

JUDEH & ASSOCIATES

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

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



WHAT HAPPENED IN 4Q12?

PROPERTY TAX APPEAL – Get ready. Notices of Assessments will be out soon and the season will be in full bloom. The 2013 multiplier is 2.4.

APARMENT MARKET – According to the National Multi Housing Council's annual meeting, the sector remains stable, for now; however, the pipeline in some markets is at worryingly high levels. Apartment developers have plans to build roughly 1.4 million new apartments nationally.

RETAIL MARKET – According to Real Capital Analytics (RCA), a New York city-based research firm, retail investment sales totaled \$52.8 billion in 2012, a 20% rise from 2011. The number of closed transactions also rose by 20% to roughly 4,400. According to PwC, private equity money is back and it is seeking retailers. Private equity deals reached a 4-year in 2012 with 1,590 transactions valued at more than \$152 billion.

OFFICE MARKET – According to ReisReports, demand for office space remains weak. During 4Q12, occupied stock increased by 3.9 million SF which is a decrease when compared to the 4.8 million SF absorbed during 3Q12.

INDUSTRIAL MARKET – According to Signature Associates, the overall vacancy rate for metro Detroit closed 4Q12 at 13%, the lowest in over 9 years. Their report indicated that the Detroit industrial market will continue on an upswing due to the improving automotive industry. GM, Chrysler and Ford all reported increased sales in December 2012. Ford also announced plans to create 2,350 hourly jobs and invest \$773 million in size southeast Michigan plants over the next two years.

MORTGAGE SEIZURE IDEA REJECTED – San Bernardino rejected a proposal to use eminent domain to seize underwater mortgages. The plan, led by venture capitalist Mortgage Resolution Partners LLC, called for local governments to mandate sales of securitized mortgages so that they could be restructured to reflect the homes' current market values, which could help homeowners lower their monthly payments and possibly regain equity in the properties.

DODD-FRANK STALLS – According to the US Government Accountability Office, the nation's financial regulatory system remains fragmented and that less than half the new rules called for by Dodd-Frank have been completed.

MAYO CLINIC PLANS \$5B DEVELOPMENT – Minnesota's largest private employer, the Mayo Clinic, announced that it plans to invest \$5 billion in an economic development initiative dubbed Destination Medical Center to transform the city into one of the most modern health campuses in the world.

APPRAISAL MANAGEMENT COMPANY BILL – Legislation providing a regulatory structure for Appraisal Management Companies (AMCs) has been signed into law by the Governor.

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Office Market

Total Office Market Statistics

Year-End 2012

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Bloomfield	774	17,252,183	2,535,517	2,551,085	14.8%	83,509	74,332	0	\$19.62
Detroit/The Pointes	915	45,528,480	8,316,976	8,390,372	18.4%	572,659	55,209	0	\$9.19
Downriver	342	2,934,902	592,864	603,964	20.6%	(3,857)	0	0	\$14.74
Livingston/W Oakland	690	7,936,079	992,169	996,720	12.6%	26,598	0	11,232	\$19.55
Macomb	1413	14,296,632	1,979,126	2,003,116	14.0%	194,044	0	20,000	\$16.00
North Oakland	744	18,685,079	3,376,815	3,443,297	18.4%	382,050	0	0	\$17.03
Royal Oak	628	5,121,707	638,099	648,499	12.7%	7,596	9,000	0	\$16.64
Southfield	589	23,772,433	5,109,975	5,307,737	22.3%	(135,537)	0	0	\$17.55
Troy	320	17,976,939	5,485,206	5,506,187	30.6%	445,904	0	0	\$18.07
Washtenaw	884	15,027,813	1,402,630	1,414,480	9.4%	133,475	0	3,186	\$17.51
West Wayne	1,390	23,644,943	3,742,090	3,907,688	16.5%	242,298	15,187	43,634	\$16.52
Totals	8,689	192,177,190	34,171,467	34,773,145	18.1%	1,948,739	153,728	78,052	\$17.82

