

Michigan Real Estate:

***Why the Time
to Buy is Now!!!***

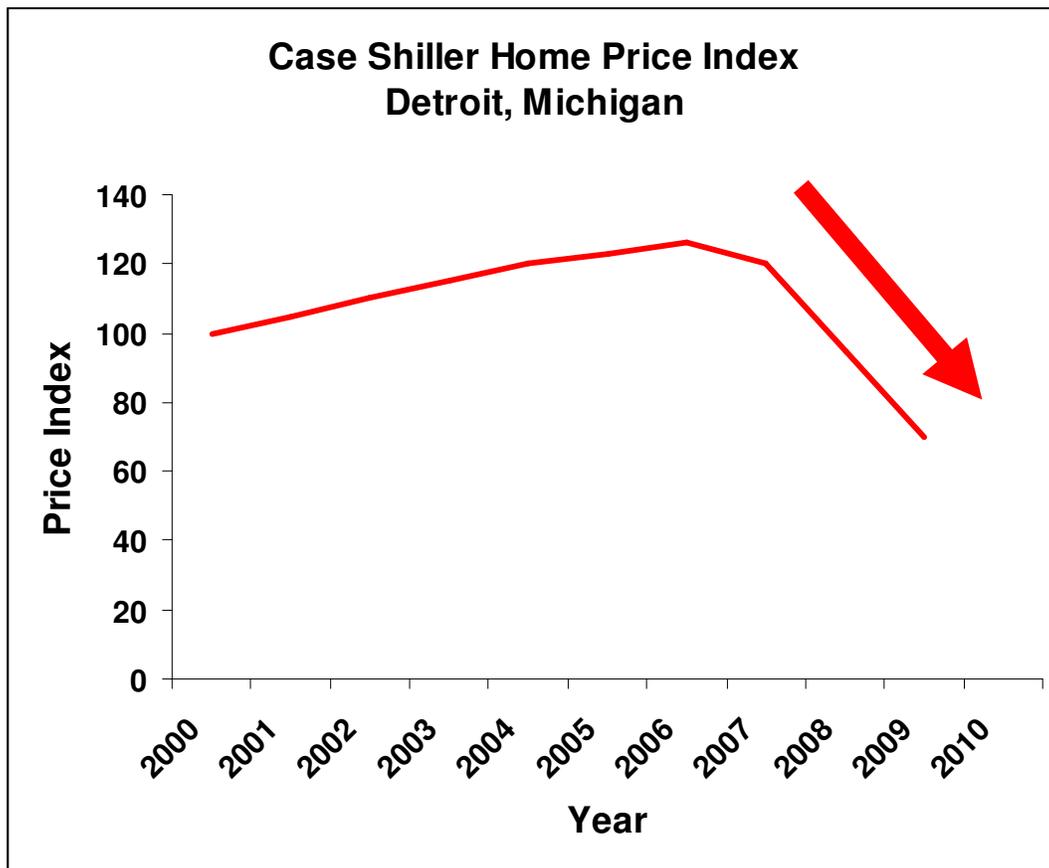


**Todd Brittingham
Kelly Brittingham**

At Michigan Turnkey, we think the time to buy is now. But to understand where we are today, and why we think now is the time to buy, you need to understand how the Michigan real estate market got to this point. When you understand these drivers, it becomes clear that Michigan's real estate market will be on the rise within the next 3-5 years

