

MICHIGAN IS MORE THAN OUR MARKET...IT'S OUR HOME



**WHEN IS THE
ECONOMY
GOING TO
RECOVER?**



**Is this a good
time to buy
or sell a
home?**



**What will
happen to my
Home Value?**



**IS THIS GOING
TO BE 2008
ALL OVER
AGAIN?**

THE REAL ESTATE MARKET IS STILL OPERATING

- We are selling homes – creatively, safely and virtually
- We are closing transactions
- Homeowners are moving into their new homes
- Buy a home from your couch
- That said – it is a new process that requires extra coordination between all parties

DIFFERENT SHAPED RECOVERIES

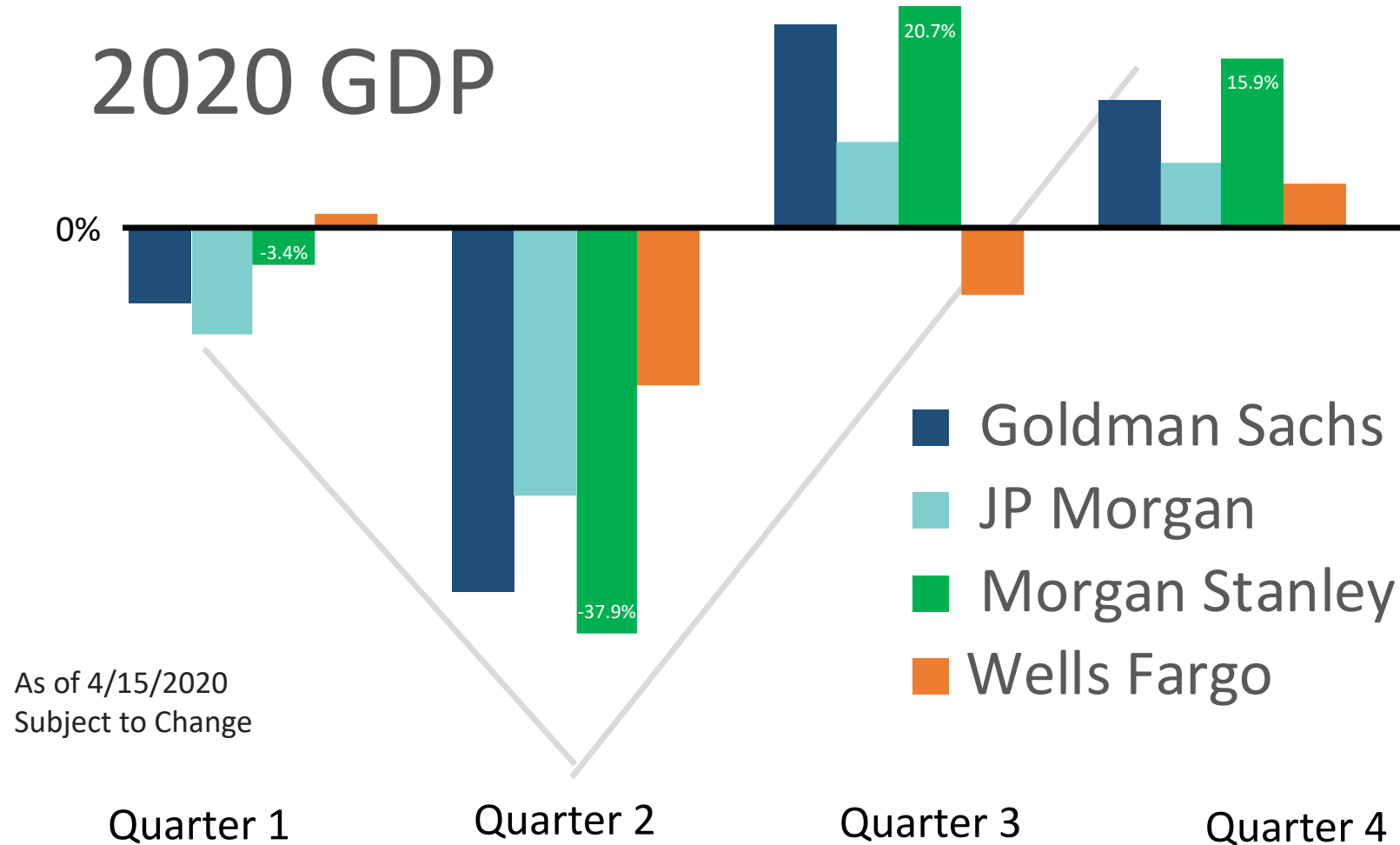
“V”

“U”

“W”

“✓”

