



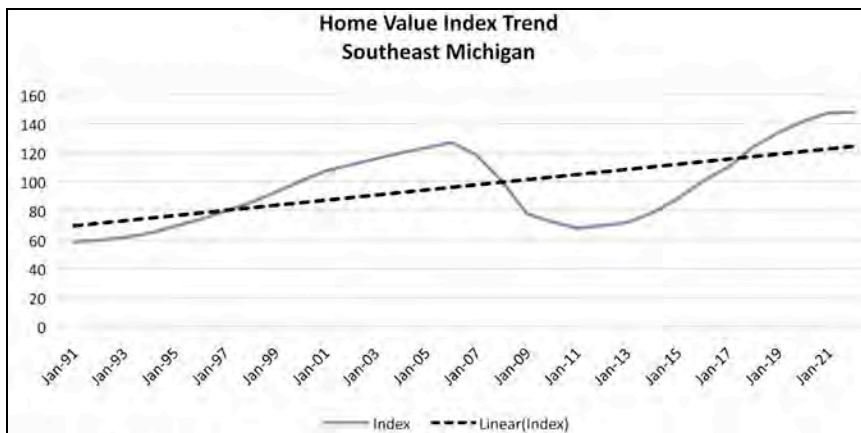
December 2011

Dear Team,

December showed a bounceback in buyer activity from a slight slowdown in September through the first half of November. Pending sales were up along with showing and website activity.

With 2011 as the year the market began to move off the bottom, the focus now turns to how fast will we get "back to where we were?" With the extent of the market decline and the economy's slow growth, most of the real estate industry is cautious in predicting getting back to peak levels. Over time, values will return to and even exceed peak levels and they will do so faster than expected (just as we fell faster than expected). What we are seeing day-to-day "on the ground" is strong pent-up buyer demand for residential real estate and buyers willing to pay more than the asking price (albeit at prices 40% off peak). This activity is not being reflected in the national statistics since they tend to be four to eight months behind current market activity.

Based on a steadily improving economy and using a combination of historical appreciation rates and an estimate of the decline in foreclosed properties, the following is our current forecast of home values.



We have moved from a peak valuation point in 2005 to the bottom point in early 2011. A little over five years to hit the bottom of the market and it should take about the same amount of time to recover as well. Interest rates are the biggest wild card in a steady recovery. With property values at a low-point, there is room in the market for higher rates without hurting demand. However, if rates rise dramatically, three to four years from now when values have recovered, to a degree, this could result in another market set back extending the "back to peak" point a few years. The main point of this exercise is to show that "peak" values are a few years away, so if a seller is waiting for their 2005 values, they should plan on a few years, not months. But, keep in mind, all boats rise in a recovery, so as a seller waits for their value to rise, the property they want to purchase rises as well (but in the future, at higher interest rates and payments).

The banks are expected to increase their inventory release rate, which will have some impact on appreciation rates this year. However, a large share of those properties are in poor condition and therefore will tend to draw investors and bulk buyers, with less impact on the typical single family property sale. Overall, it cannot be said enough that 2012 and, probably, 2013 will still be in that perfect balance of being an improving seller's market as well as a great buyer's market.

As for our Company activity, 2011 compared to 2010 show the steady improvement we have been talking about all year. We hit another milestone, breaking last year's record for the most real estate transactions by any broker in Michigan, which is 17,252. We also had a total of 26,295 customers served and 261 sales associates achieving their own personal record years as well!

Thank you for all of your support and hard work in making this past year another record breaker for all of us.

Dan and Stu

Total Company Summary - Dec. 2011

	YTD 2011	YTD 2010	% Change
# of Buyers to Open Houses	27,759	29,286	-5.21%
# of Showing Appointments	186,326	194,997	-4.45%
# of Homes Sold/Leased	17,252	17,146	0.62%
# of Web Inquires (Unique Visitors)	2,201,964	1,949,753	12.94%
# of Mortgage/Title/Insurance Closings	9,043	8,962	0.90%

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

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Dec 11	Trend	Dec 11	Trend	Dec 11	Trend
Oakland County	740	Neutral	3,244	Up	41	Neutral
Macomb County	719	Down	1,863	Neutral	32	Neutral
Livingston County	55	Down	359	Up	46	Down
Washtenaw County	83	Neutral	310	Up	40	Up
Wayne County (- Detroit & G.P.)	605	Neutral	2,480	Neutral	38	Neutral
Detroit*	561	Down	6,788	Up	11	Neutral
Grosse Pointe(s)**	127	Down	388	Up	21	Neutral
Northwest Michigan***	55	Neutral	587	Neutral	40	Down
Total	2,945	Down	16,019	Up	31.7	Neutral

Area	Median Sale Price		Months Supply Inv	
	Dec 11	Trend	Dec 11	Trend
Oakland County	\$48,199	Neutral	5.5	Up
Macomb County	\$34,000	Down	3.2	Up
Livingston County	\$59,000	Down	6.0	Up
Washtenaw County	\$42,250	Neutral	3.5	Down
Wayne County (- Detroit & G.P.)	\$41,175	Neutral	5.1	Neutral
Detroit*	\$8,828	Down	17.4	Up
Grosse Pointe(s)**	\$21,000	Down	3.2	Down
Northwest Michigan***	\$55,000	Neutral	9.2	Up
Total	\$34,778	Down	7.0	Up

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

Area	#of Homes Pending		Homes for Sale		Ave Price/sqft.	
	Dec 11	Trend	Dec 11	Trend	Dec 11	Trend
Oakland County	702	Neutral	6,290	Up	102	Neutral
Macomb County	321	Up	1,280	Neutral	84	Neutral
Livingston County	122	Neutral	1,530	Up	94	Neutral
Washtenaw County	108	Down	843	Neutral	128	Neutral
Wayne County (- Detroit & G.P.)	256	Up	1,819	Up	106	Neutral
Detroit*	10	Neutral	330	Up	50	Up
Grosse Pointe(s)**	43	Up	248	Neutral	94	Down
Northwest Michigan***	105	Up	2,260	Up	114	Neutral
Total	1,667	Up	14,600	Up	100	Neutral

Area	Median Sale Price		Months Supply Inv	
	Dec 11	Trend	Dec 11	Trend
Oakland County	\$178,950	Neutral	8.8	Up
Macomb County	\$160,000	Up	4.9	Neutral
Livingston County	\$166,000	Neutral	11.5	Up
Washtenaw County	\$192,500	Neutral	4.9	Down
Wayne County (- Detroit & G.P.)	\$165,000	Neutral	7.8	Up
Detroit*	\$142,000	Up	41.2	Up
Grosse Pointe(s)**	\$200,000	Neutral	5.8	Down
Northwest Michigan***	\$185,000	Neutral	22.8	Up
Total	\$173,791	Down	8.8	Up

Data Source: MiRealsource, Realcomp, Ann Arbor Board, TAAR MLS & BrokerMetrics

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, waterfront properties and vacant land