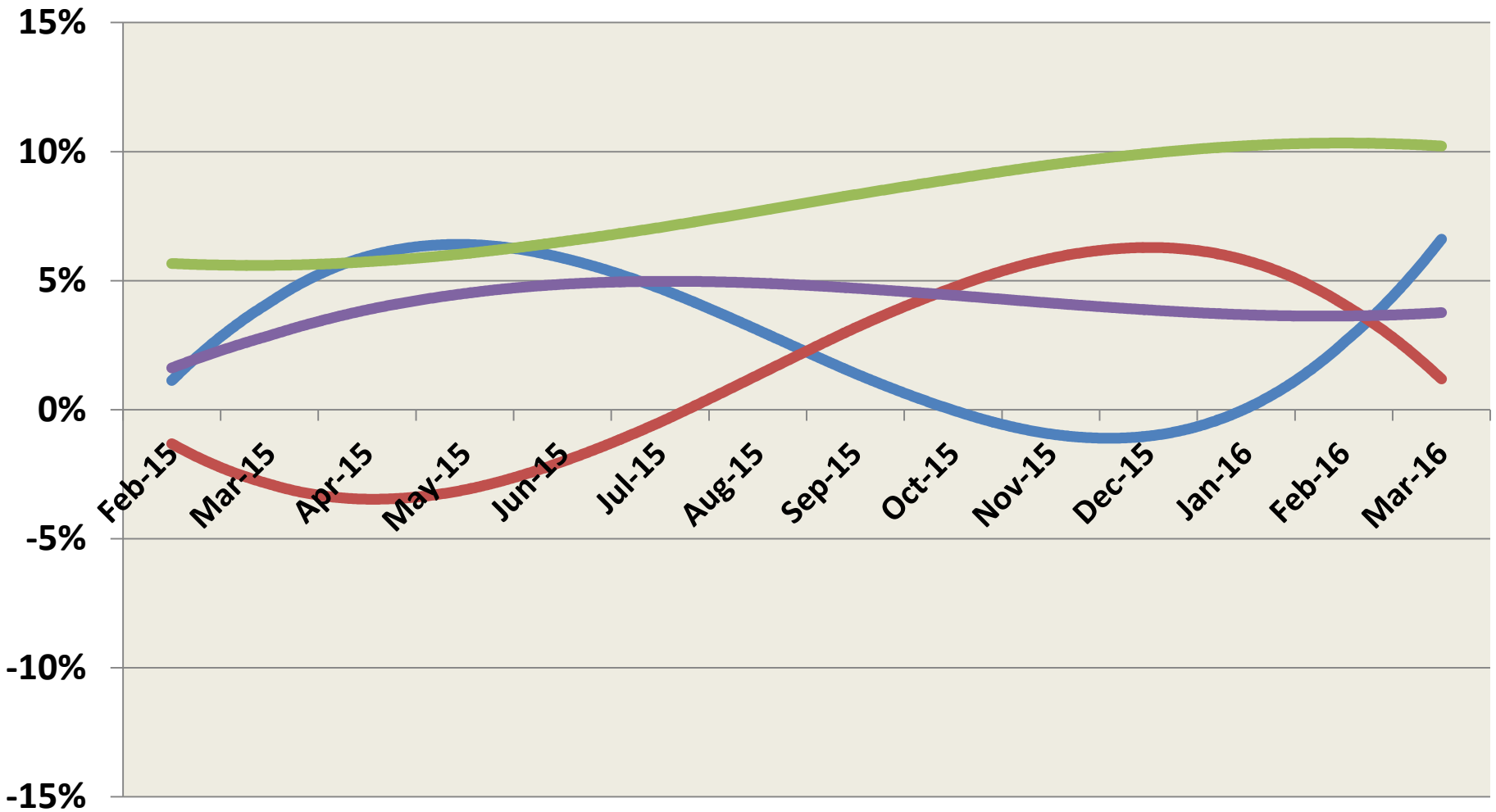


Oakland County Value Per Square Foot \$1,000,000 Year over Year Trend



Selected Cities \$ Per Square Foot Trends

Year over Year Change



WB/FH \$ Per SF Trend Birm Area \$ Per SF Trend
RO \$ Per SF Trend Troy \$ Per SF Trend

2016 SE MI Housing Forecast

	Under \$250K	\$250-500K	Over \$500K
Home Sales	+2%	+4%	+2%
Listings Inventory	-1% to 2%	+7 to 10%	+12 to 17%
Appreciation	+5%	+2%	-2 to 0%
Interest Rates	4.0% to 4.75%		

Thank You



REAL ESTATE ONE

FAMILY of COMPANIES

Real Estate One Johnstone & Johnstone Reinhart Max Brook Advantage
John Adams Capital Title Insurance One Relocation America International

Housing Headwinds

- Regulation – Dodd/Frank: CFPB and TRID

(Consumer Financial Protection Bureau and Truth-in-Lending Integrated Disclosure)

- Slow wage growth
- International economic uncertainty
- Low For Sale inventories at key price points
- Housing Affordability is getting tighter
- Moving from a Recovery to a Normalized Market

Housing Tail Winds

- Low Interest Rates (International Uncertainty)
- Steady employment and wage growth
- Household Formation growth (Gen X&Y as homeowners)
- Moving back to historical homeownership rates
- Low Inventories pushing up equities, releasing pent up Sellers

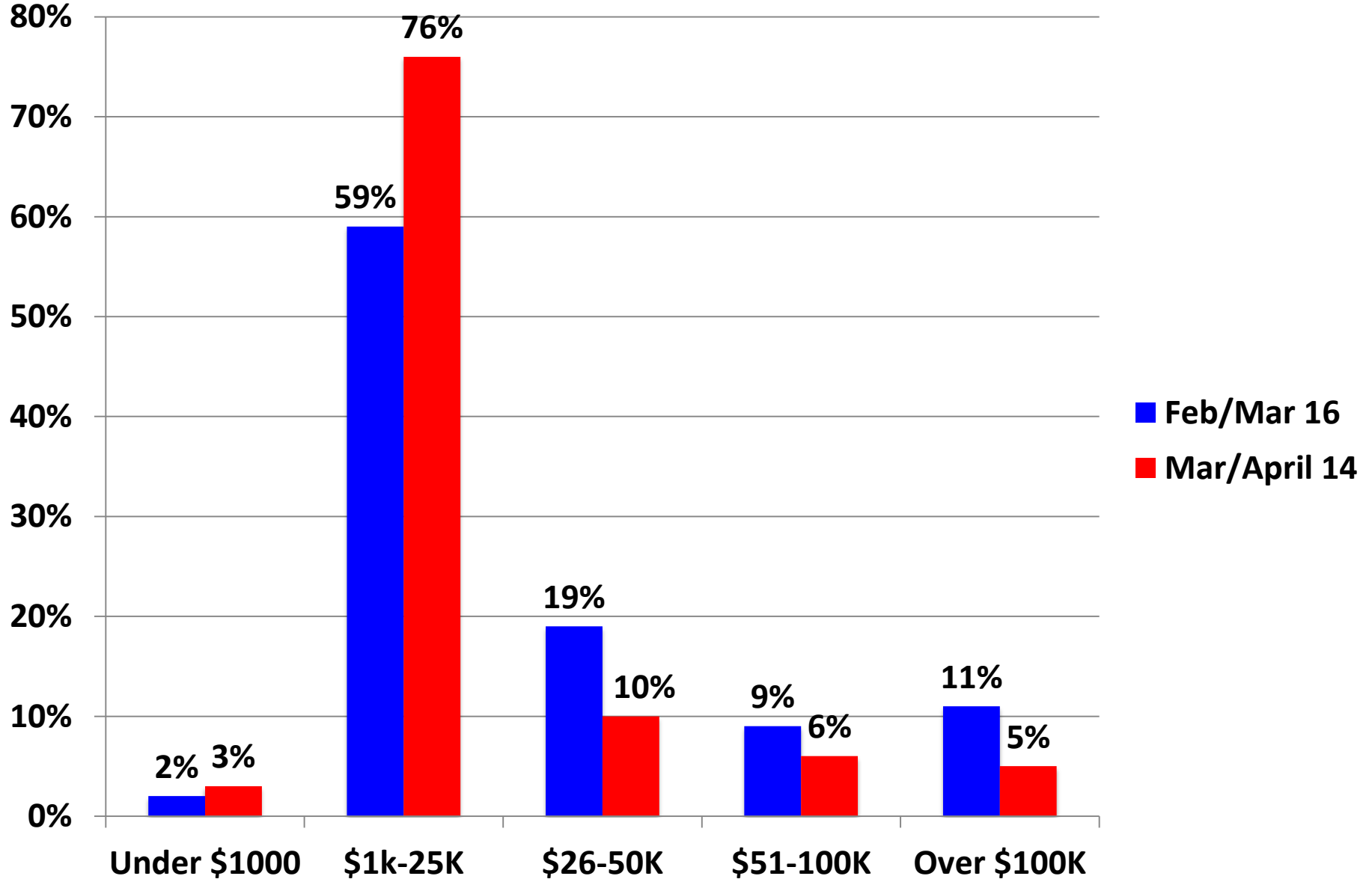
“Hot” and “still hot - but less so markets”