MAJOR FINANCIAL INSTITUTIONS ARE CALLING FOR A “V” SHAPED RECOVERY



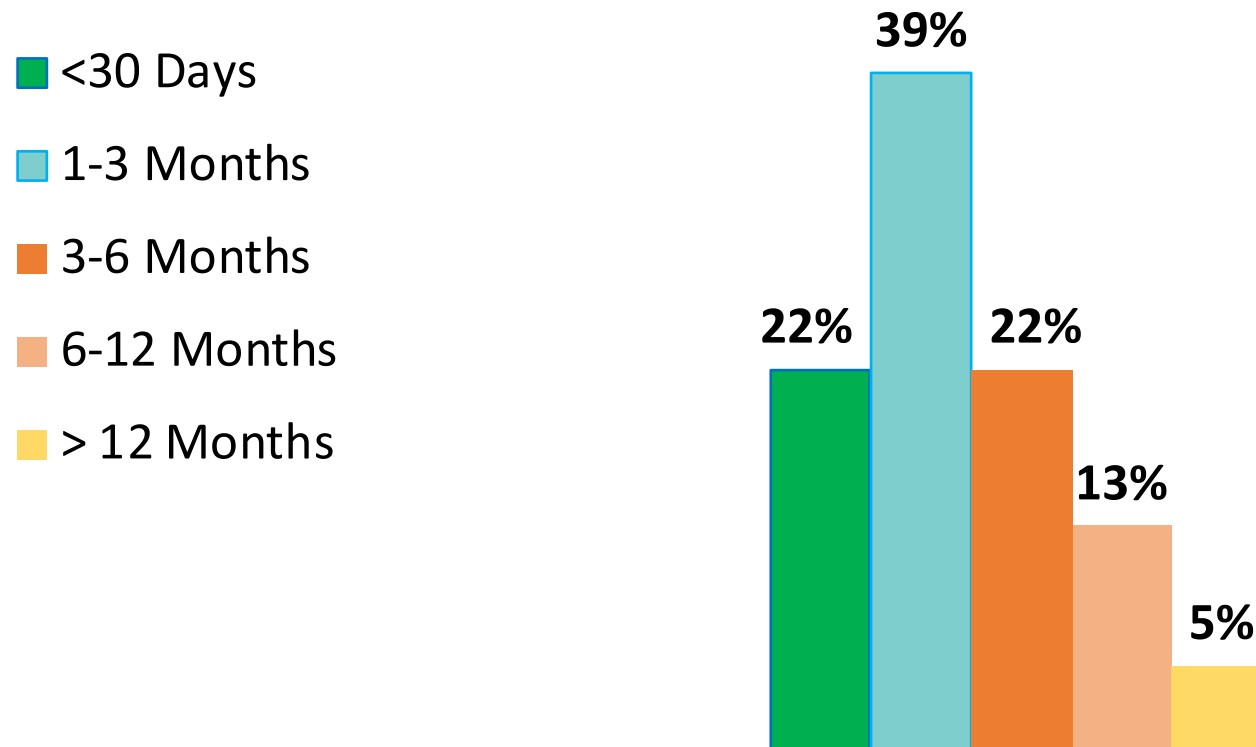
MORE DEPTH LESS LENGTH

Years for
unemployment
rate to return to
pre-crisis level



SURVEY OF 50 LEADERS FROM A CROSS-SECTION OF INDUSTRIES