Michigan's Recent Past

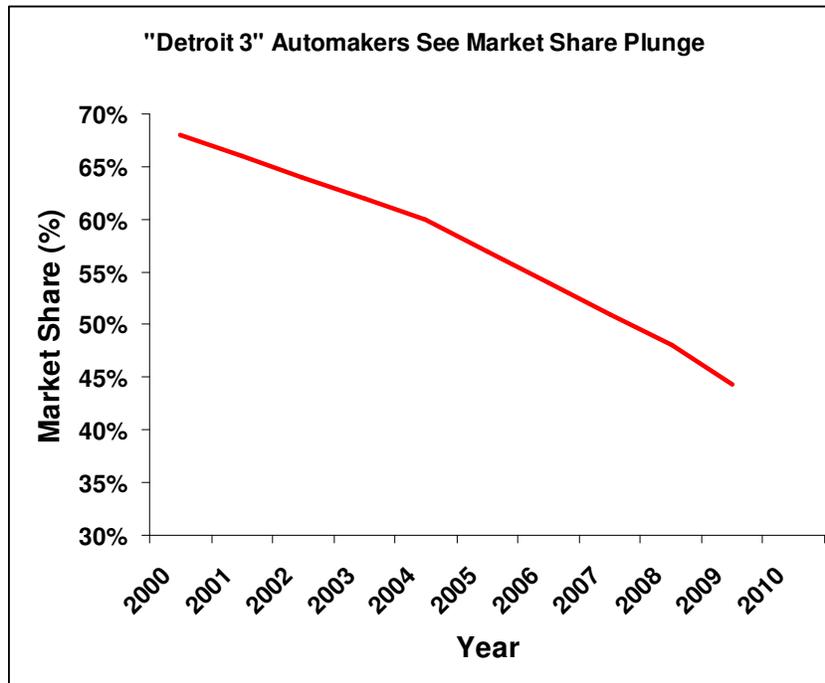
Let's turn back the clock a couple years to 2006. Michigan real estate was running sky high, and according to the Case-Shiller Home Price Index, 2006 was the peak for housing prices in Michigan. After that property values fell more than 60% by 2009.



Case-Shiller Home Price Index

So what drove this? Well, as you may or may not know, Michigan's economy is heavily tied to the US domestic automotive industry. Below is a chart showing the market share declines seen by the US domestic automakers

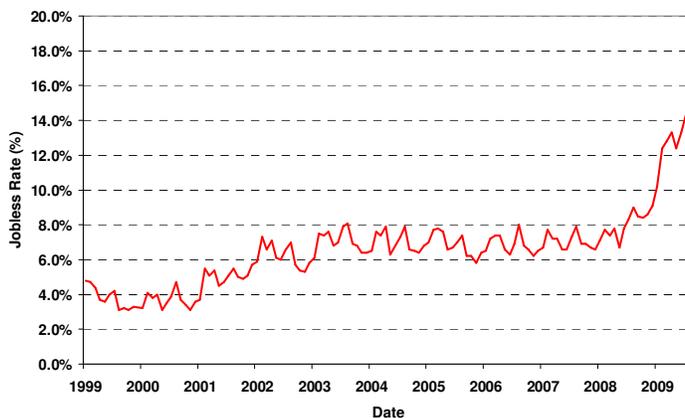




Decline in the US Automaker Market Share

If you've followed the news about General Motors, Ford and Chrysler over the last couple years, you have probably put it together. However, if you haven't, the market share declines coupled with the downturn in the US economy in 2008, led to the much publicized bailouts of the automotive industry and ultimately led to both General Motors and Chrysler declaring bankruptcy.

Michigan Unemployment Rate



The downturn of the automotive industry had many trickle down effects on Michigan's economy, and the biggest effect has been the spike in the unemployment rate to over 15% in 2009.

The massive job losses left many homeowners unable to pay their mortgages and this only added to the subprime mortgage crisis that had already caused a steep increase in home foreclosures.

So it is clear why Michigan has led the nation in the number of foreclosures for several years.

This all sounds like bad news right...well, here is where it gets interesting.



Resurgence of the US Domestic Auto Industry

There are things happening right now that are causing Michigan's economy to turn around. First and foremost, the domestic US automakers have all completed their bankruptcy restructuring, and there are clear signs that the restructuring has worked. The most obvious sign of this is the massive profits the US automakers have been posting in 2010 and 2011.



Note: Links to these stories are shown at the end of this report.

These profits are already leading to new investments in Michigan. Since November of 2008, there have been \$6 Billion worth of investments by advanced energy storage companies (aka advanced batteries). New battery technology is required to improve electric vehicles, and that technology is going to be created right here in Michigan. These investments are expected to create 63,000 jobs over the next decade and make Michigan the advanced battery capital of the world.

