

JUDEH ASSOCIATES

Vacancy, absorption, asking rates and more for local submarkets (pages 2-4):

Office Market -- Industrial Market -- Retail Market -- Related Links



COMMERCIAL REAL ESTATE'S SAVING GRACE – According to the recent issue for CCIM Institute, moves toward stabilization within the commercial real estate have started due to the fact that it was not significantly overbuilt nor did it have a huge construction pipeline when the recession began. National commercial absorption is positive and new construction remained at record lows in 2011. As a result, vacancy rates and rents posted slow but steady improvements.

ECONOMIC 2012 FORECAST – A modest recovery versus the go-go years immediately preceding the recession is what we need to be expecting in 2012 according to Kenneth Riggs, CCIM, CRE, MAI. Economic growth is forecast at 2% while consumption is forecast to grow 1.8% in 2012. Lowering one's expectations to account for the uncertainty in the investment environment will make commercial investment more attractive.

REAL PROPERTY TAXES GOING UP – The 2012 Michigan State Tax Commission has issued notification of the 2012 inflation multiplier to be used for calculating 2012 taxable values at 1.027 or 2.7% which means that unless the market continues to drop bringing assessed values below taxable values, taxable values will increase all things being equal.

2012-2013 USPAP – The Appraisal Foundation has released the new edition of the Uniform Standards of Professional Appraisal Practice (USPAP) which includes changes to the definitions of "Client," "Extraordinary Assumptions," "Hypothetical Condition," and "Exposure Time." The Record Keeping Rule, Ethics Rule and Advisory Opinion 21 also were revised. Standards 7 & 8 pertaining to personal property also experienced changes.

SUPREMES ALLOW MERS TO FORECLOSE AGAIN– Ruling along party lines, the Michigan Supreme Court found in a 4-3 ruling that Mortgage Electronic Registration Systems Inc. (MERS) can foreclose on a home the same way a bank does, without having to own the debt on it. The use of MERS has allowed banks for some time to buy and sell mortgages, and even for some to bundle them into asset-backed securities without having to file paperwork at the county clerk or register of deeds whenever a note holder changed.

'POP-UP' CANNOT BE RETROACTIVE – In Michigan Properties v Meridian Township, the Court of Appeal ruled in April 2011 that because a local unit of government failed to "uncap" a property's taxable value in the year after its ownership was transferred, it cannot do so in later years. {COA docket 289174}

DETROIT SYMPHONY'S CLAIM DENIED – The Michigan Tax Tribunal (Docket 409615) denied Petitioner's Summary Disposition pursuant to MCL 2.116(C)(10). MTT ruled that the Petitioner, the Detroit Symphony Orchestra, did not own the property on tax day and therefore does not meet the ownership requirement failing the first prong of the Wexford test.

WALKING & RELAXING DOES NOT A CHARITABLE ORGANIZATION MAKE – The Court of Appeals (Docket 338925) affirmed the Michigan Tax Tribunal's decision denying charitable and religious exemptions from ad valorem property taxes to Self Realization Mediation Healing Centre. Amongst several other interpretations as they relate to this case, the Tribunal ruled that "Self Realization fails the statutory factor that the property must be used 'solely for the purposes for which that nonprofit charitable organization was incorporated ...' Here, the property is used for other purposes, including walking through the woods and relaxing at a rural bed and breakfast."

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Office Market

Total Office Market Statistics										Year-End 2011
Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates	
	# Blds	Total RBA	Direct SF	Total SF	Vac %					
Bloomfield	755	17,204,415	2,410,221	2,417,610	14.1%	349,010	125,000	73,382	\$20.40	
Detroit/The Pointes	838	42,146,739	7,885,716	7,966,738	18.9%	623,853	0	80,439	\$19.70	
Downriver	313	2,622,230	556,104	567,204	21.6%	44,001	0	0	\$16.18	
Livingston/W Oakland	693	8,111,720	930,840	947,034	11.7%	167,026	14,929	0	\$19.38	
Macomb	1,371	14,163,533	2,177,003	2,198,339	15.5%	34,885	0	0	\$16.40	
North Oakland	711	17,921,840	3,563,435	3,694,003	20.6%	211,453	36,897	0	\$17.26	
Royal Oak	606	5,063,854	571,769	582,169	11.5%	65,882	0	9,000	\$16.43	
Southfield	568	24,037,838	4,903,006	5,075,669	21.1%	193,240	6,427	0	\$17.87	
Troy	321	17,821,772	5,812,979	5,899,308	33.1%	264,090	0	0	\$18.22	
Washtenaw	886	14,581,461	1,630,113	1,632,082	11.2%	(294,385)	10,344	0	\$17.55	
West Wayne	1,203	24,105,632	3,707,478	3,895,663	16.2%	(235,137)	0	0	\$17.10	
Totals	8,265	187,781,034	34,148,664	34,875,819	18.6%	1,423,918	193,597	162,821	\$18.24	