If COVID-19 were to end today, how long would you estimate it

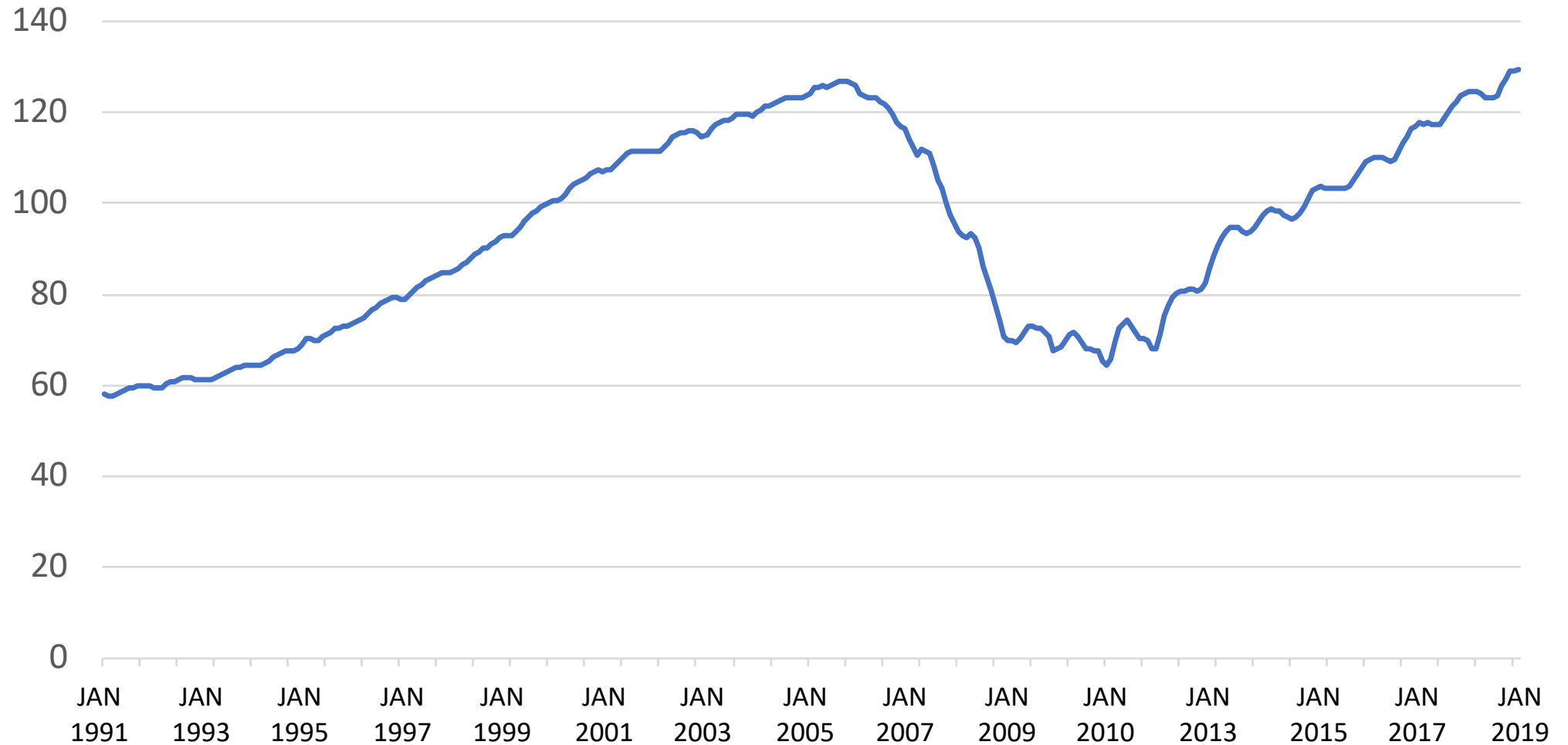


April 14

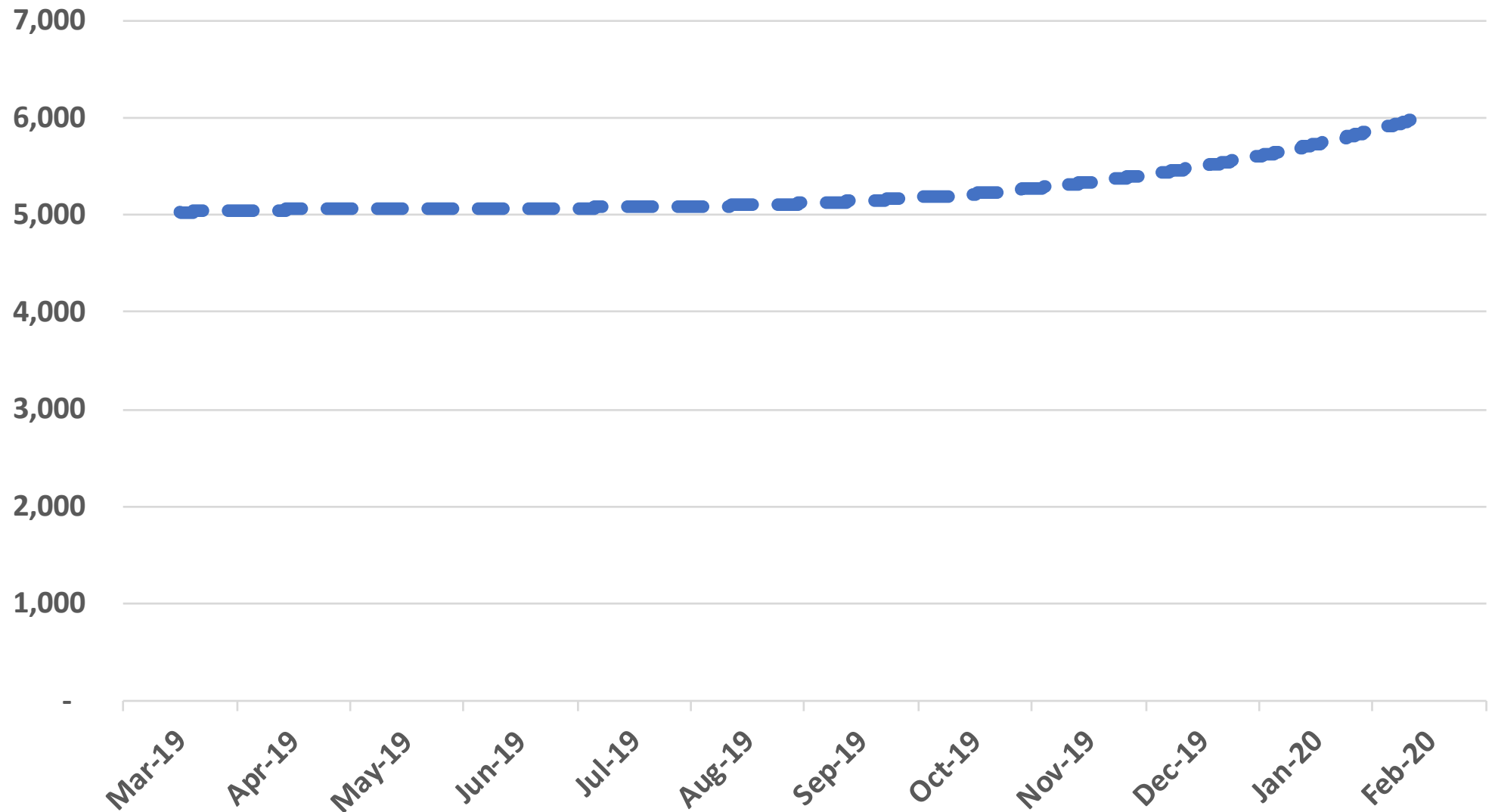
HOME VALUE INDEX SOUTHEAST MICHIGAN

***NO BUBBLE
TO BURST***

Case Shiller



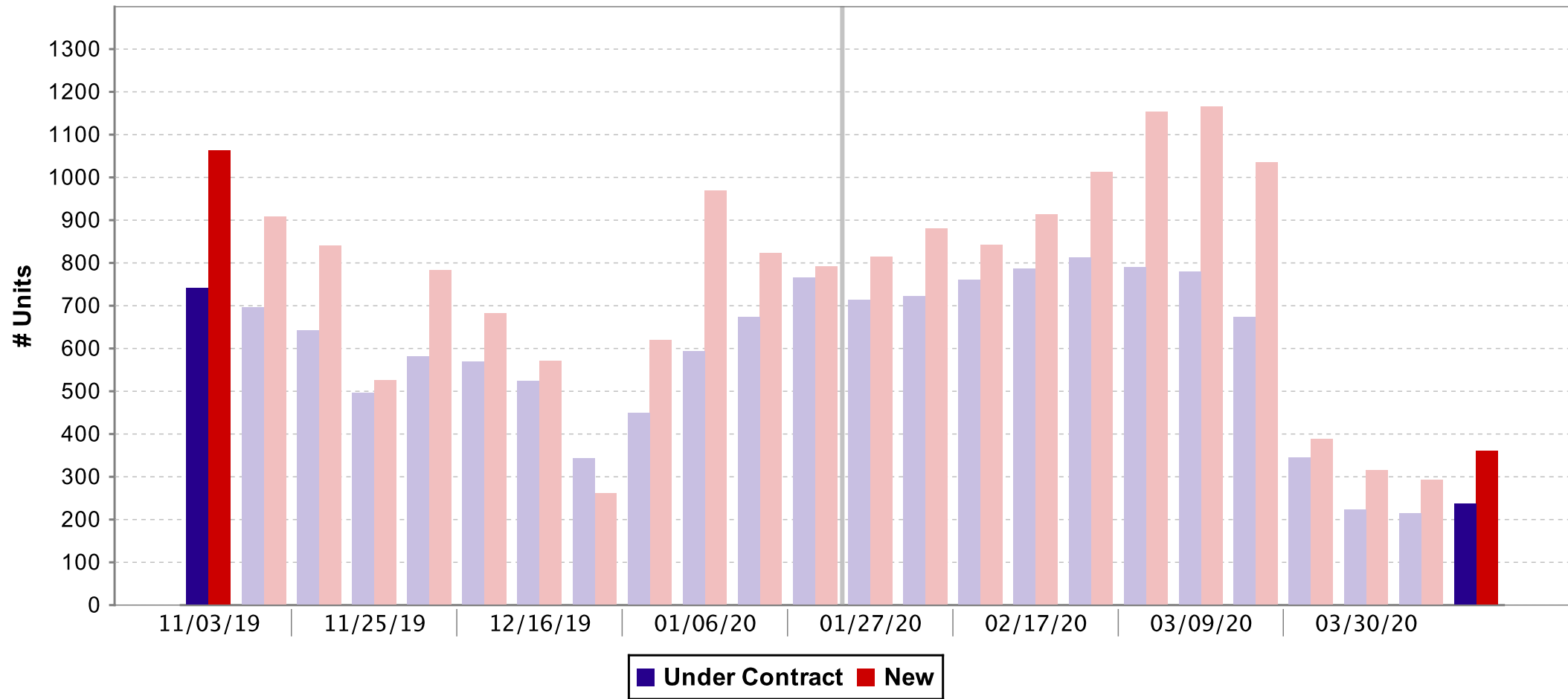