- Hot - “Starter” markets – Gen X & Y – Inner Ring and Urban Markets - Royal Oak bungalow, Midtown Loft
- Strong but less hot – Where Boomers hang out - Outer Ring Suburban Markets - Milford or Rochester Hills - 4 bedroom colonial

City of Detroit Summary

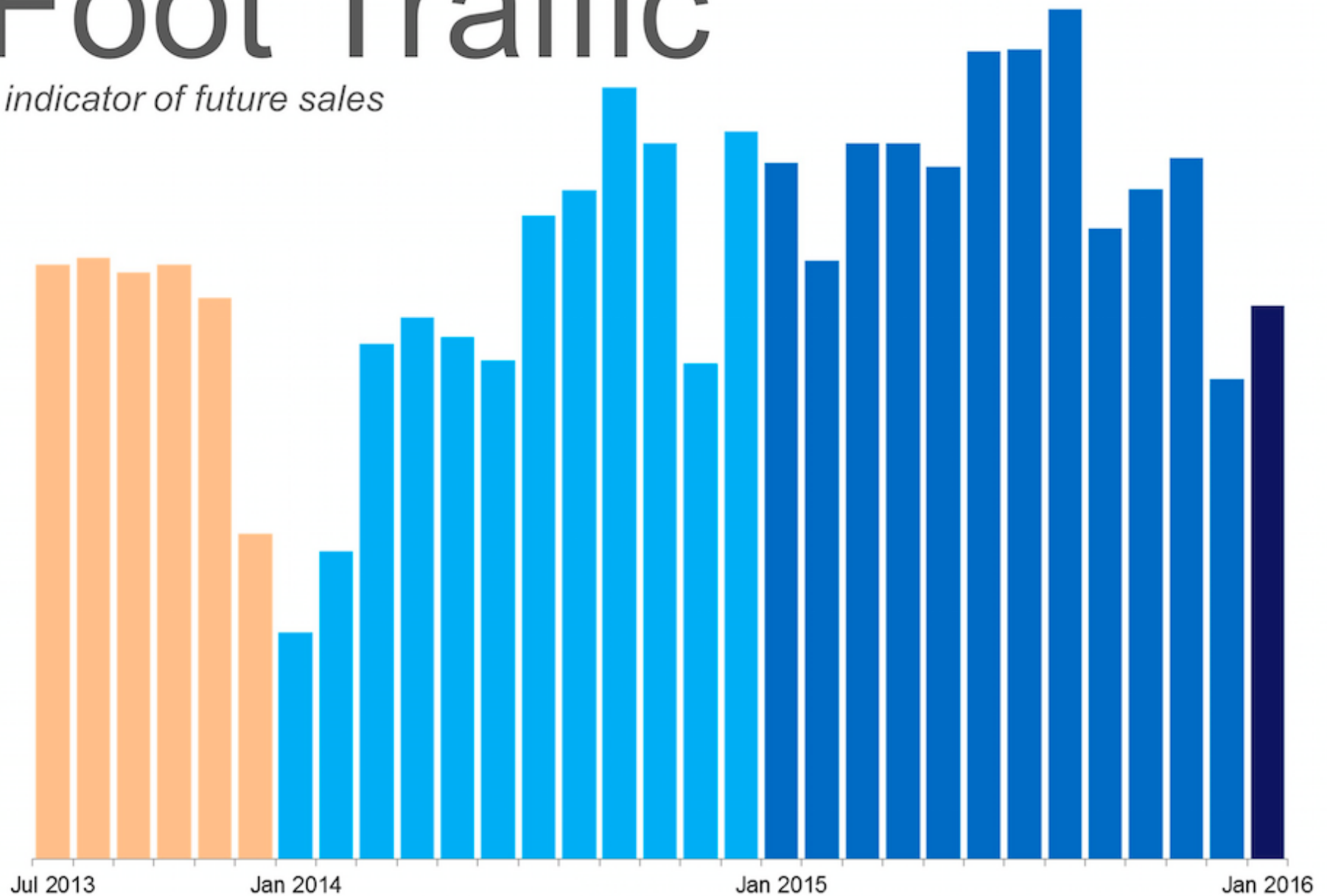
	City of Detroit	Condo Mid/Down/Jefferson
Median Price	\$18,000	\$200,000
Average Price	\$34,333	\$210,000
\$ Value per SF	\$28	\$160
MSI	186 Days	51 Days
90 day % value Chang 16' vs. 15'	18%	-5%
% Sales < 90 days	78%	90%

