

METRO DETROIT MICHIGAN MARKET

WAYNE, OAKLAND AND MACOMB COUNTIES, ETC.

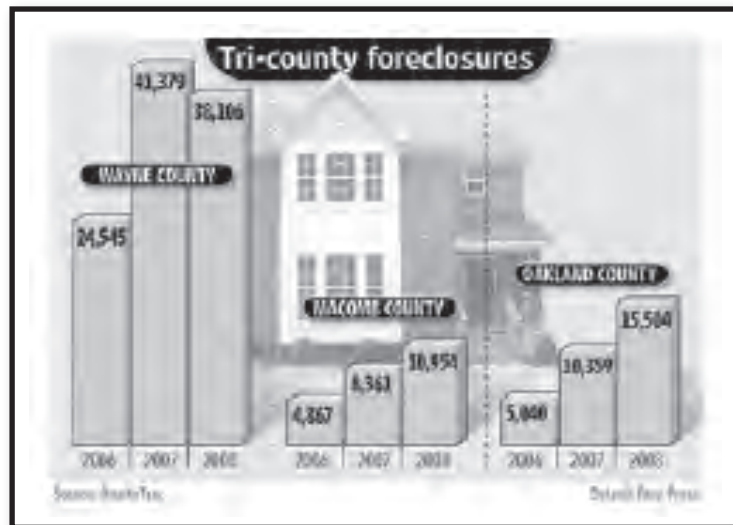
The “nosedive” in vehicle sales during 2008 has put the domestic auto manufactures, particularly GM and Chrysler, and most of the parts suppliers, in danger of being unable to fund their operations. GM and Chrysler have received billions in federal loans saving them from impending bankruptcy, at least temporarily. Both now have implemented restructuring plans that include significant job cuts that will further weaken Michigan’s already weak economy and real estate markets.

By All Accounts, Michigan Has Been In A Seven-Straight Year Recession

The state currently has about 4.2 million nonfarm jobs. Roughly 600,000 of which involve manufacturing. Since 2000, the state has lost an estimated 331,000 manufacturing jobs. For all of 2008, Michigan’s jobless rate was 8.4 % but in December 2008, it jumped to 10.6%, the nation’s highest. The three counties with the largest populations in Michigan (Wayne, Oakland, and Macomb) also experienced substantial increases in job losses during 2008. Wayne County was the worst in the Metro Detroit area with a December 2008 rate of 11.7%, much higher than the State average, followed by Macomb County at 10.9% and Oakland County at 8.6%.

Continued Job Losses Result In Higher Home Foreclosures

The continued job losses in manufacturing have affected virtually every industry. Home foreclosures have dramatically increased and now exist in every market. In 2008 Michigan foreclosures ranked sixth in the nation with 145,365 filings, up 21.6% from 2007 levels and 107.6% from 2006.



The future trend in foreclosures doesn’t appear to have slowed. The state as a whole saw a 16% increase in December 2008 filings compared with December 2007 with one home in every 224 in some stage of foreclosure. Wayne County foreclosure filings hit 4279 homes in December 2008 or one in every 197 homes, a 25% increase from a year earlier. In Oakland County, filings were 2,131, an increase of 52% or one in every 236 homes and Macomb County filings were up 15% to 1,236 or one in every 283 homes.

DETROIT MICHIGAN MARKET continued

Foreclosures Up, Sales Up, But Median Sales Prices Down

While residential foreclosures in most of the Metro Detroit markets rose in 2008, so did residential sales. For December 2008, sales were up 31.6% over December 2007 levels and inventory was down 18.5%. Unfortunately, 51% of these sales were of either existing bank owned or "short sell" property causing median sales prices to fall 46.3% over the same time period.