HOME SALE TREND PRE- CORONA SOUTHEAST MICHIGAN



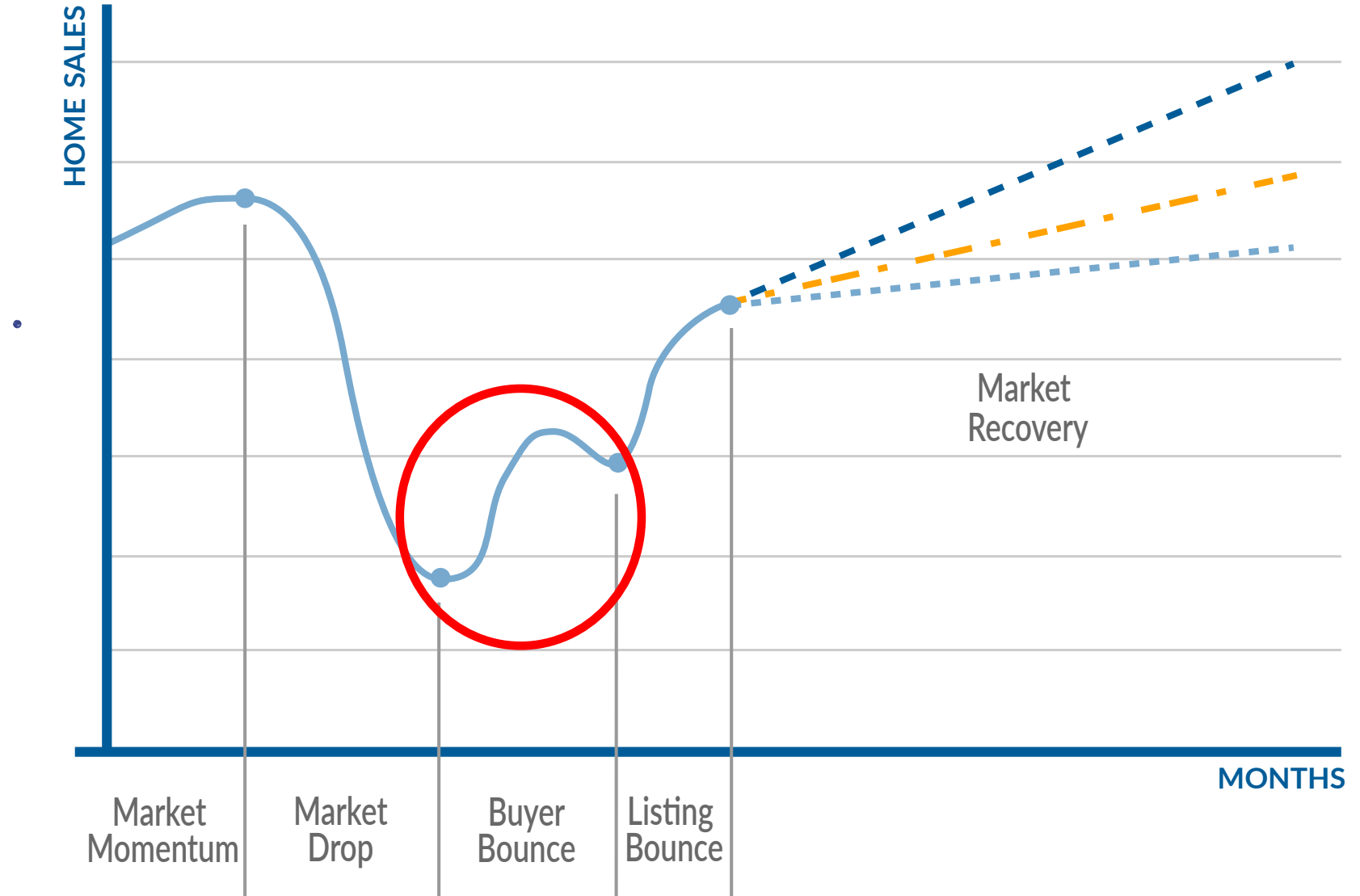
PENDING AND NEW LISTING TREND

SOUTHEAST MICHIGAN

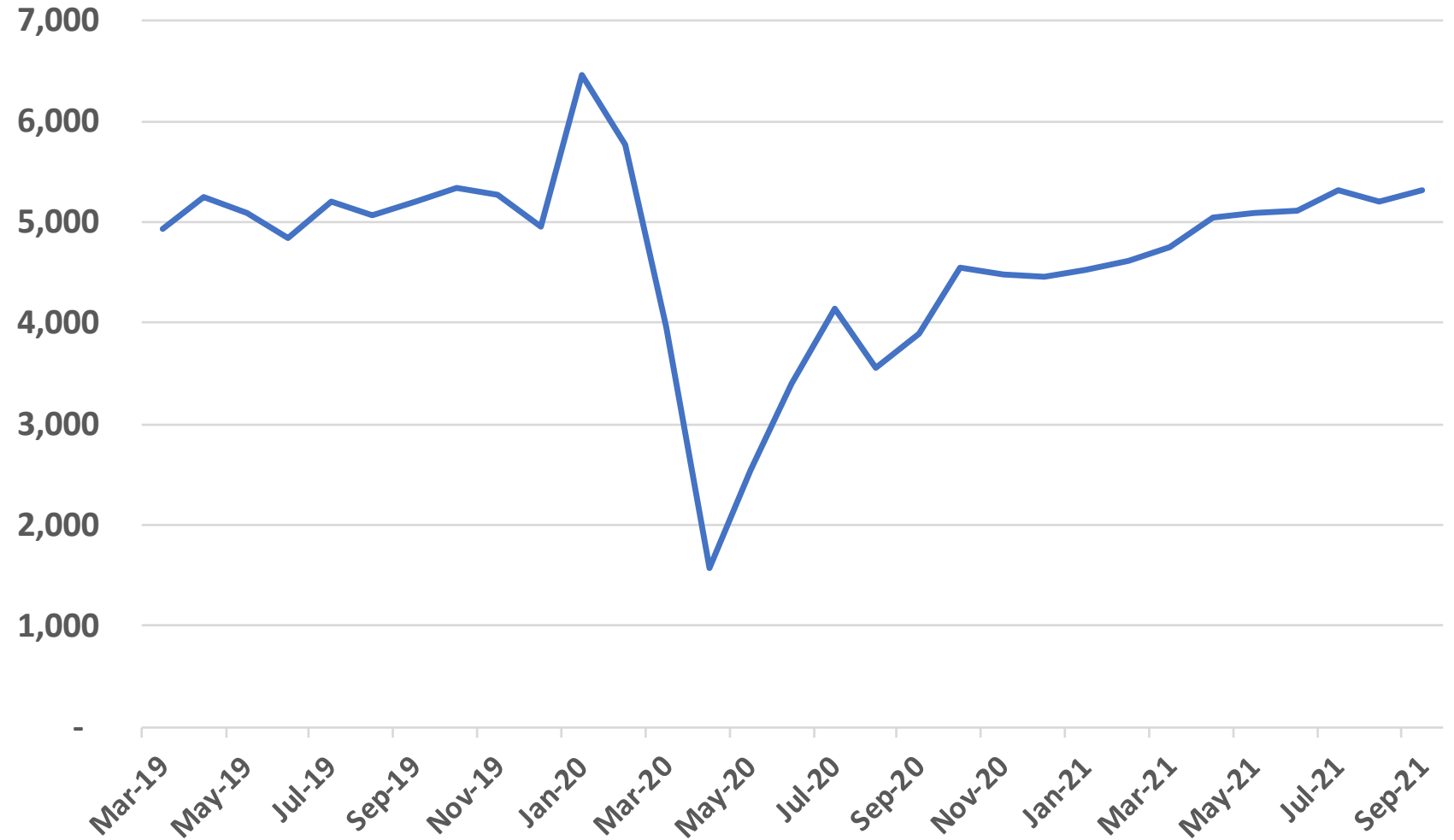
Units (UC, New)
Last 6 Months (Weekly) 11/04/19 - 04/19/20