Detroit Sale Price Distribution

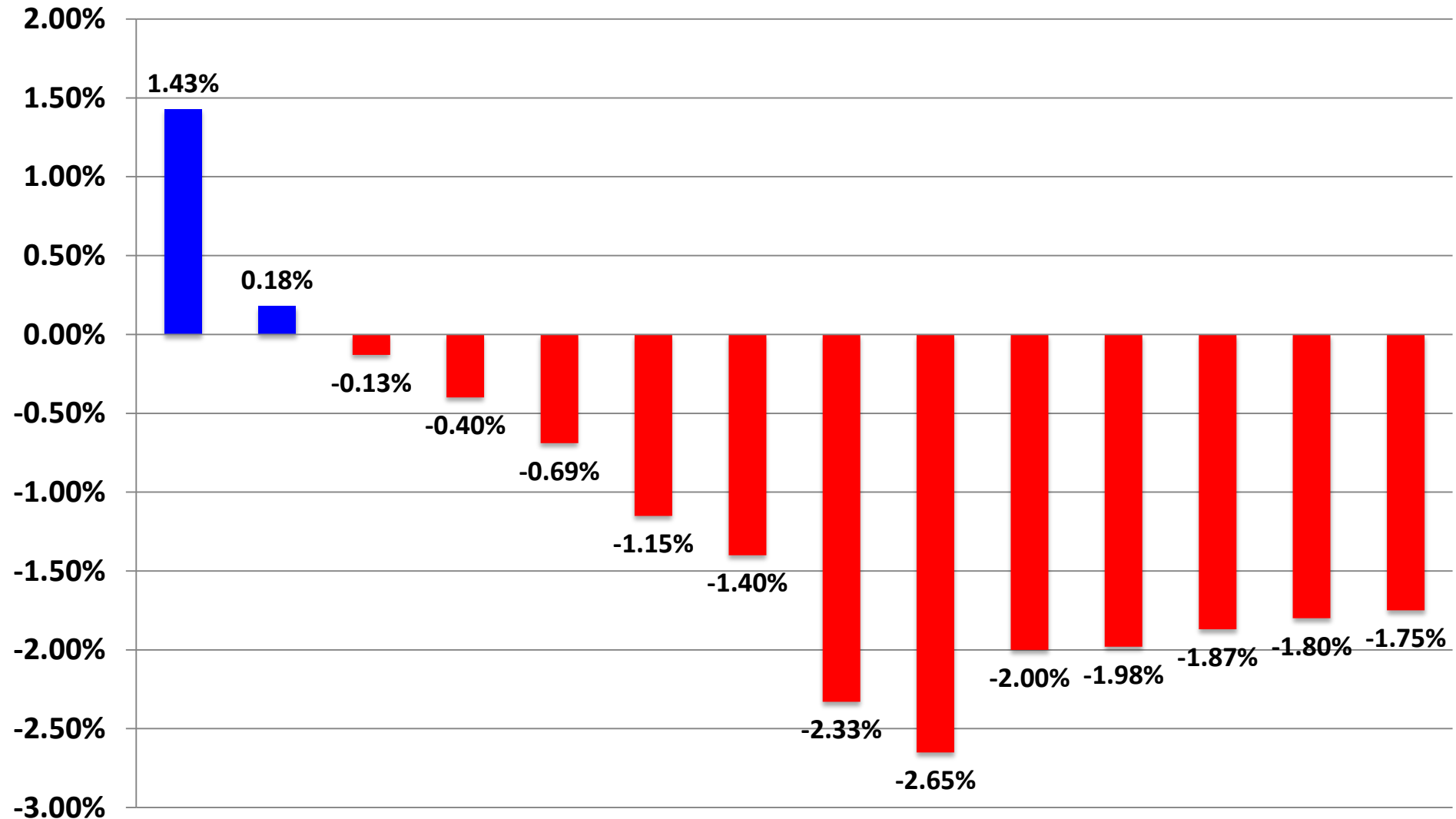


Foot Traffic

indicator of future sales

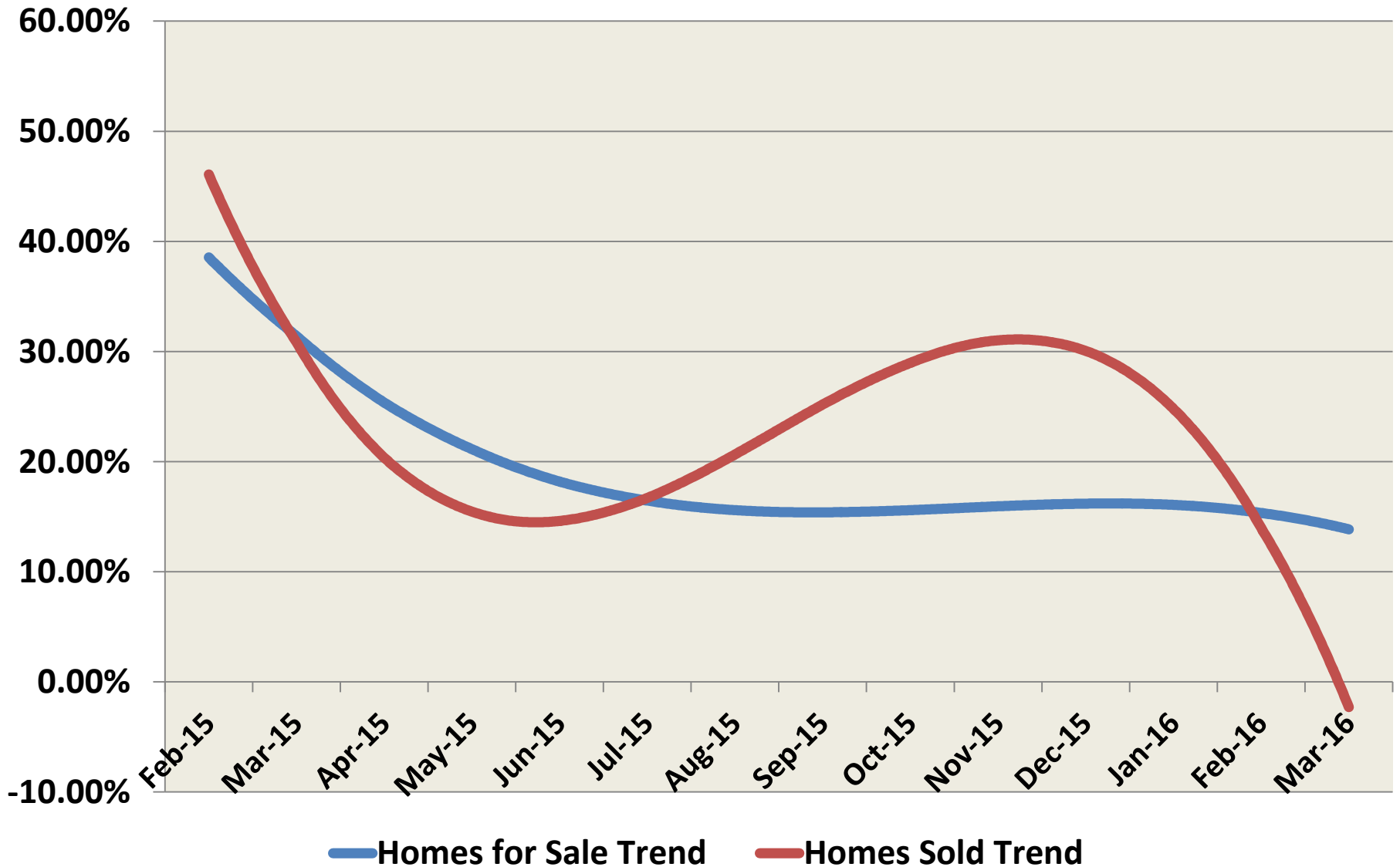


Appraiser Home Value Opinions Compared to Homeowner Estimates

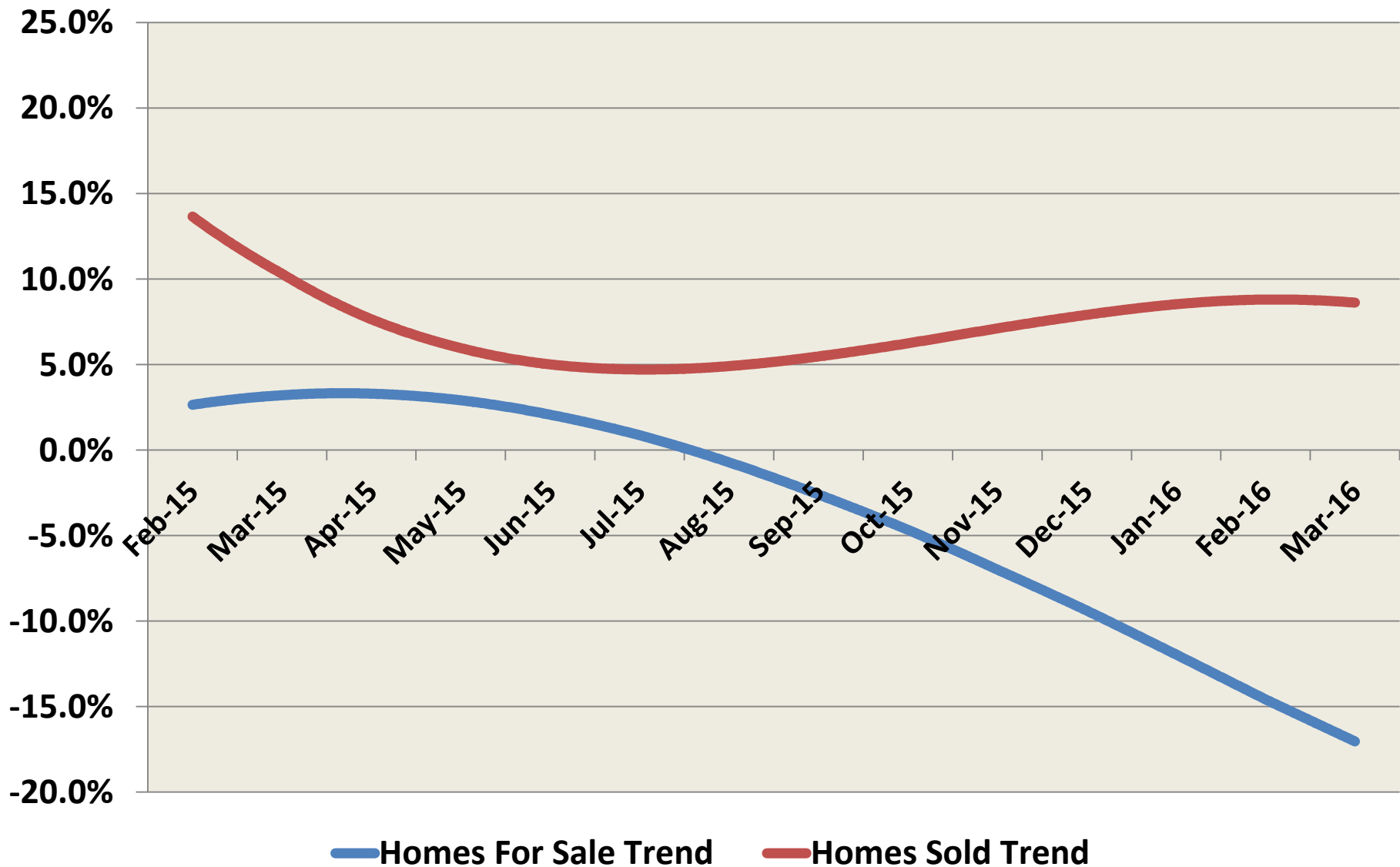


Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
1.43%	0.18%	-0.13%	-0.40%	-0.69%	-1.15%	-1.40%	-2.33%	-2.65%	-2.00%	-1.98%	-1.87%	-1.80%	-1.75%

