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The Bouma Group exceeds clients' expectations with integrity, unparalleled service, and proven results.

2011 Market Summary

Optimism has returned to the market. While values are still anywhere from 10-65% below the historic highs, they are no longer in a free fall. Homes are an incredible value right now. Low interest rates plus the lowest prices in years = opportunity. I don't believe that this opportunity will last much longer due to a lack of inventory. Most of the leading indicators show a lack of supply and strong demand. Job growth, lack of new construction, and low interest rates have nudged buyers back into the market. Low inventory, decreasing foreclosures, and slowly rising prices are beginning to nudge sellers back into the market. Both of these trends bode well for a healthy real estate market.

Here at the Bouma Group, we continue to remain optimistic for 2012. Our powerful real estate team, in conjunction with our cutting edge marketing and national networks, has kept us in the forefront of real estate, both on a national level as well as in Ann Arbor for the 10th year in a row. We continue to be Washtenaw County and Ann Arbor's #1 home seller, having helped over 254 families move in 2011. The Bouma Group SOLD 91% of our listings in 2011. Yes, we sell more real estate than anyone else, but we sell them one by one for sellers just like you. We owe our success to our past clients and friends. If you are thinking of buying or selling this year, feel free to give me a call. My industry experience and expertise along with my vast knowledge of the local market allows me to best represent my clients. I'll gladly sit down with you and share my market knowledge so you can make the right decision for your family.

As always, we sincerely appreciate your business and referrals. We want to be your real estate source in Ann Arbor and Washtenaw County. Don't forget that our moving truck is always available on a first come, first serve basis. If you're ever downtown, stop in and say hello.

We look forward to seeing you in 2012.

Sincerely,

Martin Bouma

Martin Bouma

www.Bouma.com

Moving? Or know someone who is?
CALL THE BOUMA GROUP TODAY: 734-761-3060

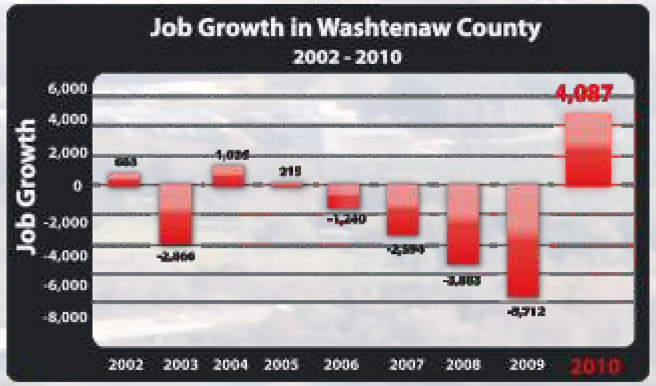
Find out about the latest Real Estate Trends, visit our Blog at www.Bouma.com