HOME SALES EXPECTATIONS DURING THE RECOVERY



MICHIGAN REAL ESTATE HOME SALES PROJECTION

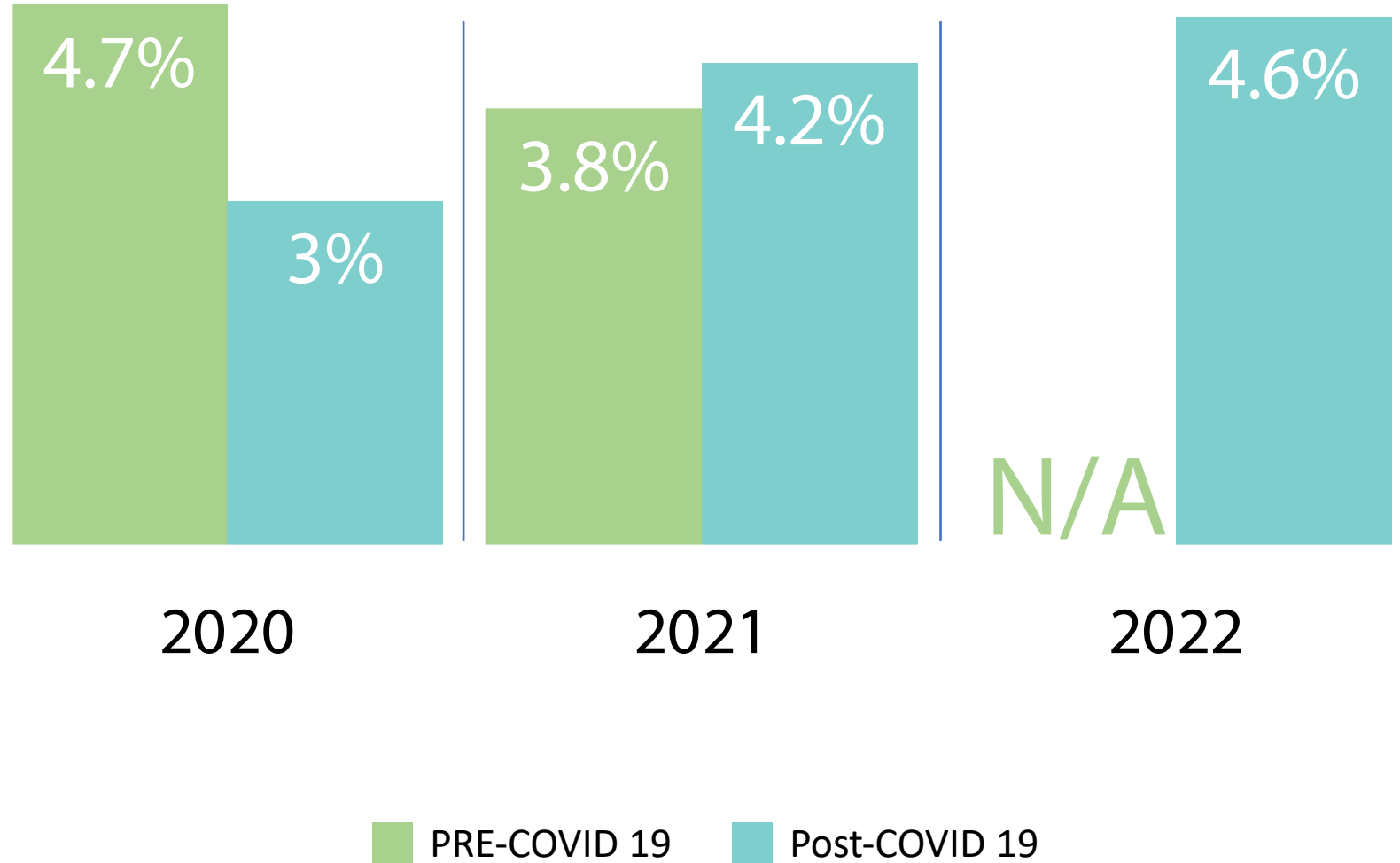


RECESSION
DOES NOT
EQUAL
HOUSING
CRISIS



HOME APPRECIATION ADJUSTMENTS AS A RESULT OF THE PANDEMIC

The "Z" Report



“Many still bear scars from the Great Recession and may expect the housing market to follow a similar trajectory in response to the coronavirus outbreak. But, there are distinct differences that indicate the housing market may follow a much different path. While housing led the recession in 2008-2009, this time it may be poised to bring us out of it.”

Mark Fleming

Chief Economist at First American



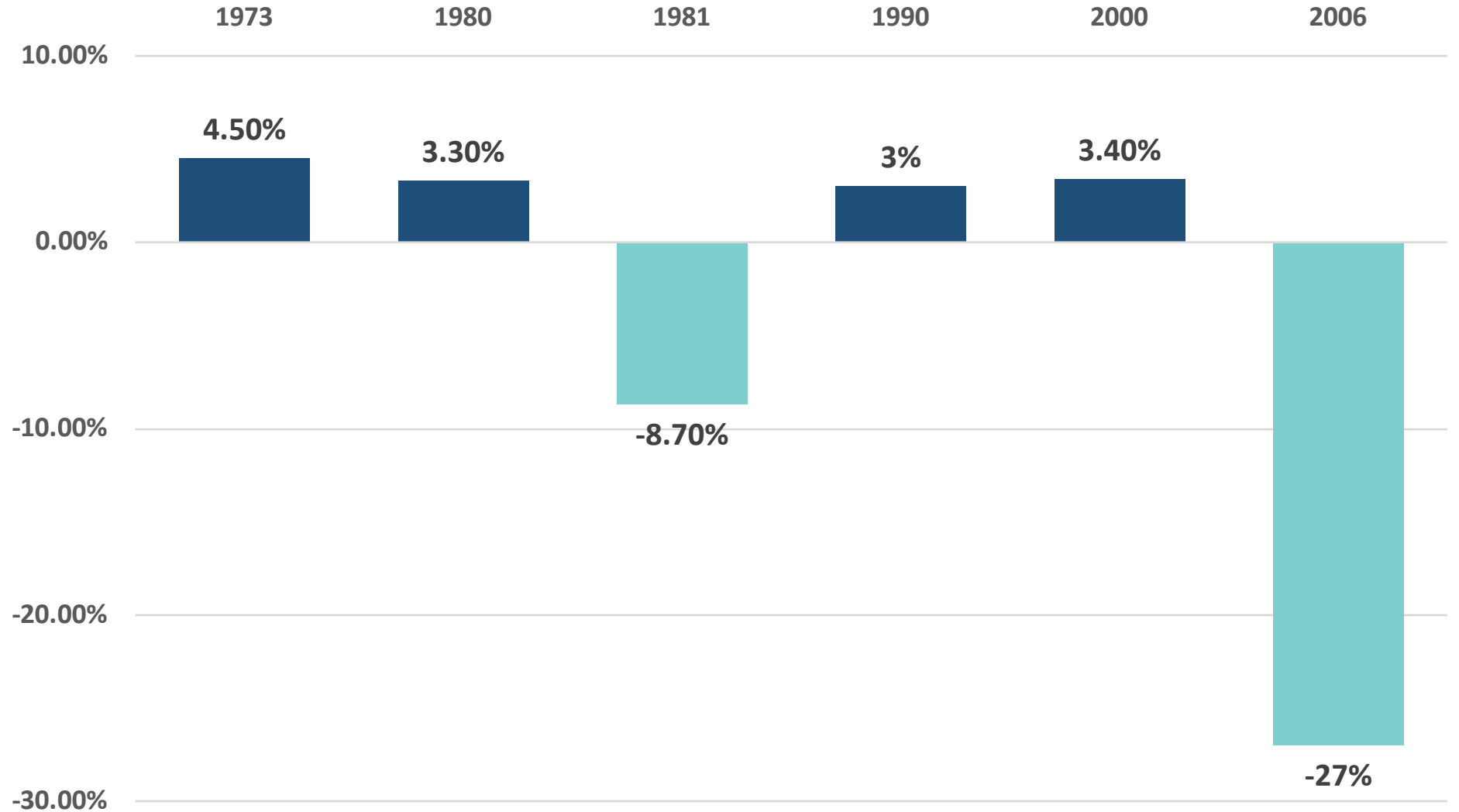
“Historical analysis showed us that pandemics are usually V-shaped (sharp recessions that recover quickly enough to provide little damage to home prices), and some very cutting-edge search engine analysis by our Information Management team showed the current slowdown is playing out similarly thus far.”