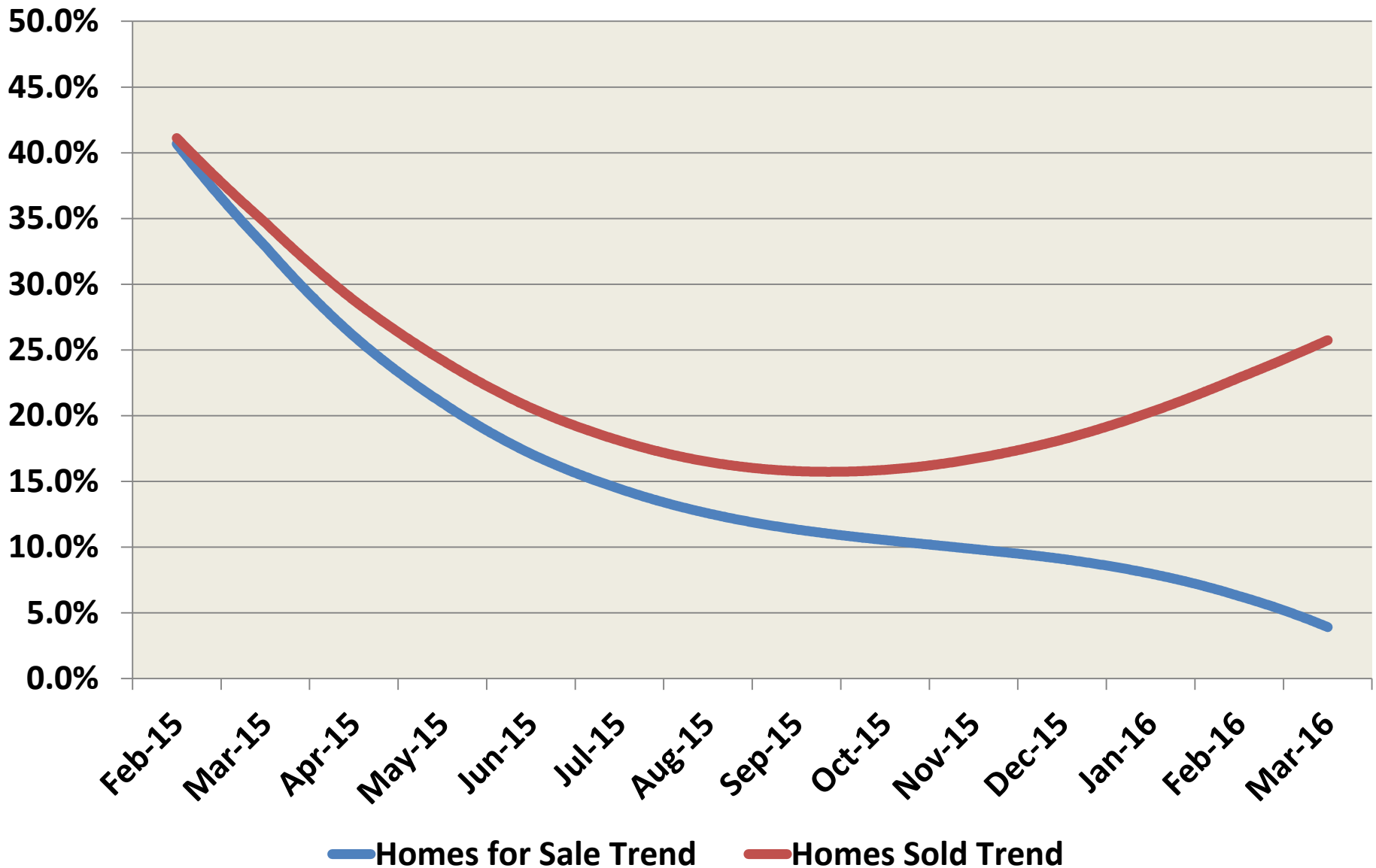
Oakland County Over \$500,000 Homes For Sale and Sold Year over Year % Change Trends



Oakland County - Under \$250,000 Homes For Sale and Sold Year over Year % Change Trends

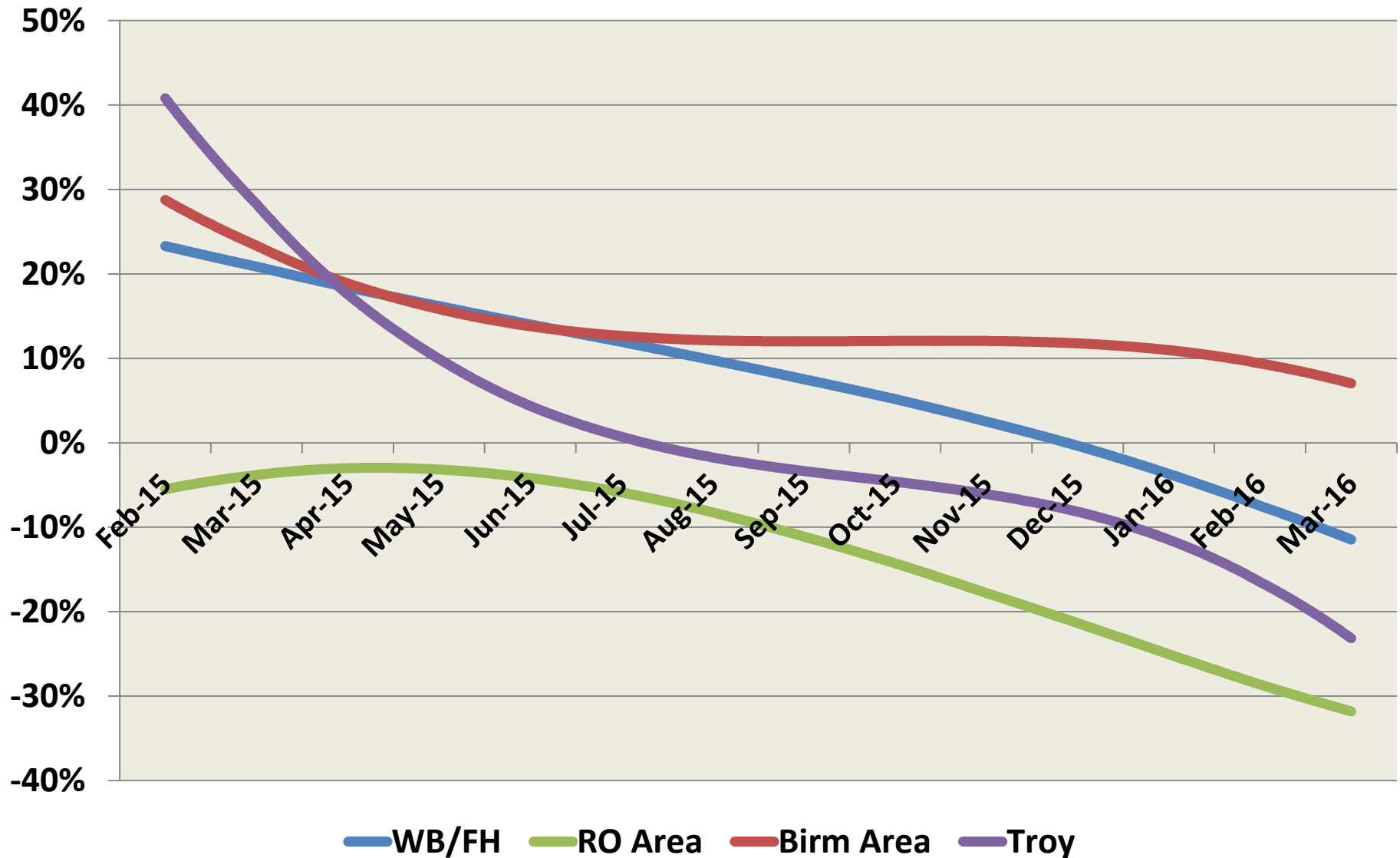


Oakland County \$250,000 - \$500,000 Homes For Sale and Sold Year over Year % Change Trends



Selected Oakland Cities - For Sale Inventory Trends

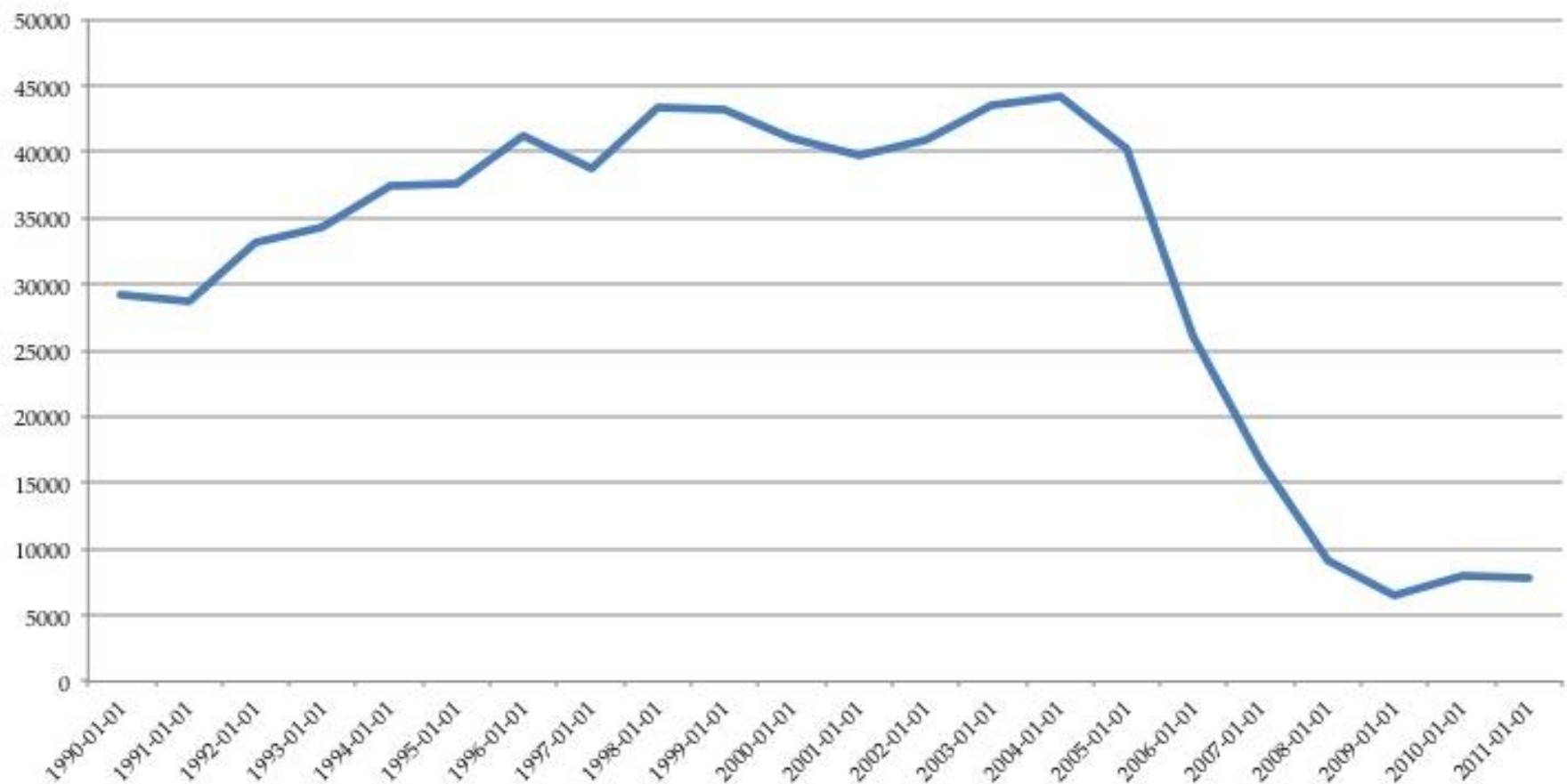
Year over Year Comparison



Privately owned housing starts authorized by building permits in Michigan

One unit structures

1990-2011



Source: Economic Research: Federal Reserve Bank of St. Louis U.S. Department of Commerce; U.S. Census Bureau