Source: CoStar Property®

Construction Activity Markets Ranked by Under Construction RBA 4th Quarter 2011

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Released SF	Released %	All Existing	U / C
Livingston/W Oakland	0	0	0	0.0%	11,705	0
Washtenaw	0	0	0	0.0%	16,458	0
Southfield	0	0	0	0.0%	42,320	0
North Oakland	0	0	0	0.0%	25,207	0
West Wayne	0	0	0	0.0%	20,038	0
Bloomfield	1	73,382	73,382	100.0%	22,787	73,382
Detroit/The Pointes	2	80,439	80,439	100.0%	50,294	40,219
Royal Oak	1	9,000	9,000	100.0%	8,356	9,000
Troy	0	0	0	0.0%	55,520	0
Macomb	0	0	0	0.0%	10,331	0
All Other	0	0	0	0.0%	8,378	0
Totals	4	162,821	162,821	100.0%	22,720	40,705

Source: Costar

Total Office Market Statistics											Year-End 2011
Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2011 4q	8,265	187,781,034	34,148,664	34,875,819	18.6%	449,326	1	6,427	4	162,821	\$18.24
2011 3q	8,265	187,800,207	34,616,277	35,344,318	18.8%	229,284	2	135,032	4	160,248	\$18.15
2011 2q	8,263	187,665,175	34,683,857	35,438,570	18.9%	794,789	2	11,503	6	295,280	\$18.18
2011 1q	8,261	187,653,672	35,247,597	36,221,856	19.3%	(49,481)	2	40,635	7	233,401	\$18.44
2010 4q	8,261	187,617,943	35,230,390	36,136,646	19.3%	892,685	3	213,943	7	217,668	\$18.88
2010 3q	8,260	187,604,315	36,112,246	37,015,703	19.7%	(116,178)	2	47,477	9	406,381	\$18.70
2010 2q	8,260	187,589,776	35,893,631	36,884,986	19.7%	(335,033)	3	55,500	9	430,056	\$18.79
2010 1q	8,257	187,534,276	35,316,634	36,494,453	19.5%	(784,991)	1	10,000	7	258,590	\$18.78
2009	8,258	187,603,745	34,478,431	35,778,931	19.1%	(3,115,631)	21	342,023	8	268,590	\$18.89
2008	8,241	187,286,558	31,154,271	32,346,113	17.3%	(790,494)	28	580,313	19	315,450	\$19.54
2007	8,217	186,713,720	29,935,410	30,982,781	16.6%	2,189,603	72	1,955,214	25	570,140	\$19.98
2006	8,153	184,779,505	30,314,527	31,238,169	16.9%	609,735	87	2,434,837	60	1,831,763	\$20.03
2005	8,067	182,347,843	28,597,831	29,416,242	16.1%	(238,863)	97	1,954,166	81	2,773,630	\$20.27
2004	7,972	180,452,868	26,098,074	27,282,404	15.1%	1,416,458	99	2,918,782	86	1,948,250	\$20.38
2003	7,875	178,296,658	24,690,028	26,542,652	14.9%	1,442,676	87	3,193,730	93	3,050,049	\$20.09
2002	7,790	175,120,048	22,533,562	24,808,718	14.2%	(2,074,129)	105	2,501,097	84	3,699,560	\$21.08

Source: CoStar Property®

Industrial Market

Total Industrial Market Statistics										Year-End 2011
Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted	
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates	
Airport-I-275 Ind	3,049	116,067,410	13,934,033	14,005,147	12.1%	3,160,346	0	0	\$4.18	
Detroit Area Ind	1,654	89,766,832	18,957,932	19,619,613	21.9%	1,028,549	0	0	\$2.98	
Downriver Ind	672	41,600,102	3,992,937	3,998,937	9.6%	684,337	0	0	\$3.98	
East Area Ind	4,095	119,748,181	9,334,513	9,578,517	8.0%	1,312,296	0	302,000	\$4.08	
I-96 Corridor Ind	2,110	60,318,335	5,190,100	5,260,585	8.7%	1,257,548	45,000	68,475	\$5.65	
Oakland County NW Ind	1,364	58,545,226	6,058,723	6,095,122	10.4%	984,830	0	55,000	\$5.10	
Royal Oak/Southfield Ind	1,202	19,695,385	2,091,458	2,094,608	10.6%	64,896	0	0	\$5.25	
Troy Area Ind	1,456	31,721,980	3,122,489	3,151,880	9.9%	1,068,761	0	6,736	\$4.85	
Washtenaw Ind	877	37,001,563	7,732,808	7,778,373	21.0%	244,126	0	44,498	\$5.68	
Totals	16,479	574,465,014	70,414,993	71,582,782	12.5%	9,805,689	45,000	476,709	\$4.34	