John Burns Consulting

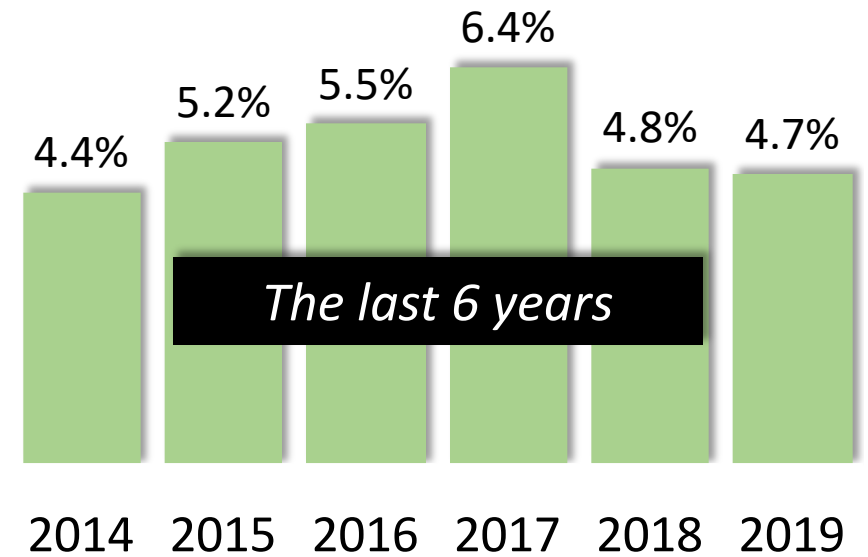
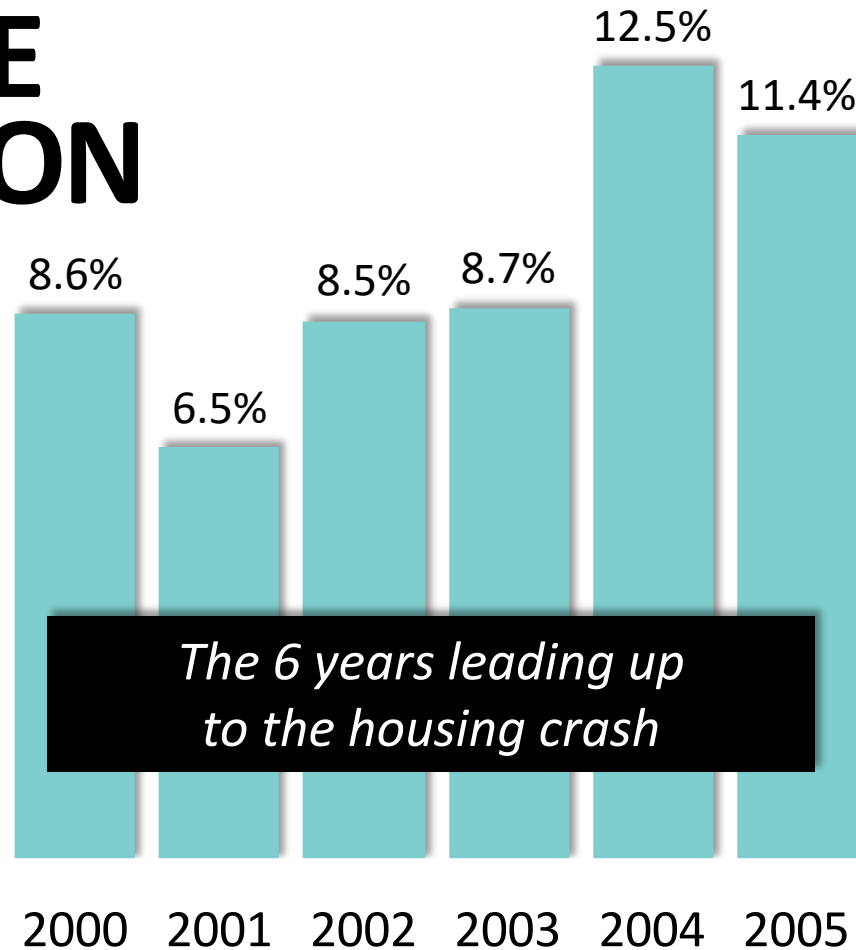