**Data is represented as sum of units throughout the year

Courtney Flynn, WSU/CUS

Housing Expectations for 2016

Housing Outlook

Existing Home Sales:

↑ **5.3–5.4M**

Median Home Prices:

↑ **4.0–5.0%**

Mortgage Rates:

↑ **4.7–5.0%***

*by year's end

Job Growth:

↑ **1.5–2.0M**

↑ GDP: 1.0–1.5%

↑ Housing Starts: 1.25–1.35M

OUTPERFORMING MARKETS



The likely outperforming markets in 2016, supported by strong job growth, are: Grand Rapids, Riverside, Salt Lake City, Atlanta, Charlotte, Portland OR, Tampa, and Providence. These markets are anticipated to have better than national job growth rates.

Potential Speed Bumps



Tight inventory conditions



Increasing home prices



Slow economic growth (US & abroad)



Rising mortgage rates

For more, watch the Housing Expectations video on the NAR channel: <https://www.youtube.com/user/NAREALTORS>

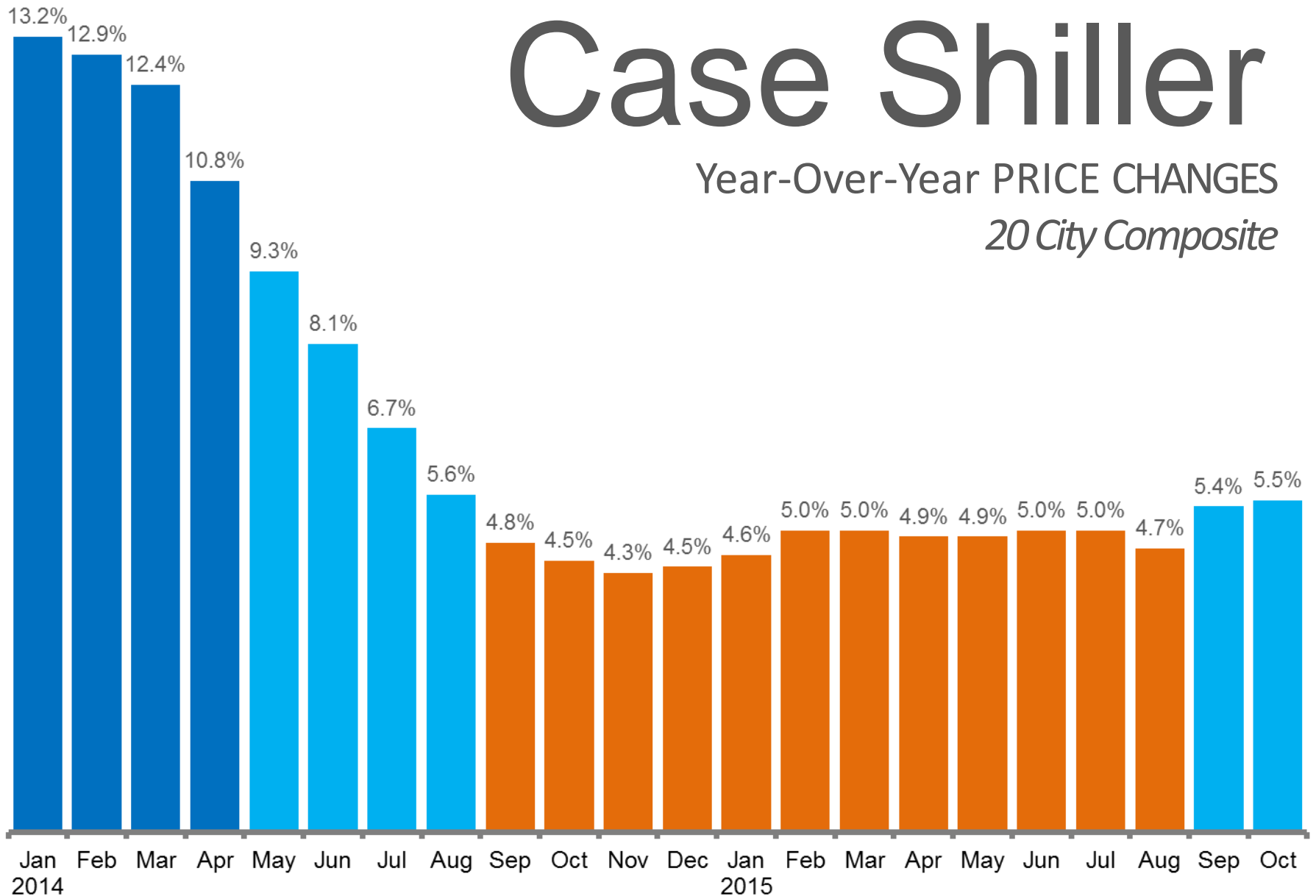


NATIONAL ASSOCIATION of REALTORS®

Case Shiller

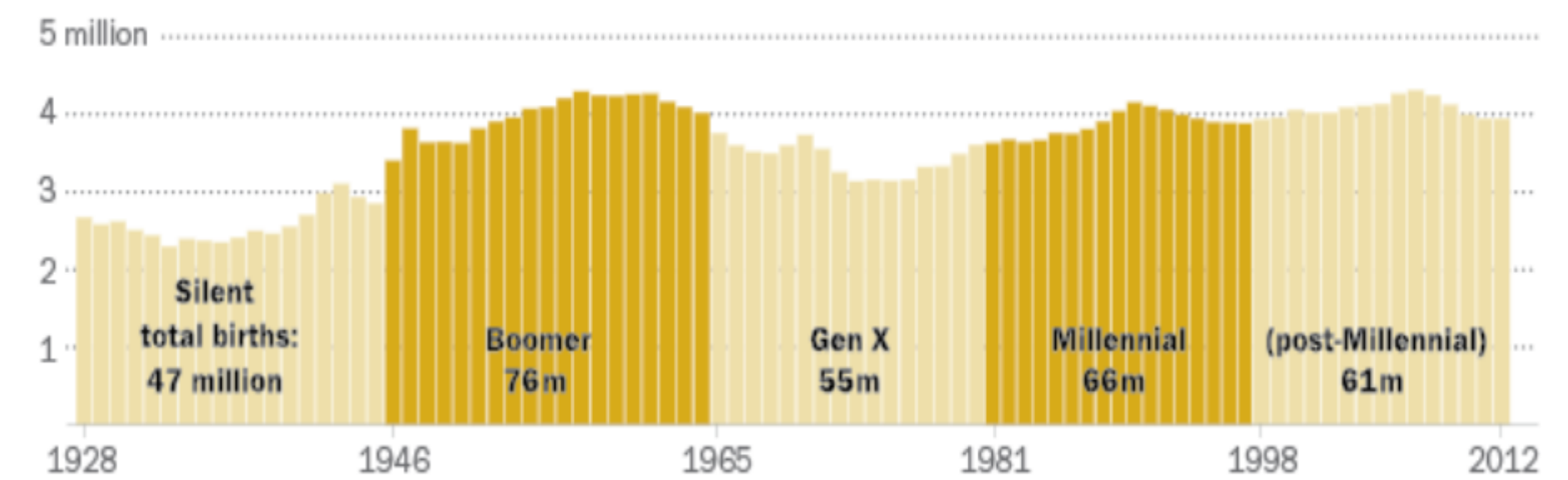
Year-Over-Year PRICE CHANGES

20 City Composite



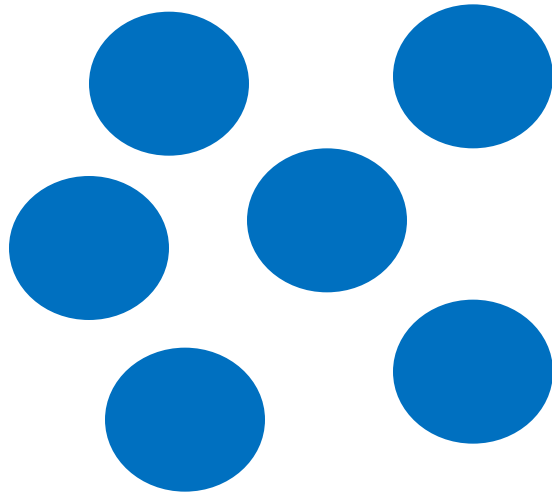
Births Underlying Each Generation

Number of U.S. births by year and generation

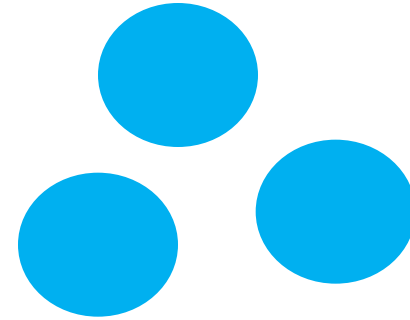


Source: U.S. Dept. of Health and Human Services National Center for Health Statistics