Source: CoStar Property®

Construction Activity Markets Ranked by Under Construction RBA

Year-End 2012

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
West Wayne	1	43,634	43,634	100.0%	17,011	43,634
Macomb	1	20,000	0	0.0%	10,118	20,000
Livingston/W. Oakland	1	11,232	11,232	100.0%	11,502	11,232
Washtenaw	1	3,186	3,186	100.0%	17,000	3,186
Royal Oak	0	0	0	0.0%	8,156	0
North Oakland	0	0	0	0.0%	25,114	0
Southfield	0	0	0	0.0%	40,361	0
Troy	0	0	0	0.0%	56,178	0
Bloomfield	0	0	0	0.0%	22,290	0
Detroit/The Pointes	0	0	0	0.0%	49,758	0
All Other	0	0	0	0.0%	8,582	0
Totals	4	78,052	58,052	74.4%	22,117	19,513

Source: CoStar

Total Office Market Statistics

Year-End 2012

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %		# Bids	Total RBA	# Bids	Total RBA	
2012 4q	8,689	192,177,190	34,171,467	34,773,145	18.1%	622,365	2	15,187	4	78,052	\$17.82
2012 3q	8,689	192,255,857	34,804,098	35,474,177	18.5%	738,119	1	74,332	6	93,239	\$17.79
2012 2q	8,688	192,181,525	35,618,989	36,137,964	18.8%	498,912	2	64,209	6	147,571	\$17.99
2012 1q	8,688	192,158,620	35,943,226	36,613,971	19.1%	89,343	0	0	6	197,362	\$18.06
2011 4q	8,690	192,179,879	35,999,648	36,724,573	19.1%	282,150	1	6,427	3	188,541	\$18.31
2011 3q	8,690	192,199,052	36,300,085	37,025,896	19.3%	185,048	3	246,032	3	135,968	\$18.21
2011 2q	8,687	191,953,020	36,212,429	36,964,912	19.3%	682,296	3	16,003	6	382,000	\$18.25
2011 1q	8,685	191,978,017	36,700,176	37,672,205	19.6%	(111,377)	2	40,635	8	323,671	\$18.50
2010	8,685	191,942,288	36,616,418	37,525,099	19.6%	(993,337)	10	343,402	8	307,938	\$18.88
2009	8,683	191,925,845	35,214,819	36,515,319	19.0%	(3,379,869)	20	286,057	9	285,072	\$18.91
2008	8,668	191,721,390	31,739,153	32,930,995	17.2%	(872,605)	28	575,887	18	259,484	\$19.55
2007	8,644	191,152,978	30,438,037	31,489,978	16.5%	1,477,885	73	1,837,304	25	565,714	\$20.00
2006	8,579	189,336,673	30,229,422	31,151,558	16.5%	613,820	91	2,432,552	61	1,713,853	\$20.12
2005	8,489	186,907,296	28,517,590	29,336,001	15.7%	10,722	99	2,023,536	85	2,763,860	\$20.38
2004	8,391	184,933,760	26,252,194	27,373,187	14.8%	2,116,147	107	3,535,475	88	2,018,567	\$20.41
2003	8,286	182,160,857	24,934,444	26,716,431	14.7%	1,311,360	89	3,239,275	100	3,663,214	\$20.10

Source: CoStar Property®

Industrial Market

Total Industrial Market Statistics

Year-End 2012

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Airport/I-275	3,110	122,057,230	11,993,532	12,041,307	9.9%	2,563,102	289,428	250,000	\$4.24
Detroit Area	1,804	85,208,887	17,333,961	17,995,642	21.1%	12,928	0	0	\$3.16
Downriver In	662	37,490,397	5,201,610	5,201,610	13.9%	652,893	0	0	\$3.62
East Area In	4,071	116,433,893	5,560,776	5,680,400	4.9%	2,194,916	199,038	302,000	\$4.13
I-96 Corrido	2,098	59,641,079	4,140,100	4,188,409	7.0%	1,207,938	68,475	56,327	\$5.81
Oakland Co	1,374	54,182,292	6,063,997	6,089,037	11.2%	892,863	87,000	0	\$5.06
Royal Oak/S	1,216	19,840,192	1,974,567	1,974,567	10.0%	289,434	0	0	\$4.73
Troy Area In	1,465	31,313,242	2,400,463	2,420,334	7.7%	814,078	6,736	0	\$4.95
Washtenaw	890	37,332,712	8,047,721	8,052,521	21.6%	237,327	0	0	\$6.03
Totals	16,690	563,499,924	62,716,727	63,643,827	11.3%	8,865,479	650,677	608,327	\$4.35