Source: CoStar Property®

Construction Activity Markets Ranked by Under Construction RBA 4th Quarter 2011

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
East Area Ind	2	302,000	267,800	88.7%	29,243	151,000
Downriver Ind	0	0	0	0.0%	61,905	0
I-96 Corridor Ind	1	68,475	68,475	100.0%	28,587	68,475
Oakland County NW Ind	1	55,000	55,000	100.0%	42,922	55,000
Royal Oak/Southfield Ind	0	0	0	0.0%	16,386	0
Troy Area Ind	1	6,736	6,736	100.0%	21,787	6,736
Airport/I-275 Ind	0	0	0	0.0%	38,067	0
Washtenaw Ind	1	44,498	44,498	100.0%	42,191	44,498
Detroit Area Ind	0	0	0	0.0%	54,273	0
Totals	6	476,709	442,509	92.8%	34,860	79,451

Source: Costar

Total Industrial Market Statistics Year-End 2011

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total RBA	# Blds	Total RBA	Rates
2011 4q	16,479	574,465,014	70,414,993	71,582,782	12.5%	3,224,456	0	0	6	476,709	\$4.34
2011 3q	16,486	574,644,214	73,563,480	74,986,438	13.0%	1,650,790	0	0	3	384,498	\$4.35
2011 2q	16,489	574,803,737	75,203,661	76,796,751	13.4%	2,407,842	0	0	2	329,498	\$4.39
2011 1q	16,492	574,965,717	77,567,750	79,366,573	13.8%	2,522,801	1	45,000	2	329,498	\$4.40
2010 4q	16,495	575,046,112	80,067,073	81,969,569	14.3%	(3,007,397)	2	293,000	2	330,000	\$4.51
2010 3q	16,494	574,899,992	75,780,827	78,816,052	13.7%	(67,915)	0	0	4	623,000	\$4.57
2010 2q	16,494	574,899,992	75,636,044	78,748,137	13.7%	(787,377)	2	60,523	3	338,000	\$4.60
2010 1q	16,492	574,839,469	74,513,621	77,900,237	13.6%	(1,020,646)	1	10,000	3	113,523	\$4.68
2009	16,494	574,933,565	73,927,133	76,973,687	13.4%	(10,160,821)	9	449,964	4	123,523	\$4.77
2008	16,491	574,638,703	63,945,117	66,518,004	11.6%	1,519,063	23	1,947,804	11	542,487	\$5.03
2007	16,469	572,996,524	64,200,267	66,394,888	11.6%	2,131,555	44	1,758,389	19	1,568,227	\$5.21
2006	16,427	571,297,191	66,332,734	66,827,110	11.7%	(2,967,650)	62	2,666,060	36	1,132,666	\$5.46
2005	16,369	568,968,147	60,677,513	61,530,416	10.8%	7,129,003	89	4,680,028	50	2,269,272	\$5.48
2004	16,282	564,360,205	62,442,901	64,051,477	11.3%	4,273,790	84	3,078,196	83	4,433,130	\$5.69
2003	16,202	561,397,568	63,557,206	65,362,630	11.6%	(181,603)	104	4,207,813	59	2,194,475	\$5.64
2002	16,100	557,203,007	57,069,101	59,356,466	10.7%	(979,127)	128	4,777,987	92	3,666,969	\$5.10