Homeowners

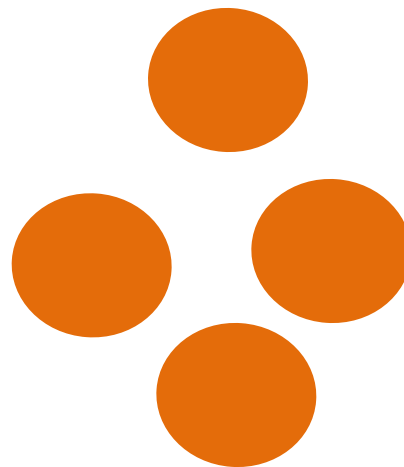


Renters

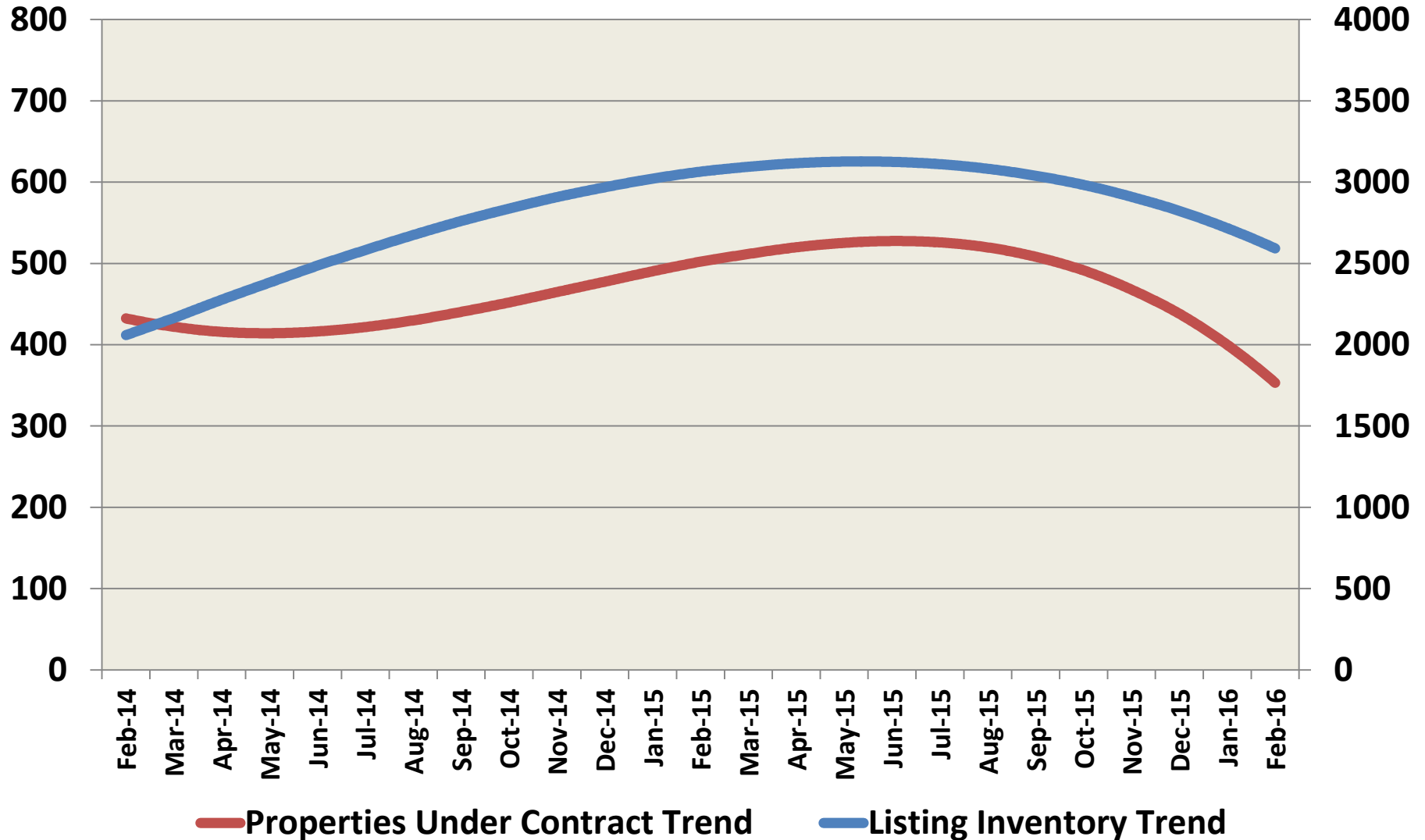


67%

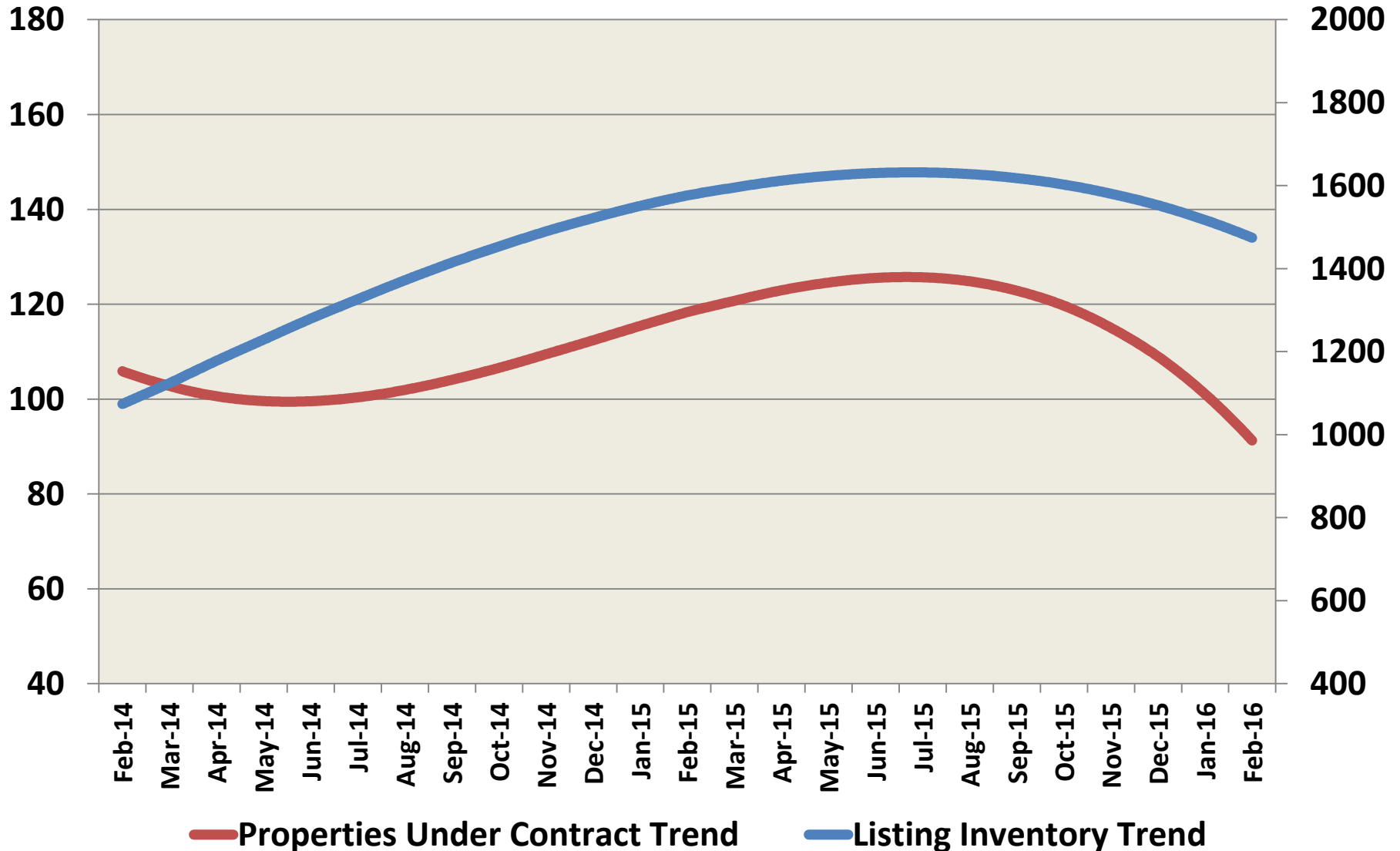
Living with
Parents



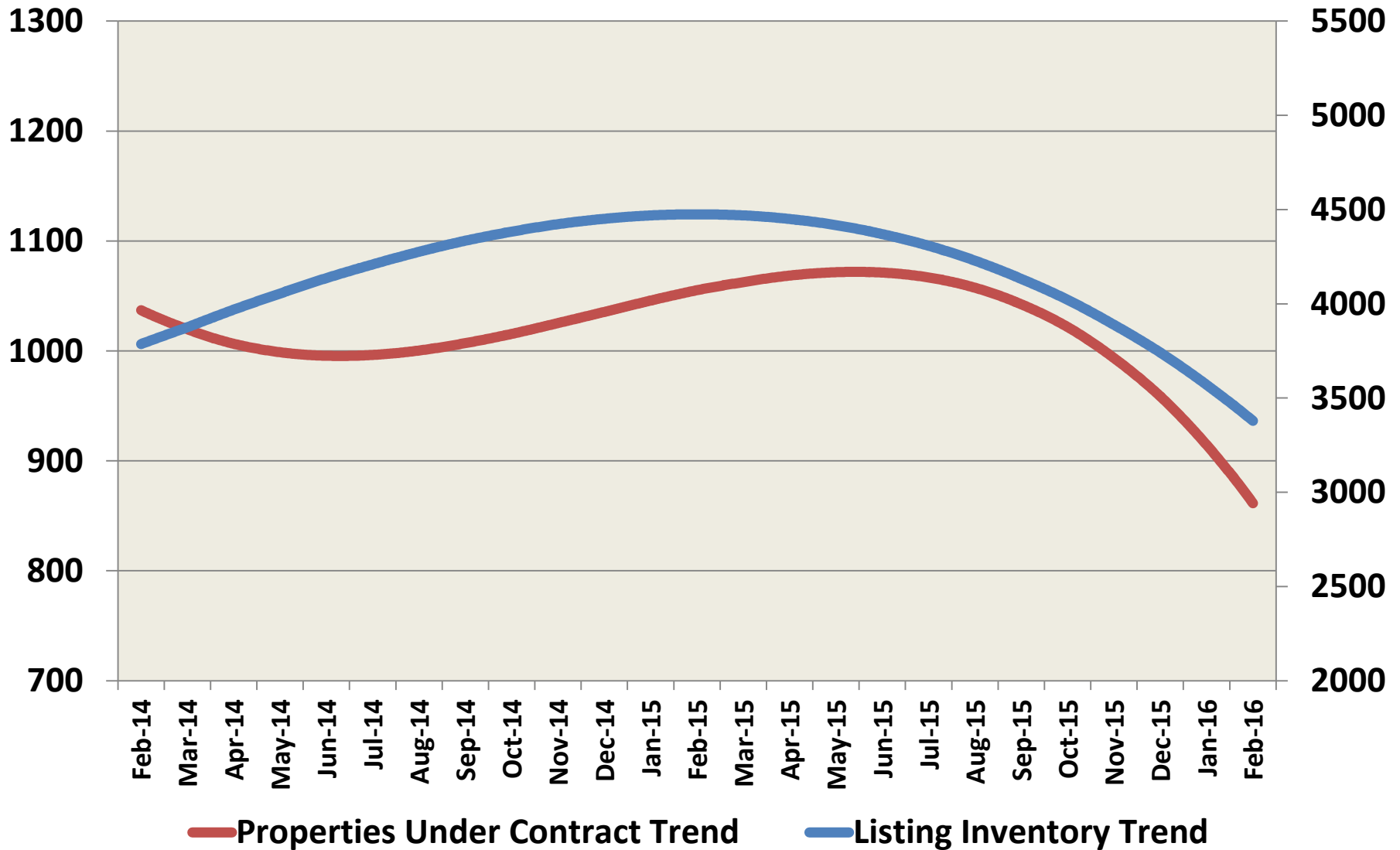
Oakland County \$250,000 - \$500,000 For Sale and Under Contract Trends



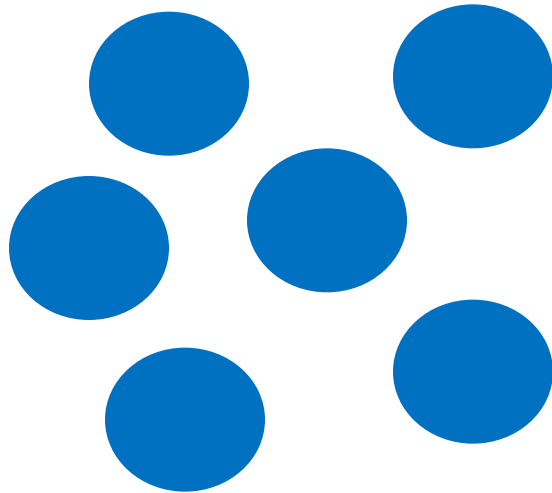