(Source: Realcomp MLS)

January 13, 2009

RES & CONDO LISTING INVENTORY BY AREA/COUNTY				RES & CONDO UNIT SALES BY AREA/COUNTY				
Area	# of On Market Listings December, 2008	# of On Market Listings December, 2007	Change in Inventory from Last Year	# of Foreclosure Sales (12-'08)	# of Non-Foreclosure Sales (12-'08)	# of Total Sales (12-'08)	# of Total Sales (12-'07)	Change in # of Sales from Last Year
ALL MLS	52,159	63,922	18.5% down	2,537	2,443	4,980	3,784	31.6% Up
City of Detroit	6,395	10,865	41.1% down	766	271	1,037	711	45.9% Up
Livingston	2,274	2,768	17.9% down	71	85	156	135	15.6% Up
Macomb	6,571	7,974	17.6% down	324	285	609	490	24.3% Up
Oakland	14,618	16,950	13.8% down	601	590	1,191	807	47.6% Up
St. Clair Area	1,545	1,757	11.6% down	55	56	111	102	8.8% Up
Wayne	16,650	21,932	24.1% down	1,321	739	2,060	1,447	43.4% Up

DECEMBER 2008 RESIDENTIAL & CONDO MEDIAN PRICE INFORMATION BY AREA/COUNTY					
BASED ON FORECLOSURE SALES, NON-FORECLOSURE SALES, AND ALL SALES					
Area	Median Sale Price on Foreclosure Sales (12-'08)	Median Sale Price on Non-Foreclosure Sales (12-'08)	Median Sale Price on All Sales (12-'08)	Median Sale Price on All Sales - Previous Year (12-'07)	Median Price Change (up or down)
ALL MLS	\$30,000	\$95,000	\$67,000	\$106,100	46.3% down
City of Detroit	\$7,000	\$8,700	\$7,500	\$15,000	50.0% down
Livingston	\$135,000	\$180,000	\$146,000	\$185,000	21.1% down
Macomb	\$50,000	\$109,000	\$77,000	\$118,900	35.2% down
Oakland	\$64,900	\$150,000	\$105,500	\$156,000	32.4% down
St. Clair Area	\$43,500	\$89,850	\$68,000	\$115,320	41.0% down
Wayne	\$14,087	\$55,250	\$19,900	\$49,950	60.2% down

Inventory Continues To Exceed 120 Days For All Price Ranges

While the overall inventory of homes and condos were down at the end of 2008, from a relocation standpoint, all home and condo price ranges exceed the 120 day marketing time criteria. The higher the price range the higher the number of months supply. For single family homes under \$150,000, the supply ranges from 9.5 months to a 279 month supply in the over \$500,000-\$1,000,000 range. The picture is worse for condominiums ranging from a 14.8 month supply for under \$100,000 to a 35.8 month supply in the \$300,000-\$500,000 range.

(Source: 2008 RAC Trendline-Detroit Metro Area at www.rac.net)

DETROIT MICHIGAN MARKET continued

More Job Losses And Lower Home/Condo Values Forecasted

2009 will be a volatile year for the automotive industry in the Detroit Michigan Market. Despite bailout and restructuring efforts, there are no assurances that all of the Detroit 3 (GM, Chrysler, Ford) will survive the year and automotive suppliers will be facing significant obstacles, resulting in many facing consolidation and liquidations. Regardless, more job losses are inevitable. The state is expected to lose 108,000 total jobs this year and 24,000 jobs in 2010, resulting in a full decade of job losses in Michigan.

Until both the national and state unemployment picture improves Foreclosures and Corporate owned properties will continued to dominate most, if not all of the Detroit Michigan Market adding additional downward pressure on home/condo values into the foreseeable future.



For additional or more current information on the residential market in the Metro Detroit area, visit www.rac.net and select "The RAC Report," or contact any of the following RAC members:

Kenneth D. Stetter, SRA, CRP, Stetter & Tiano, Inc.

Phone: (248) 855.0575 ♦ Fax: (248) 855.0579 ♦ KenStetter@RAC.net ♦ www.stetter-tiano.com

Howard A. Babcock, SRA, Howard A. Babcock & Associates

Phone: (248) 644.8820 ♦ Fax: (248) 644.4722 ♦ HowardBabcock@RAC.net

Joe Trecola, CRP, TREA Corp (RAC candidate member)

Phone: (248) 828.8218 ♦ Fax: (248) 828.4258 ♦ treacorp@aol.com