

NORTHEAST DETROIT AREA MICHIGAN MARKET

The year 2009 witnesses a continuation in the decline of the metro Detroit economy. More major corporations sought court supervised bankruptcies. Some companies downsized, resulting in the move of executives from metro Detroit to other locations around the country. Workers who just lost their jobs gave up searching for employment, packed up their families and moved to other states. Michigan's unemployment rate is near 12% with the state leading the nation. Local unemployment is even higher. Families are experiencing difficulty just meeting day to day expenses. Families are not moving up in the housing market.

Wayne County: Grosse Pointe Community

The Grosse Pointe community is located just north of the city of Detroit. It is comprised of five cities that date back to the 1920s. Some of the early homes were mini-mansions on the estate-sized sites that overlooked Lake St. Clair. Some have been removed over the years and redeveloped with small subdivisions of large colonials.

Sales continued for the just over the million dollar price range if the home exhibited updating.

Homes further distant from the lake in the \$500,000 to \$900,000 price range witnessed an oversupply of listings with very few buyers. As a result, offers were placed causing prices to fall 10 to 15%. Homes lacking updating and not in move-in condition suffered extended marketing periods of one to two years with price reductions and low final sale prices.

Homes in the basic price range of \$150,000 to \$400,000 continued to sell. Buyers became very selective and in some instances, sought seller sales concessions either for repairs or help with mortgage costs. Foreclosed and vacant homes appeared in this executive community. They have become a part of the market. Staging the home for marketing is a must!!

With mortgage qualifications becoming more difficult, the outlook for sales activity in 2009 is very guarded. Realtors anxiously await the summer sales period.

Macomb County:

The older southern cities of Macomb County continued to attract families with their reasonable price range for suburban metro Detroit. Seller sales concessions to help with mortgage costs continue to be an added incentive for buyers.

The mid-portion of the county witnessed an alarming lack of buyers as families decided not to move up in the housing market as in prior years. The continued announcement of the loss of manufacturing jobs had a very negative effect on the housing market. The mood of the market will not change for 2009 as jobs vanish and vacant and repossessed homes become more prevalent. Market time will be extended and prices will decline further. Worried relocating homeowners tell this appraiser that after two months of marketing, there have been no showings.

The mid-north area of Macomb County experienced the end of new home subdivision development. Builders sold off spec and model homes and closed their operations. The great new home construction years of 2000 to 2005 are gone along with the loss of all those construction trade jobs. There is no longer new home competition when marketing a used home.

NORTHEAST DETROIT MICHIGAN MARKET continued

Growth discontinued in the northern section of the county, the township areas, as families stayed in their mid-county subdivisions. With job security being a concern, moving to the country with a new home and new mortgage was just not practical.

Sales of used homes continues to be very slow and mostly limited to the basic price range.

St. Clair County:

The county is rural in nature with small towns spotted throughout the townships. The Ford Freeway (I-94) links the city of Port Huron and the metro Detroit employment centers. A one to two hour commute to work is accepted. Country living on acreage size parcels remains popular. Prices are declining in the \$150,000 to \$250,000 price range. Marketing time could be 1 to 2 years.

For those interested in boating, the areas along the Anchor Bay region of northern Lake St. Clair are attractive. Some buyers are always available for the canal or lake front properties. However, in this slow economy and low water levels, they are very selective.

The northern section of the county, the Port Huron area, has been a very slow period for Real Estate since the faltering economy has reduced employment. Auto-related parts manufacturing plants have had a reduction from three shifts to one shift. In late 2007, 2008 and continuing in 2009, many shops have closed or filed for bankruptcy. Most families no longer enjoy double employment with two incomes. Some families have been forced to downsize their homes. Some have lost employment and moved to other states. Vacant and repossessed homes are visible. The outlook for 2009 is more hardship for families as the state struggles with its economic future.

Conclusion:

Still, with all these negative factors, homes do sell. They must be staged for marketing. Repairs and neutral decorating are a must. A reasonable list price will attract offers. Skillful Realtor-led negotiations are needed to effect a deal.



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

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