Oakland County Over \$500,000 - For Sale and Under Contract Trends



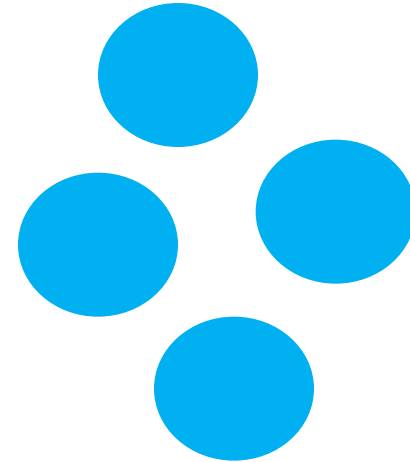
Oakland County For Sale and Under Contract Trends Under \$250,000



Homeowners

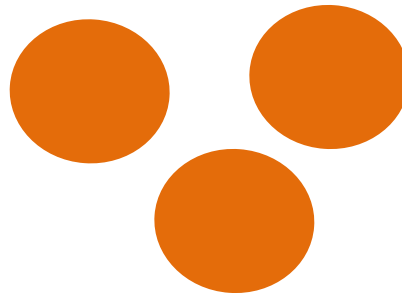


Renters



60%

Living with
Parents



First Time Home Buyers

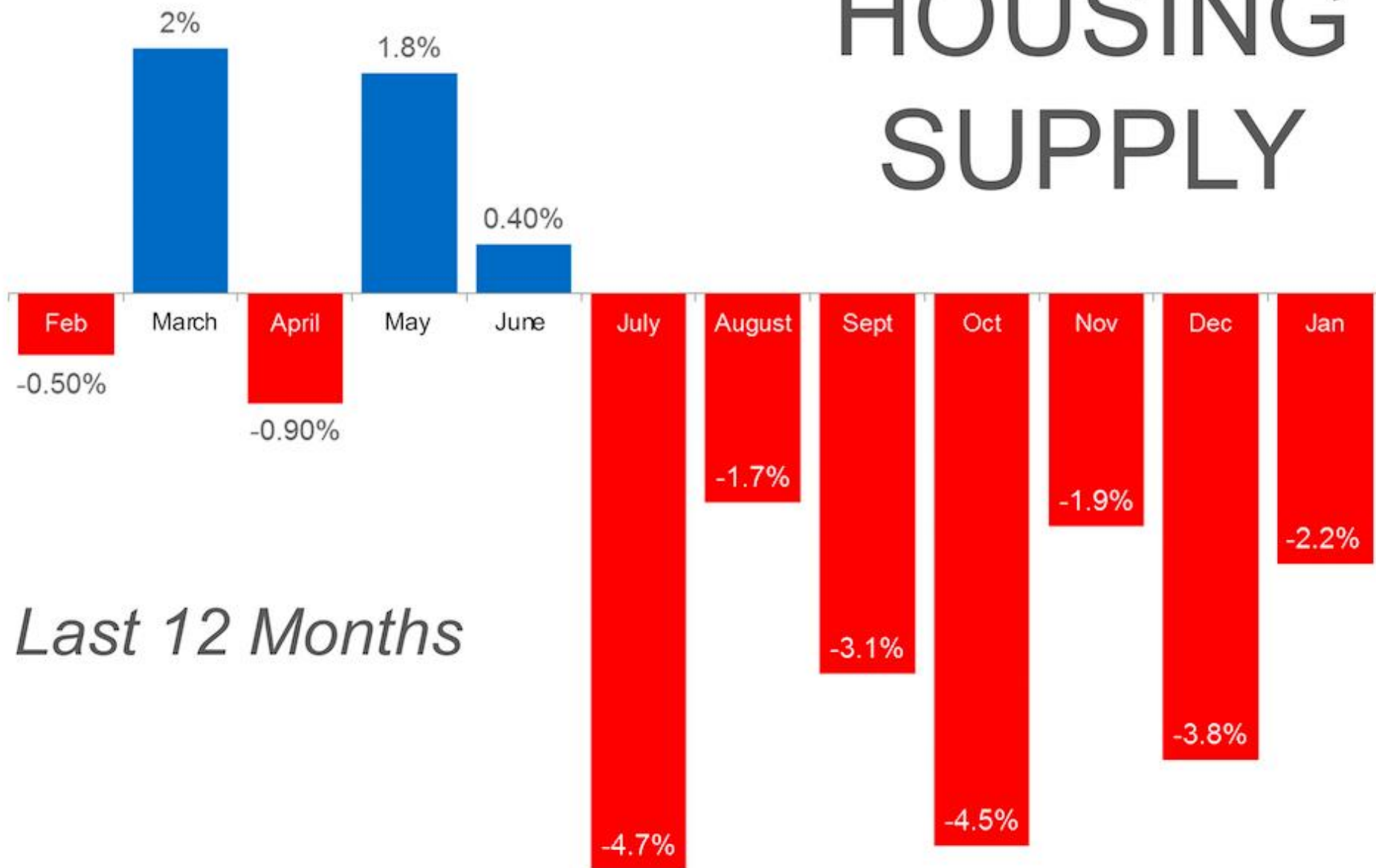
52.9% of all buyers were first time buyers last month