Diversification of Michigan's Economy



The screenshot shows the mlive.com website interface. The main headline reads: "Raleigh Michigan Studios breaks ground at old GM site in Pontiac, could bring 3,000 jobs". The article text states: "The much-anticipated Raleigh Michigan Studios will break ground today, paving the way for a 200,000 square-foot sound stage building and a possible 3,000 new jobs in Metro Detroit. The Los Angeles-based Raleigh Studios is building its new Michigan branch at the site of the old General Motors Centerpoint business campus in Pontiac." An aerial photograph of the new studio building is included, with a caption: "New Movie Studio Coming To Pontiac".

In addition to the resurgence of the automotive industry, Michigan is diversifying its economy by offering big tax incentives to the film industry.

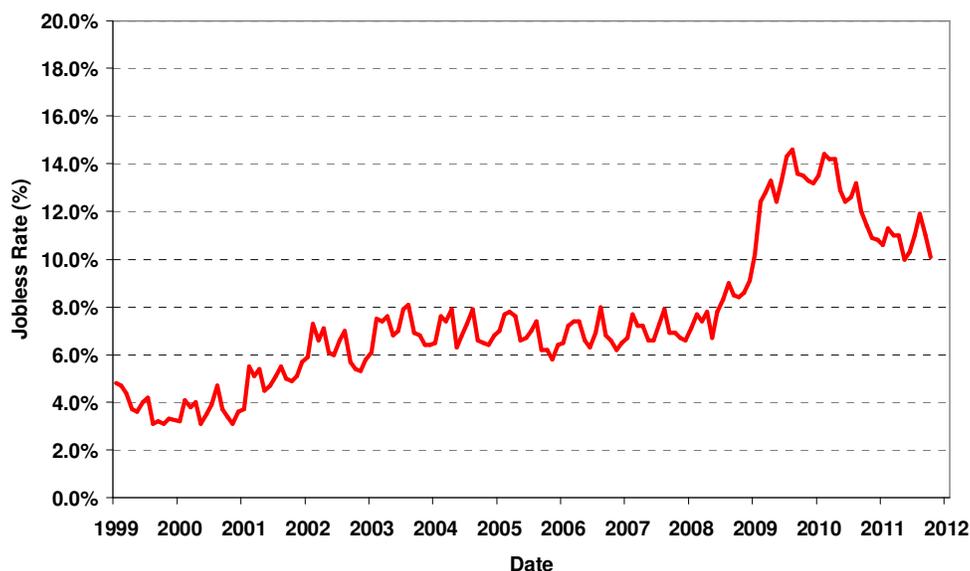
The tax incentives offer film companies a 42% tax credit on films produced in Michigan using Michigan workers, and the tax credit has spurred an influx of activity including a new movie studio development in Pontiac, Michigan. The new development is transforming an old GM plant into a 200,000 square foot movie studio that

will bring 3,600 new jobs to Pontiac, and is expected to start producing its first films in the spring of 2011. You can read the full story about this development by clicking the links at the end of this report.

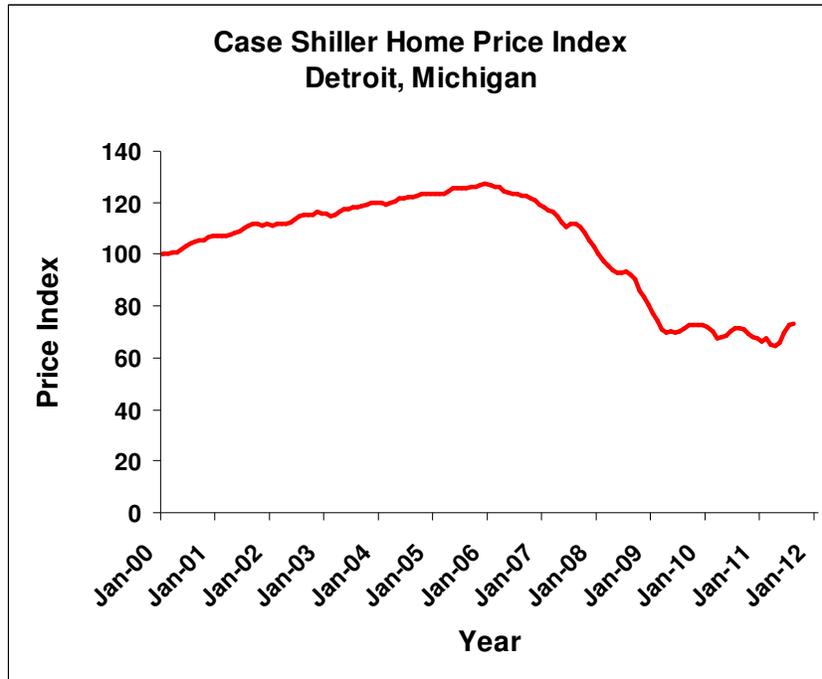
The Effect on Michigan's Real Estate Market