Source: CoStar Property®

Retail Market

General Retail Market Statistics										Year-End 2011
Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted	
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates	
Bloomfield	614	4,680,009	237,160	352,043	7.5%	(12,697)	0	0	\$12.63	
Detroit/The Pointes	3,357	22,218,844	1,846,680	1,887,613	8.5%	165,399	0	58,250	\$9.50	
Downriver	865	6,521,447	449,494	453,112	6.9%	91,853	40,675	0	\$11.08	
Livingston/W Oakland	1,382	9,275,944	364,921	364,921	3.9%	133,375	0	8,028	\$11.94	
Macomb	2,587	18,911,976	1,340,551	1,382,757	7.3%	227,051	0	15,860	\$10.32	
North Oakland	1,235	9,230,832	777,173	789,260	8.6%	(37,335)	10,043	3,648	\$11.43	
Royal Oak	1,404	6,911,403	536,705	557,170	8.1%	100,499	75,854	0	\$13.69	
Southfield	204	2,328,793	137,132	137,132	5.9%	(18,682)	0	0	\$10.46	
Troy	156	1,269,936	107,150	108,150	8.5%	(14,359)	0	0	\$11.16	
Washtenaw	1,692	11,005,366	410,186	410,186	3.7%	19,877	32,572	107,176	\$18.45	
West Wayne	2,240	18,601,056	1,941,600	2,105,379	11.3%	159,256	10,075	0	\$9.16	
Totals	15,736	110,955,606	8,148,752	8,547,723	7.7%	814,237	169,219	192,962	\$11.00	

Source: CoStar Property®

Construction Activity Markets Ranked by Under Construction RBA 4th Quarter 2011

Market	Under Construction Inventory				Average Bldg Size	
	# Blds	Total GLA	Preleased SF	Preleased %	All	
					Existing	U / C
Royal Oak	0	0	0	0.0%	7,216	0
Livingston/W Oakland	3	156,892	156,892	100.0%	12,813	52,297
North Oakland	1	3,648	3,648	100.0%	14,806	3,648
Washtenaw	2	107,176	107,176	100.0%	9,741	53,588
Downriver	0	0	0	0.0%	12,320	0
Detroit/The Pointes	2	58,250	47,040	80.8%	8,046	29,125
Macomb	4	19,360	13,832	71.4%	13,340	4,840
Southfield	0	0	0	0.0%	24,578	0
Troy	0	0	0	0.0%	29,251	0
West Wayne	1	64,322	28,945	45.0%	14,370	64,322
All Other	0	0	0	0.0%	13,370	0
Totals	13	409,648	357,533	87.3%	12,028	31,511

Source: Costar

Total Retail Market Statistics											Year-End 2011
Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2011 4q	18,869	226,957,133	21,964,358	22,797,982	10.0%	492,326	3	98,200	13	409,648	\$11.94
2011 3q	18,868	226,874,645	22,297,354	23,207,820	10.2%	80,480	5	66,663	11	392,589	\$12.02
2011 2q	18,868	226,838,336	22,179,180	23,251,991	10.3%	165,930	4	91,900	12	244,938	\$12.11
2011 1q	18,867	226,940,798	22,504,228	23,520,383	10.4%	277,514	4	52,024	12	277,968	\$12.06
2010 4q	18,868	226,907,390	22,519,903	23,764,489	10.5%	825,301	6	186,799	9	148,807	\$12.01
2010 3q	18,865	226,751,086	23,121,905	24,433,486	10.8%	596,965	5	227,926	14	333,396	\$12.28
2010 2q	18,862	226,527,140	23,174,774	24,806,505	11.0%	789,115	9	257,158	11	430,317	\$12.48
2010 1q	18,856	226,290,060	23,552,523	25,358,540	11.2%	(420,598)	5	85,311	17	672,995	\$12.61
2009 4q	18,851	226,204,749	22,999,723	24,852,631	11.0%	(172,128)	12	274,003	15	398,406	\$12.67
2009 3q	18,839	225,930,746	22,542,611	24,406,500	10.8%	(115,220)	10	779,518	21	632,374	\$12.58
2009 2q	18,832	225,201,540	21,707,147	23,562,074	10.5%	(316,513)	15	458,253	24	1,142,597	\$13.13
2009 1q	18,822	224,934,724	21,121,160	22,978,745	10.2%	59,824	25	686,227	29	1,272,731	\$13.71
2008 4q	18,797	224,248,497	20,670,903	22,352,342	10.0%	507,546	23	378,089	47	1,763,878	\$14.04
2008 3q	18,776	223,876,575	20,979,383	22,487,966	10.0%	369,940	14	315,721	56	1,576,582	\$14.10
2008 2q	18,764	223,568,076	21,244,228	22,549,407	10.1%	562,540	24	379,275	43	1,316,107	\$14.26
2008 1q	18,740	223,188,801	21,456,049	22,732,672	10.2%	367,635	54	882,005	47	1,130,654	\$14.09

Source: CoStar Property®

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