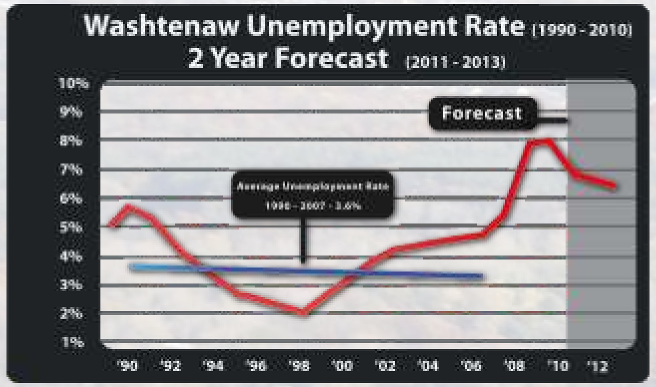
Washtenaw County

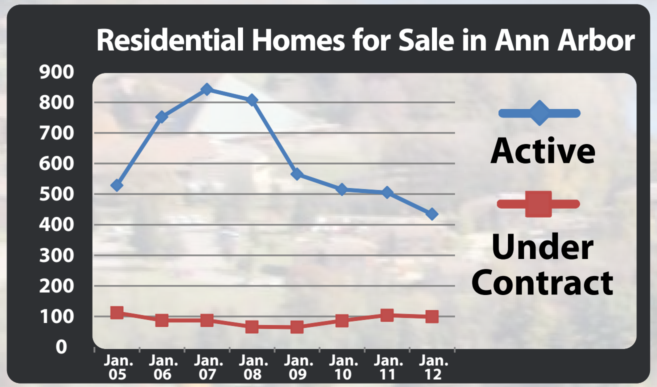
Market Update, January 2012

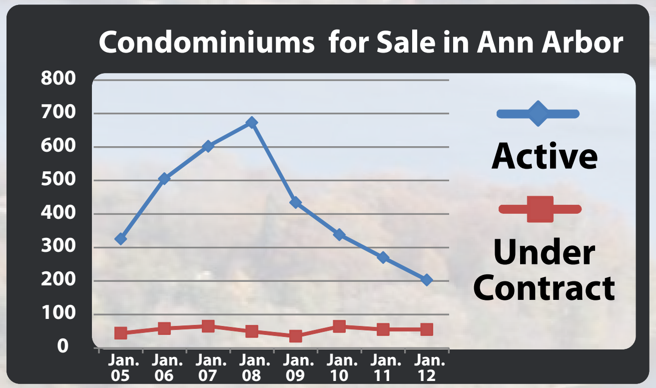
Prepared by Martin Bouma

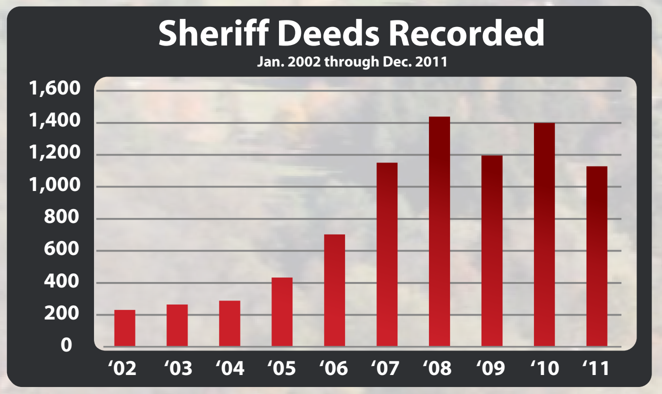
Washtenaw County Market Analysis

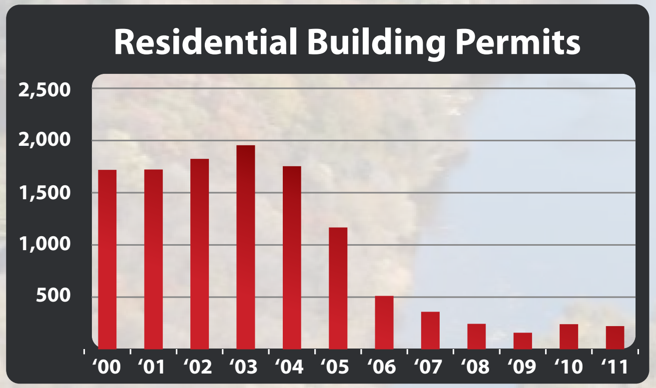


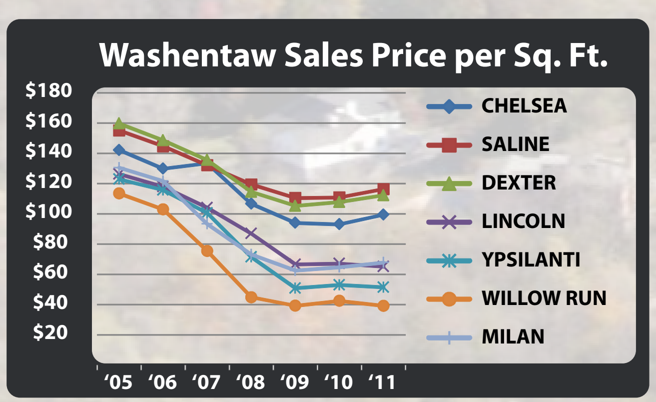


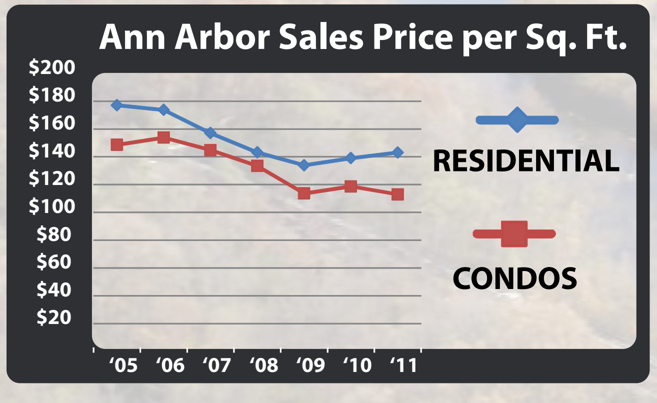












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Inventory

One of the biggest changes has been the significant decrease in inventory. In Ann Arbor we are entering 2012 with only 434 homes for sale, which is a 14% drop in inventory from 2011. The condo market in Ann Arbor has seen a 25% drop in inventory as we head into 2012 with only 203 listings. The decrease in inventory is even more stunning when compared to the peak years. Since 2007 the residential inventory in Ann Arbor has dropped 49.55% and the condo inventory has dropped 69.8%.

Some of the decreases from 2011-2012 in other school districts were as follows:

- Saline entered 2012 with 199 listings – a 3.86% drop in inventory
- Dexter entered 2012 with 150 listings – a 23.8% drop in inventory.
- Lincoln entered 2012 with 164 listings – essentially the same as last year.
- Ypsilanti entered 2012 with 66 listings – essentially the same as last year. In 2007, there were 289 listings, so this market has changed significantly.

Should inventory remain low, the hope is that price increases will follow. The main reason for the decreased inventory is the fact that many sellers can't afford to sell, so they stay put, or they rent their home.

Prices

Prices peaked in 2005-2006 when the average price per square foot in Ann Arbor was $174/SF for the residential market and $145/SF for the condo market. Several of the sub-markets have seen small increases for 2 years in a row, and with decreased inventory, job growth, and low interest rates, the hope is that this will continue. I don't see prices increasing too rapidly. Every time prices increase a little, there will be a surge of sellers who will now have enough equity to sell their home, which will keep a lid on price increases.

Building Permits