So, if these stories aren't enough, here are some hard numbers. Since 2009 Michigan's unemployment rate has dropped to just over 10%, and we expect this trend to continue.

Michigan Unemployment Rate



As we mentioned the Case Shiller Home Price Index had dropped 60% since 2006, but from 2009 to 2010, this index has stabilized and home prices have been flat. In 2011, we have actually seen prices rise about 11%.



Others Are Taking Notice

We aren't the only ones taking notice of these indicators. Just take a look at this recent article from the *USA Today* newspaper talking about how Detroit is on a comeback.

The resurgence of the automotive industry has spurred additional developments in Detroit, and home prices are up 1% in the last year alone ranking Detroit #1 of the 20 cities studied in the Case-Shiller Home Price Index.

USA TODAY | News | Subscribe | Mobile | Google USA TODAY stories, photos and more

Home | News | Travel | Money | Sports | Life

News: Communities | Education | Nation | Military | Politics | Religion | Offbeat | Washington | World | Opinion

Detroit and its auto industry are starting to roll again

By Marisol Bello and Steve Gardner, USA TODAY

Mon Oct 10, 2011 12:30 PM EDT

Several major companies, including Quicken Loans, Blue Cross Blue Shield of Michigan and DTE Energy, have moved operations downtown. More artists and young people are moving to the city's center.

In July, Detroit showed the largest one-year increase in home values of 20 major cities: a 1% uptick, according to the S&P/Case-Shiller index of property values. That comes after being down 46% from the city's peak in 2005.

"The car companies have stabilized. ... The sports teams are on the rise. We have a long way to go, but there are so many positive signs," says Grammy-nominated recording artist Kem, a native Detroiter.

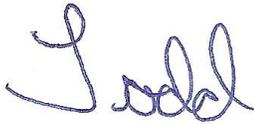
Putting it All Together – The Time to Buy is Now!

These indicators clearly show that Michigan's economy is stabilizing and it is just a matter of time before things really start to improve. Based on this information, we think the time to buy is now. The writing is on the wall, and we think it is just a matter of time before properties will start to go up.

There is still a lot of inventory in the foreclosure market, and this makes for an excellent source of cheap properties. However, this inventory will dry up over the next 1-3 years and this opportunity will be gone forever. So, we cannot emphasize enough that the time to buy is now.

These are exciting times in Michigan, and we are here to help investors that want to take advantage of our market. If you would like to speak with us about how we can help you cash in on Michigan's real estate market, below are all the ways you can find us.

Until we speak, we wish you the very best!



Todd Brittingham
1-248-917-4416
Todd@MichiganTurnkey.com



Kelly Brittingham
1-248-872-9113
Kelly@MichiganTurnkey.com



Our Website: www.MichiganTurnkey.com



www.Facebook.com/MichiganTurnkey



Our Blog: www.MichiganTurnkeyTV.com



www.twitter.com/MichiganTurnkey



Skype ID = toddbrittingham



www.YouTube.com/MichiganTurnkey



References

Automotive Industry Profits

November 9, 2011 - GM Posts Quarterly Profit, but Chief Calls it Insufficient

<http://www.nytimes.com/2011/11/10/business/gm-profit-falls-on-rising-costs.html>