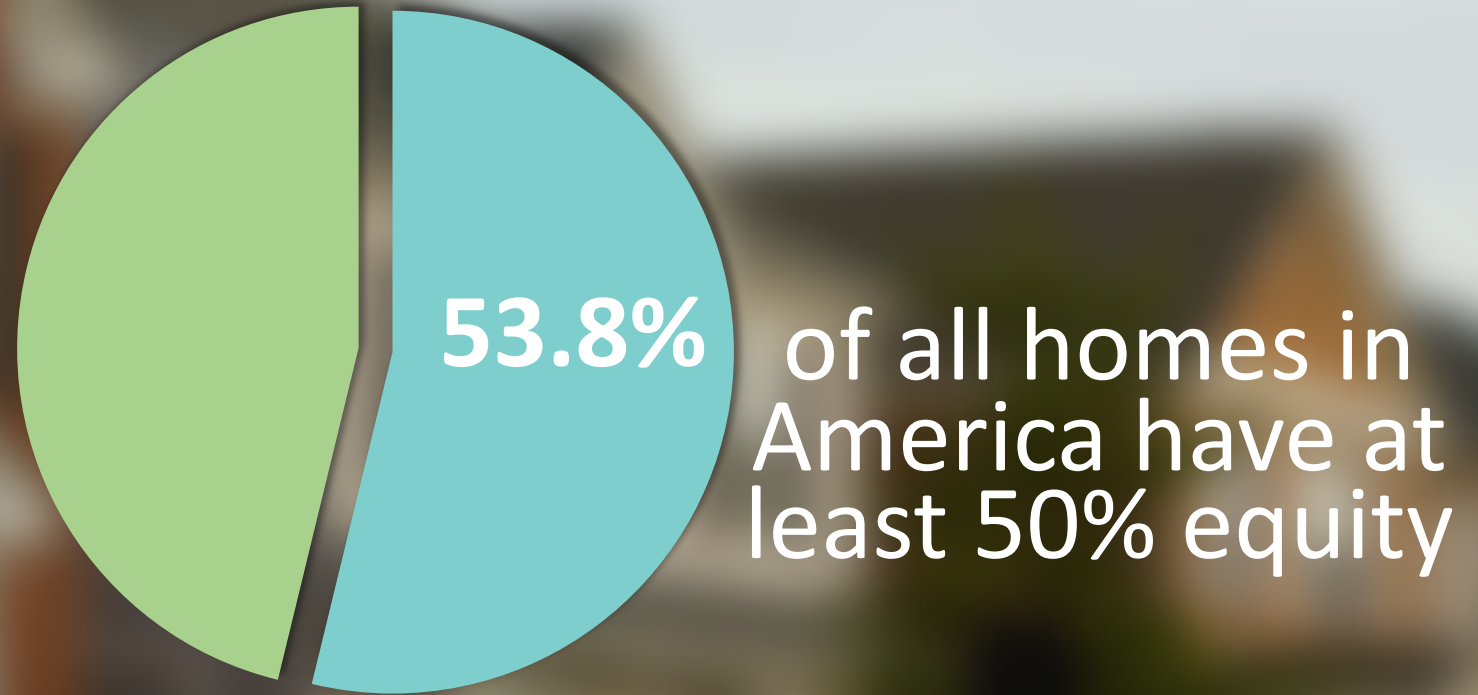
HOME VALUE CHANGES

DURING
THE LAST 6
MICHIGAN
RECESSIONS



ANNUAL HOME PRICE APPRECIATION





Americans are sitting on tremendous equity

37%

of all homes are owned
'free and clear'

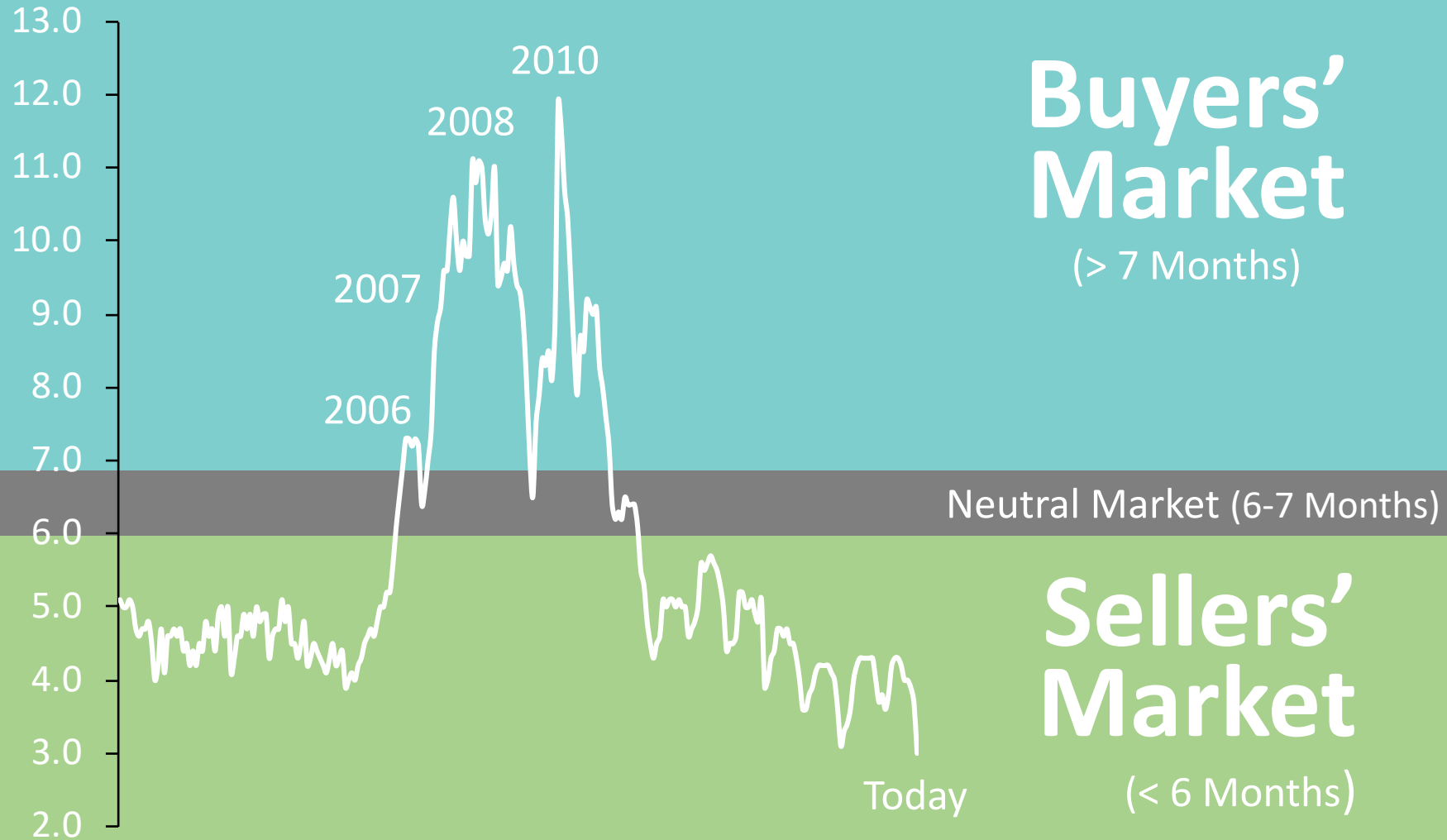
Bloomberg

26.7%

of the mortgaged homes
have at least 50% equity

ATTOM Data

MONTHS INVENTORY OF HOMES FOR SALE



**THIS IS AN
INTENTIONAL
PAUSE**

THERE IS A PLAN

**DON'T FEAR THE
NUMBERS**

TURN OFF THE NEWS!