The drop in building permits has been so massive that many builders have gone out of business. 2003 saw 1,955 building permits pulled. In 2011, only 222 building permits were pulled – an 88% drop. The good news is that we are seeing a surge in new construction. With the inventory being low and pent up demand for new construction being high, I believe that 2012 will be a turn around year for builders. This trend can also be confirmed by the 21% increase in vacant land sales.

Jobs & Unemployment Rate

The job market is looking very promising for the first time in a number of years. After losing 13,429 jobs from 2006-2009, we saw over 4,000 jobs added in 2010. The prediction is that we will add an additional 8,840 jobs from 2011-2013. This has brought the unemployment rate down to 7.2% in 2011. Since jobs bring buyers, this is a good sign for the real estate market.

Foreclosures

There is a lot of talk about the "shadow inventory" of bank owned properties that are going to be released by the financial institutions, however, we are not seeing this in Ann Arbor. In 2011 there was a 19% drop in recorded Sheriff Deeds, which is the first drop we've seen since 2002. There are still certain communities where over 80% of the sales are distressed. With prices slowly firming up and job growth picking up, this trend will slowly reverse itself.

Rentals

The rental market in Ann Arbor has exploded as many sellers can't afford to sell their homes. In 2011, 494 properties were rented out. This represents 27% of all the transactions in the Multiple Listing Service. In the last 2 years alone there have been a total of 1,043 rentals in Ann Arbor. That's a considerable amount, considering that there were 1,063 residential sales and 422 condo sales in 2011. I expect this trend to continue until property values exceed what seller's owe on their homes. The downside to all this, is that we are developing a very large pool of property owners that are waiting for prices to increase who will put their homes on the market as prices inch upward, which in turn will prevent prices from rising quickly.

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#1 in Washtenaw County sales for the past 10 years!

For a more in-depth analysis, please call Martin today at 734-761-3060.