

# THE DOWNS MARKET STUDY

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*Toll Brothers®*

# HOME SALES - SUPPLY VS. DEMAND

- Like most commodities, home sales are driven by the principle of supply and demand.
- Residential home sale demand is typically measured by tracking the Months of Supply (MOS).^
- MOS is defined as the number of months it would take for the current inventory of homes on the market to sell given the current sales pace.^
- Resale home sales account for approximately 88% of the total homes sold nationally.\*
- Months of Supply - Demand Curve^
  - Over Supplied Market: >7 months
  - Balanced Market: 6 months
  - Under Supplied Market: <5 months

# NORTHVILLE, NOVI, PLYMOUTH DEMAND

- To capture an accurate sample size to analyze the area's demand a total of three submarkets have been studied – Northville, Novi, and Plymouth.
- These areas are all viewed as highly desirable due to:
  - Location relative to employment centers
  - Area amenities (parks, restaurants, shopping, etc.)
  - Highly ranked school systems
- All three submarkets have severely constrained residential new construction activity and large pools of resale transactions.

# NORTHVILLE, NOVI, PLYMOUTH SALES TRENDS

## Town Homes

Year	\$ Ranges	Avg. \$ per Sq Ft	Days on Market	Age of Homes	Months of Supply
2019	\$450-\$650	\$217	72	17 years	4
2021	\$450-\$650	\$226	20	19 years	0.5

## Carriage Homes/Row Homes

Year	\$ Ranges	Avg. \$ per Sq Ft	Days on Market	Age of Homes	Months of Supply
2019	\$525-\$750	\$214	99	23 years	1.7
2021	\$525-\$750	\$239	18	21 years	1.5

## Single Family Homes

Year	\$ Ranges	Avg. \$ per Sq Ft	Days on Market	Age of Homes	Months of Supply
2019	\$680-\$1M	\$199	54	24 years	0.5
2021	\$680-\$1M	\$215	26	21 years	0.0

## Market Study Findings

- All product segments were under supplied prior to COVID-19 and continue to be under supplied.
- Northville, Novi, and Plymouth housing stock is extremely aged, 17-24 years old.
- Proposed Northville Downs product mix and consumer segments are in alignment with historical market trends.
- Due to the constrained conditions there is a clear need to provide the consumer with lower priced attached housing options.

# JOHN BURNS NEW VS. USED VALUE

- Existing inventory is extremely aged, 17-24 years old.
- Existing inventory does not meet the consumer's wants and needs, is difficult to impossible to modify, and the costs are extremely high.
- New vs. used homes have consistently driven value when compared to resale (used) homes.
- Johns Burns Real Estate Consulting has established an industry accepted formula to quantify the value of new vs. used.
- Due to the aged inventory, there is a clear need and desire for new housing stock that meets consumer demand and preferences.
- Northville Downs sales prices are currently projected to be below "New" price values.

## Town Homes

Used Price	New Price
\$573,583	\$702,530

## Carriage Homes/Row Homes

Used Price	New Price
\$565,333	\$709,143

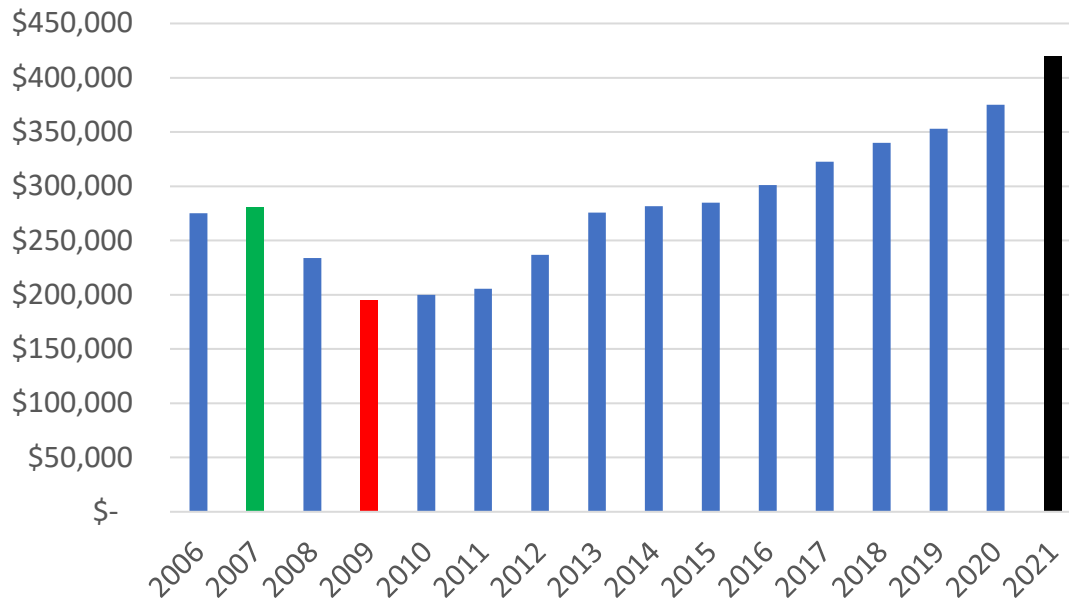
## Single Family Homes

Used Price	New Price
\$804,490	\$951,025

Assumptions: average sales price by product segment; homes sold over the past 12 months in Northville, Novi, Plymouth - applied John Burns New vs. Used value formula

# AREA HISTORICAL SALES VALUE TRENDS

Northville, Novi, Plymouth Median Sold Prices



## Key Findings

- During the last cycle, median home prices in Northville, Novi, and Plymouth peaked at \$281K in 2007 (green column).
- During the "Great Recession" median prices bottomed out at \$195K in 2009 (red column).
- Median prices fully rebounded and exceeded the 2007 peak pricing in 2013.
- As of 2021 median prices have increased +\$139K or +49.5% since the peak (black column).

# NORTH OAKS OF ANN ARBOR – VIABILITY & DESIRABILITY

- Active Toll Brothers community located in the City of Ann Arbor (4.4 miles to downtown)
- # of Homes / Housing Types
  - 3 Story Town Homes: 266
  - Villa (Carriage/Row) Homes: 206
  - Total: 472
- Consumer Segments
  - Town Homes: first time buyers
  - Villas: empty nesters / downsizers
- Why successful?
  - Located within the City of Ann Arbor
  - Town Homes offer affordable option
  - Little to no age in place housing options
  - Aged inventory (50+ years old)
  - Limited new construction opportunities
  - Severely constrained inventory levels: MOS – TH: 1.2 / Carriages: 1.0
- North Oaks of Ann Arbor is a very successful community, but lacks the walkable access to downtown that The Downs offers (4.4 miles vs. 0.3 miles).

March 2019–March 2020 Sales History

Housing Type	Sales, T12 Months*
3 Story Town Homes	41
2 Story Villas	36
Total Sales	77

March 2020–March 2021 Sales History

Housing Type	Sales, T12 Months*
3 Story Town Homes	42
2 Story Villas	39
Total Sales	81





# QUESTIONS

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