Source: CoStar Property®

Construction Activity Markets Ranked by Under Construction RBA

Year-End 2012

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
East Area Ind	2	302,000	266,270	88.2%	28,601	151,000
Airport/I-275 Ind	1	250,000	250,000	100.0%	39,247	250,000
I-96 Corridor Ind	1	56,327	33,796	60.0%	28,428	56,327
Downriver Ind	0	0	0	60.0%	56,632	0
Royal Oak/Southfield Ind	0	0	0	0.0%	16,316	0
Troy Area Ind	0	0	0	0.0%	21,374	0
Oakland County NW Ind	0	0	0	0.0%	39,434	0
Washtenaw Ind	0	0	0	0.0%	41,947	0
Detroit Area Ind	0	0	0	0.0%	47,233	0
Totals	4	608,327	550,066	90.4%	33,763	152,085

Source: CoStar

Total Industrial Market Statistics

Year-End 2012

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %		# Bids	Total RBA	# Bids	Total RBA	
2012 4q	16,690	563,499,924	62,716,727	63,643,827	11.3%	2,602,555	2	321,428	4	608,327	\$4.35
2012 3q	16,688	563,178,496	64,976,902	65,924,954	11.7%	2,516,221	1	199,038	6	929,755	\$4.33
2012 2q	16,688	563,029,458	67,295,730	68,292,137	12.1%	3,150,119	2	61,736	4	790,466	\$4.34
2012 1q	16,690	563,368,897	70,718,483	71,781,695	12.7%	596,584	1	68,475	6	852,202	\$4.31
2011 4q	16,691	563,449,692	71,298,485	72,459,074	12.9%	2,231,869	0	0	6	631,249	\$4.33
2011 3q	16,700	567,062,998	77,011,291	78,304,249	13.8%	(1,961,328)	0	0	2	340,000	\$4.34
2011 2q	16,704	567,229,541	75,046,374	76,509,464	13.5%	2,622,301	0	0	1	285,000	\$4.38
2011 1q	16,708	567,505,581	77,738,982	79,407,805	14.0%	2,271,648	2	196,336	1	285,000	\$4.39
2010	16,711	567,502,536	79,903,912	81,676,408	14.4%	(8,099,531)	5	374,361	3	481,336	\$4.51
2009	16,715	567,876,921	70,916,358	73,951,262	13.0%	(11,028,273)	9	373,974	4	134,361	\$4.76
2008	16,714	568,238,154	60,713,106	63,284,222	11.1%	875,012	25	2,159,946	11	476,678	\$5.03
2007	16,691	566,403,833	60,130,292	62,324,913	11.0%	3,094,592	46	2,417,714	19	1,649,930	\$5.20
2006	16,652	564,328,775	62,850,071	63,344,447	11.2%	(3,456,291)	62	2,764,762	37	1,540,283	\$5.45
2005	16,597	562,348,657	57,055,430	57,908,038	10.3%	6,148,969	89	4,903,329	51	2,391,764	\$5.51
2004	16,512	557,828,807	57,928,876	59,537,157	10.7%	4,136,302	81	2,867,719	85	4,683,401	\$5.70
2003	16,435	555,076,647	59,141,376	60,921,299	11.0%	(2,070,754)	108	4,161,151	57	2,007,609	\$5.64