...according to the **First-Time Buyer Mortgage Share Index** by AEI's International Center on Housing Risk

Percentage of Distressed Property Sales

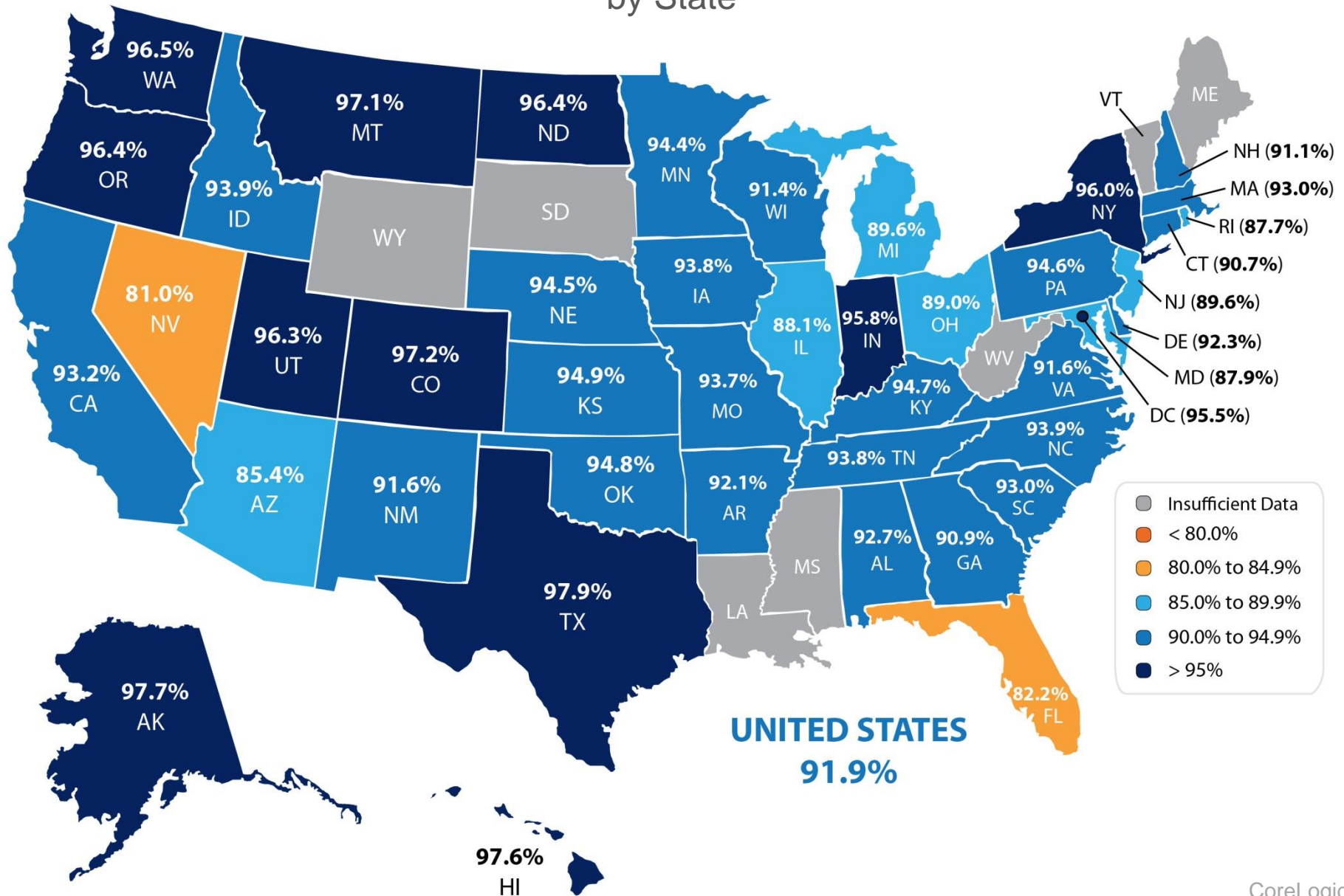


HOUSING SUPPLY



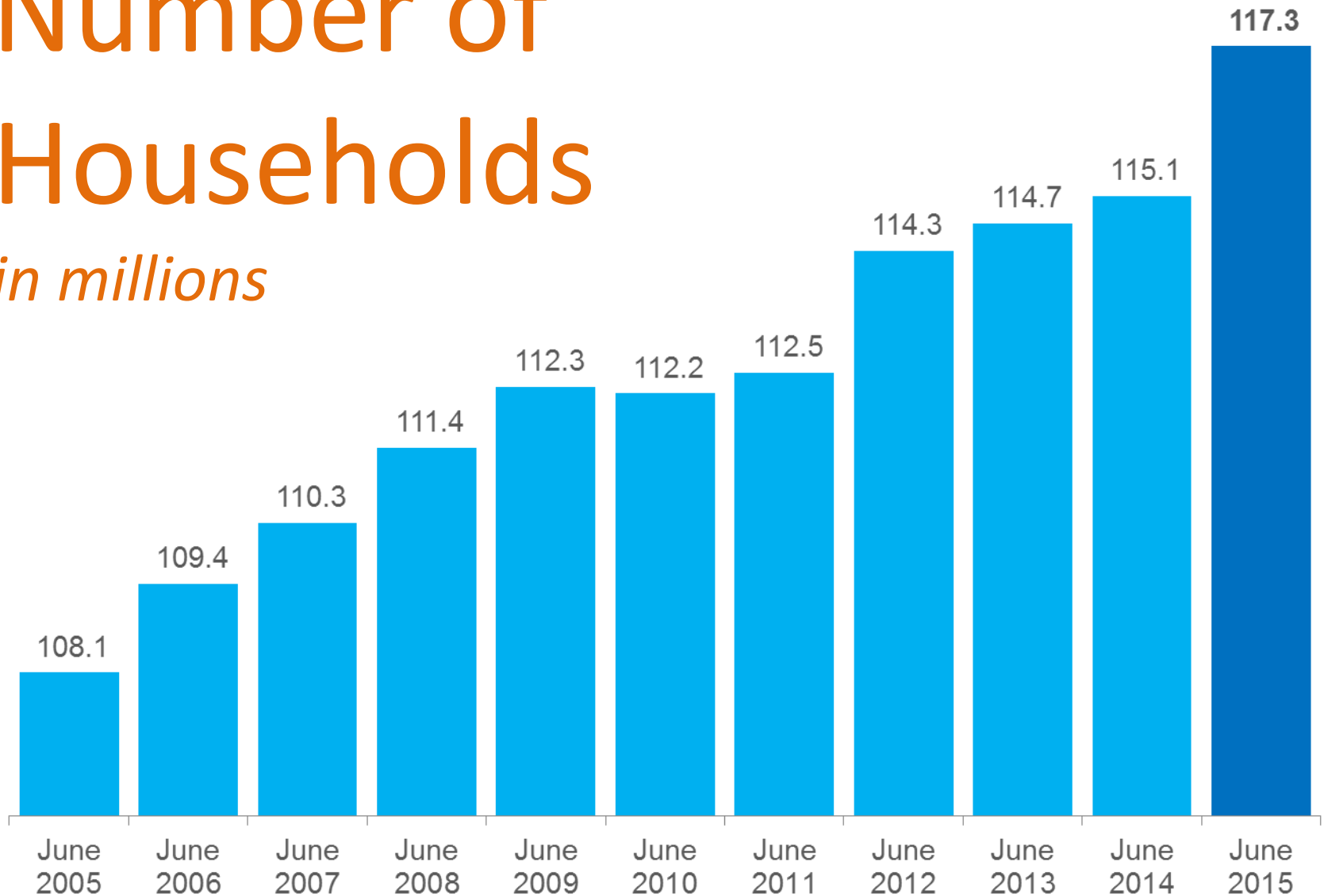
Last 12 Months

Percentage of Homes with Positive Equity by State



Number of Households

in millions



Homeownership Rates

1995-Today

