

August brought us another month of good numbers in terms of homes sales and home values. They both continue their (seasonally adjusted) upward trend in most all markets and price ranges. The chart below shows the average price per square foot for South East Michigan (bars) and the value change in price per SF compared to the same month a year ago (line). The bars show a steady rise for the last four months and the line (value rise over last year) does as well. The value line is a bit misleading, the downward trend is still in positive territory (save for April) with a strong upward movement in the last four months. Last August was the strongest value month of 2010, but this August still beat it by 6%.

SE Michigan Price Per Square Foot Value Trends

Value Trends by price range also show the same positive movement. Since values do jump month to month, this chart is an average of the past 90 days price per square foot by price category. You can see that all but one price range showed positive numbers. With fewer listings available in the \$0-99 category, it is not surprising to see buyers move to the lower end of the next price range (\$100-199), thereby keeping the average value increase flat.

June-Aug 2011 vs. June-Aug 2010 Value Trends by Price Range - SE Michigan

Price Range	\$0-99,000			\$100-199,000			\$200-299,000		
June-Aug	2010	2011	% Change	2010	2011	% Change	2010	2011	% Change
Ave Price per SF	\$34	\$35	4%	\$80	\$80	0%	\$96	\$100	4%

Price Range	\$300-399,000			\$400-499,000			\$500,000+		
June-Aug	2010	2011	% Change	2010	2011	% Change	2010	2011	% Change
Ave Price per SF	\$110	\$114	4%	\$126	\$129	2%	\$171	\$181	6%

The market is still divided between those homes selling quickly and the 60% that have been on the market for months to years (42% of sold listings were on the market less than 30 days and 47% sold for equal or more than asking price). So although we have some great signs of market activity and appreciation, it is appreciation for homes in good condition and priced well with values based on current solds, not asking prices, so Sellers still need an aggressive view on pricing.

One strange result of our housing recession is that the lack of homeowners' equity is actually helping our recovery. With so many homeowners upside down and not able to sell, there are not enough salable homes on the market to satisfy buyer demand. This is actually speeding up our recovery since, with fewer homes on the market, demand is beginning to exceed supply. With each uptick in values, a few more Sellers will be able to sell, releasing a few more listings to the market. It is likely to follow a reasonably steady recovery pattern over the next few years. The wild card is interest rates. We know that rates are artificially low to some degree via Federal Reserve intervention, which is creating some level of excess (or borrowed forward) demand. So a significant rise in rates without a significant economic recovery boost could set us back again. For Southeast Michigan, another factor that could potentially hold up our recovery is that for once, in terms of housing, we are an economic bright spot in the country (and the state), so until the rest of the country starts to catch up, we are vulnerable if they sneeze.

If you just looked at the current market activity, inventory levels and general economic news (locally), all signs lead to a housing recovery that is coming faster than anyone had predicted. The problem with that is we have been down so long, none of us (even me) are quite ready to really believe it. I think if we can sustain these activity levels (seasonally adjusted) through the winter months and into next spring, we will have no choice but to become permanent optimists, until then the word "cautiously" will remain in front of "optimistic".

For Company news, over the last five years we have emerged as the only broker in the state with a fully integrated real estate transaction experience for our clients (combining Brokerage, Mortgage, Title, Home Insurance and Home Services). That integration has been talked about for years as the coming consumer trend, but it looks like it is beginning to become an expectation of the next generation of homeowners. Although it is usually a lot of "little things" done well that makes a company or agent stand above the rest, providing an

integrated one stop experience can be a "big thing" that moves us along way with our future clients.

Great Numbers for August, much better than we had expected!! Thank you all for your support!

Dan

Total Company Summary - Aug. 2011

# of Buyers to Open Houses	2,731
# of Showing Appointments	16,680
# of Homes Sold/Leased	1,841
# of Web Inquires (Unique Visitors)	194,846
# of Mortgage/Title/Insurance Closings	887

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

Area	# of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Aug 11	Trend	Aug 11	Trend	Aug 11	Trend
Oakland County	978	Up	3,103	Up	42	Neutral
Macomb County	1,019	Neutral	1,878	Down	33	Up
Livingston County	93	Up	298	Down	51	Up
Washtenaw County	89	Down	259	Down	40	Neutral
Wayne County (- Detroit & G.P.)	774	Up	2,260	Down	42	Up
Detroit*	722	Up	5,841	Up	11	Neutral
Grosse Pointe(s)**	161	Down	395	Down	22	Down
Northwest Michigan***	62	Down	699	Up	45	Neutral
Total	3,898	Up	14,733	Down	33.3	Neutral

Area	Median Sale Price		Months Supply Inv	
	Aug 11	Trend	Aug 11	Trend
Oakland County	\$54,000	Up	3.2	Down
Macomb County	\$35,500	Neutral	1.8	Down
Livingston County	\$69,950	Up	3.2	Down
Washtenaw County	\$57,250	Down	2.9	Down
Wayne County (- Detroit & G.P.)	\$45,000	Up	2.9	Down
Detroit*	\$9,500	Up	8.1	Down
Grosse Pointe(s)**	\$23,500	Down	2.5	Down
Northwest Michigan***	\$55,950	Down	11.3	Neutral
Total	\$43,831	Up	3.8	Down

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

Area	# of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Aug 11	Trend	Aug 11	Trend	Aug 11	Trend
Oakland County	1,197	Up	6,482	Down	107	Up
Macomb County	451	Up	1,603	Down	83	Down
Livingston County	240	Up	1,880	Up	98	Down
Washtenaw County	226	Down	1,165	Down	129	Down
Wayne County (- Detroit & G.P.)	460	Up	1,903	Down	106	Up
Detroit*	722	Up	316	Up	67	Up
Grosse Pointe(s)**	51	Down	331	Up	102	Down
Northwest Michigan***	93	Down	3,141	Up	131	Up
Total	3,440	Up	16,821	Up	98	Up

Area	Median Sale Price		Months Supply Inv	
	Aug 11	Trend	Aug 11	Trend
Oakland County	\$199,000	Up	5.4	Down
Macomb County	\$152,500	Neutral	3.3	Down
Livingston County	\$167,500	Down	6.4	Down
Washtenaw County	\$200,000	Down	5.2	Neutral
Wayne County (- Detroit & G.P.)	\$189,000	Up	4.2	Down
Detroit*	\$128,000	Neutral	24.3	Neutral
Grosse Pointe(s)**	\$199,000	Down	6.5	Neutral
Northwest Michigan***	\$212,500	Up	33.8	Up
Total	\$180,938	Up	8.9	Down

Data Source: MIRS, TAAR, RealComp, AAMLS, 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 and Benzie Counties