Source: CoStar Property®

Retail Market

General Retail Market Statistics

Year-End 2012

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Bids	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Bloomfield	663	4,938,843	273,789	388,672	7.9%	8,667	0	0	\$11.86
Detroit/The Pointes	3,954	24,672,932	2,112,310	2,132,668	8.6%	118,178	2,250	22,703	\$8.99
Downriver	946	6,883,202	530,901	535,745	7.8%	48,432	8,000	25,100	\$8.99
Livingston/W Oakland	1,386	9,337,430	294,943	294,943	3.2%	78,407	12,976	0	\$12.78
Macomb	2,817	20,305,459	1,380,829	1,428,539	7.0%	64,272	17,582	7,101	\$9.76
North Oakland	1,377	10,083,119	935,480	945,167	9.4%	74,592	3,648	5,300	\$10.62
Royal Oak	1,545	7,480,118	571,133	571,133	7.6%	47,372	51,769	0	\$14.96
Southfield	297	2,817,656	131,747	131,747	4.7%	61,626	12,500	0	\$11.76
Troy	218	1,921,401	145,700	145,700	7.6%	20,996	9,846	18,700	\$13.11
Washtenaw	1,684	11,191,070	509,889	516,531	4.6%	111,972	15,450	73,770	\$18.64
West Wayne	3,133	21,222,198	1,842,911	1,929,726	9.1%	187,031	30,871	213,444	\$9.45
Totals	18,020	120,853,428	8,729,632	9,020,571	7.5%	821,545	300,892	366,118	\$10.88

Source: CoStar Property®

Construction Activity Markets Ranked by Under Construction RBA

Year-End 2012

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U/ C
Detroit/The Pointes	6	248,681	248,681	100.0%	7,451	41,447
West Wayne	6	213,444	213,444	100.0%	11,881	35,574
Livingston/W Oakland	1	148,864	148,864	100.0%	12,770	148,864
Washtenaw	5	94,170	85,806	91.1%	9,799	18,834
Downriver	3	25,100	8,414	33.5%	11,572	8,367
Troy	1	18,700	16,643	89.0%	25,313	18,700
Macomb	2	7,101	6,101	85.9%	12,794	3,550
North Oakland	1	5,300	2,014	38.0%	14,006	5,300
Bloomfield	0	0	0	0.0%	12,752	0
Royal Oak	0	0	0	0.0%	6,810	0
All Other	0	0	0	0.0%	19,544	0
Totals	25	761,360	729,967	95.9%	11,181	30,454

Source: CoStar

General Retail Market Statistics

Year-End 2012

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Bids	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Bids	Total GLA	# Bids	Total GLA	Rates
2012 4q	18,020	120,853,428	8,729,632	9,020,571	7.5%	289,474	4	58,433	19	366,118	\$10.88
2012 3q	18,016	120,794,995	8,957,752	9,251,612	7.7%	118,640	6	32,220	20	251,250	\$10.98
2012 2q	18,013	120,779,549	9,058,746	9,354,806	7.7%	(45,811)	7	182,532	16	164,777	\$10.99
2012 1q	18,010	120,634,241	8,865,597	9,163,687	7.6%	459,242	5	27,707	16	241,206	\$10.98
2011 4q	18,008	120,660,332	9,338,073	9,649,020	8.0%	214,241	1	6,000	15	225,640	\$10.95
2011 3q	18,009	120,670,044	9,544,836	9,872,973	8.2%	49,361	5	242,189	5	22,953	\$11.07
2011 2q	18,009	120,458,209	9,369,883	9,710,499	8.1%	75,823	3	83,980	6	249,009	\$11.17
2011 1q	18,009	120,568,591	9,601,134	9,896,704	8.2%	139,912	2	21,750	8	326,169	\$11.03
2010 4q	18,013	120,567,023	9,500,920	10,035,048	8.3%	671,809	5	183,049	6	287,730	\$11.28
2010 3q	18,011	120,414,469	10,069,848	10,554,303	8.8%	343,022	1	3,200	9	286,569	\$11.48
2010 2q	18,013	120,436,645	10,361,815	10,919,501	9.1%	463,130	5	61,800	5	184,350	\$11.60
2010 1q	18,011	120,394,923	10,730,591	11,340,909	9.4%	(339,291)	3	11,956	8	238,650	\$11.76
2009	18,008	120,382,967	10,371,740	10,989,662	9.1%	(551,941)	25	506,374	7	67,556	\$11.65
2008	17,993	120,273,498	9,670,214	10,328,252	8.6%	1,133,251	63	999,846	18	454,845	\$13.00
2007	17,938	119,319,656	10,154,262	10,507,661	8.8%	2,171,949	79	884,296	49	785,660	\$13.03
2006	17,864	118,459,290	11,658,193	11,819,244	10.0%	(177,658)	89	1,075,314	59	671,373	\$12.84

Source: CoStar Property®