- This is an intentional economic pause with an actual plan to recover – which is unprecedented
- Economic and Housing numbers for the next 60 days are going to be very noisy
- They will not reflect where the economy is going
- There will be record drops, record unemployment, followed by record gains

HOUSING WILL BOTH LEAD THE RECOVER AND MINIMIZE THE TIME FOR RECOVERY

- Low Foreclosures
- Low Interest Rates
- Record Home Equity
- No over building or
- Low For Sale Inventories
- Values are stable, less volatile than the Stock Market
- CARES stimulus
- Demand still exceeds supply
- Demographics beat economics

WHAT WILL CAUSE A HOUSING JUMP POST COVID-19

- Pent up demand – soon after the order is lifted 80%+ of homeowners will be comfortable with their financial position
- Too much time spent in their current home
- A baby and divorce boomlet in 2021
- CARES stimulus will be stabilizing
- Demand still exceeds supply
- Demographics beat economics

WHAT MIGHT BE THE TAIL WINDS TO HOUSING AND ECONOMIC GROWTH POST COVID-19

- Reluctance of people to leave their homes and spend money
- The new way of social interaction impedes economic recovery
- The number of businesses who are simply not able to recover
- Time it takes for business to rehire and expand
- Slow global growth if COVID-19 remains across the world

“If policymakers manage to thread the needle between continued virus control and a gradual reopening of the economy, the level of GDP should begin to move higher in the months ahead.”

Goldman Sachs

4/14/2020



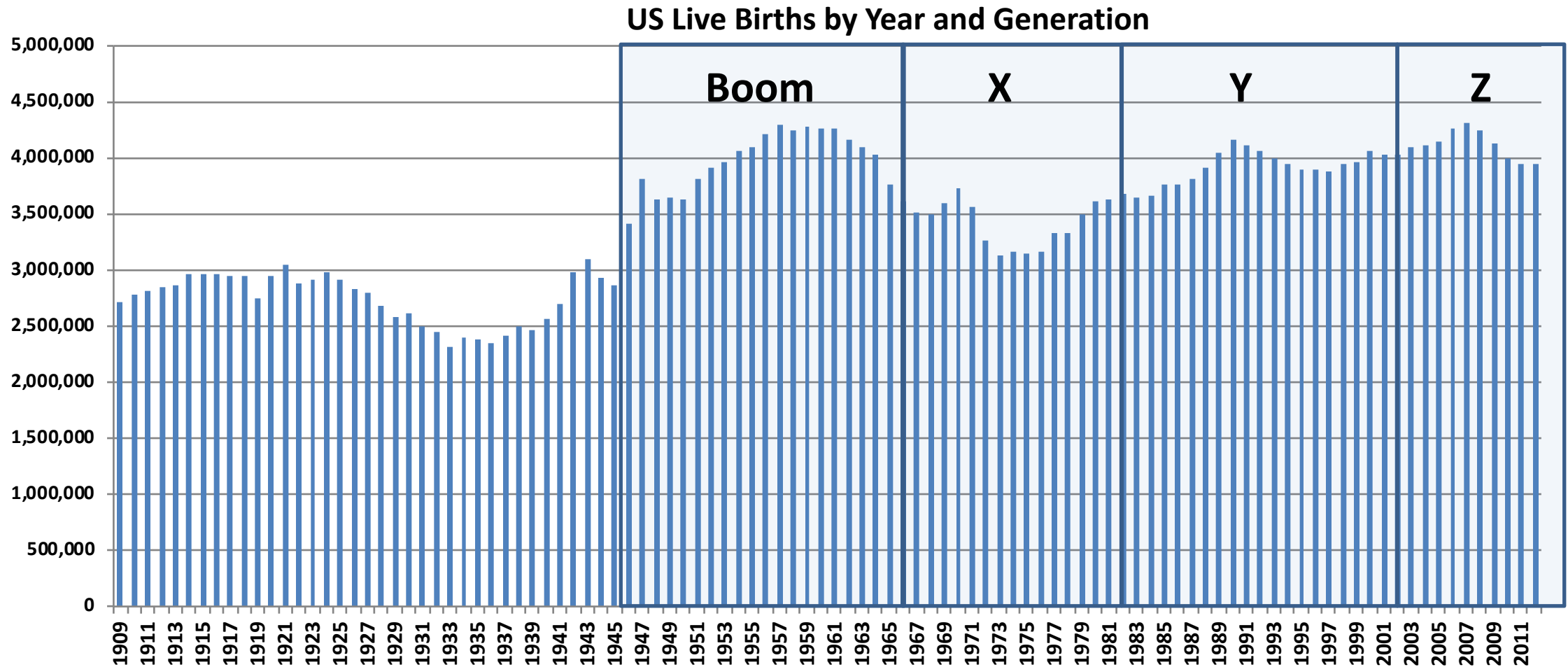
ECONOMICS VS DEMOGRAPHICS

DEMOGRAPHICS ALWAYS WIN
IN THE LONG RUN

- Demographics are the key driver for any economic change
- The populations size and age cycle buying power dictates economic growth
- Most recessions last 8-18 months
- Demographic transitions are 15-20 years

DEMOGRAPHICS SET THE TABLE

Population and its characteristics define the future.



Source: US National Center for Health Statistics

QUESTIONS YOU MAY HAVE

- Should I put my house on the market now or wait?
 - There are buyers online shopping
 - Depends on your home and your need to sell
 - If not now, get your home ready for when buyers can visit
- How are homes being sold now?
 - Virtual Tours, Visits with inspectors
- Can I close a real estate transaction now?
 - Drive-in and Zoom closings

QUESTIONS YOU MAY HAVE

- **Where will prices be headed?**
 - Stable and increasing – Bargains are not likely but neither will be big price jumps
- **Will there be an increase in foreclosures?**
 - Relatively fast recovery
 - CARES and Forbearance will help
- **What will happen to interest rates?**
 - Likely remain low, possibly even lower through 2021
 - Lower rates = increase prices so waiting for lower rates may not pay off in the long run

QUESTIONS YOU MAY HAVE

- Will I be able to get a mortgage?
 - The mortgage market has tightened
 - Do not recommend forbearance if you don't have to, could affect your ability to buy a home in the next year or more
- Should I refinance now or wait?
 - No crystal ball, many feel rates will go lower
- Should I buy a home now or wait?
 - If you are ready to jump in – jump
 - There is less competition for listings
 - Home values are more likely to rise than fall over the next 12 months

QUESTIONS YOU MAY HAVE

- Will it be safe to show a home?
 - Home showings have limited contact but you need to feel comfortable as the buyer or seller
- How will the unemployment rate affect home values?
- Will Michigan fair better or worse vs. the rest of the country?
- How will the vacation home market be impacted?
- What will be the strongest markets?
- What will be the strongest price points?



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