Source: *New York Times*

October 27, 2011 - Chrysler Posts Strong Profit on Jump in Sales

<http://www.nytimes.com/2011/10/28/business/chrysler-posts-strong-profit-on-jump-in-sales.html>

Source: *New York Times*

October 26, 2011 - Ford Reports 10th Profitable Quarter, and May Restart Dividend

<http://www.nytimes.com/2011/10/27/business/ford-posts-10th-straight-quarterly-profit.html>

Source: *New York Times*

May 2, 2011 - 2 Years After Bankruptcy, Chrysler Posts A Profit

<http://www.nytimes.com/2011/05/03/business/03chrysler.html>

Source: *New York Times*

April 26, 2011 - Ford Profit is \$2.55 Billion

<https://myaccount.nytimes.com/auth/login?URI=http://www.nytimes.com/2011/04/27/business/27ford.html&OQ=Q5fQ72Q3dQ31>

Source: *New York Times*

November 11, 2010 - GM Posts \$2 Billion 3Q Gain

[http://detnews.com/article/20101111/AUTO01/11110358/GM-posts-\\$2-billion-3Q-gain](http://detnews.com/article/20101111/AUTO01/11110358/GM-posts-$2-billion-3Q-gain)

Source: *Detroit News*

October 26, 2010 - Ford Pares Debt, Posts Record \$1.69 Billion Quarterly Profit

<http://www.bloomberg.com/news/2010-10-26/ford-posts-1-69-billion-third-quarter-profit-on-higher-u-s-car-sales.html>

Source: *Bloomberg*

August 12, 2010 - GM Second Quarter 2010 Results Show Sustained Progress

<http://www.theautochannel.com/news/2010/08/12/491663.html>

Source: *TheAutoChannel.com*

August 9, 2010 - Chrysler Reports \$183M Second Quarter Operating Profit

<http://www.autoblog.com/2010/08/09/chrysler-turns-in-183m-second-quarter-profit/>

Source: *Autoblog.com*

July 23, 2010 - Ford Supercharges Earnings

<http://stocks.investopedia.com/stock-analysis/2010/Fords-Supercharged-Earnings-F-DDAIF-VLKAY-NSANY-TM0727.aspx>

Source: *Investopedia.com*

Pontiac Movie Studio Development

December 18, 2010 - Movie Studio in Pontiac Expects to Bring 3,600 Jobs

<http://www.theoaklandpress.com/articles/2010/12/18/business/doc4d0d3f010db66711047390.txt?viewmode=fullstory>

Source: *The Oakland Press*

July 27, 2010 - Raleigh Studios Breaks Ground at Old GM Site in Pontiac, MI

www.mlive.com/entertainment/detroit/index.ssf/2010/07/new_movie_studio_opening_in_po.html

Source: *MLive.com*

Michigan Economic News

November 22, 2011 - Michigan Economy Heals Itself with Automobile Sales, New Hiring

<http://www.businessweek.com/news/2011-11-23/michigan-economy-heals-itself-with-automobile-sales-new-hiring.html>

Source: *Bloomberg Businessweek*

October 10, 2011 - Detroit and its Auto Industry Are Starting to Roll Again

<http://www.usatoday.com/news/nation/story/2011-10-09/detroit-comeback-lions/50713354/1>

Source: *USA Today*



May 16, 2011 - Economist Says Michigan to Add 60,000 Jobs a Year

<http://www.theoaklandpress.com/articles/2011/05/16/news/state/doc4dd1c52458806798218767.txt?viewmode=default>
Source: *The Oakland Press*

November 20, 2010 - U-M Economist Predicts Michigan Job Growth 2011 & 2012

http://rsqe.econ.lsa.umich.edu/Docs/michigan_forecast.pdf
Source: *University of Michigan Department of Economics*

August 14, 2010 - Top 10 Housing Markets That Will Be Strongest by 2014

<http://realestate.yahoo.com/promo/housing-markets-that-will-be-strongest-by-2014.html>
Source: *Yahoo Real Estate*

