

JUDEH & ASSOCIATES

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

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

2Q13 – BRAIN TEASERS!

PROPERTY TAX APPEAL – For those who lost in the March Board of Appeals, July 31 is your deadline to appeal to the Michigan Tax Tribunal.

COMMERCIAL REAL ESTATE CAP RATES – According to PwC's recent report, commercial real estate remains a very attractive investment option for both domestic and inbound investors due in large part to the continued low interest rates and lack of comparable alternative risk-adjusted investment options. Among 34 markets, cap rates fell to 6.91%.

OFFICE MARKET – Office markets have tightened in most markets from 1Q13 to 2Q13 driving the national vacancy rate down to 16.5%. Net absorption increased by 41% year over year in 1Q13 according to Marcus & Millichap. Office sales volume last year rose 30% over 2011 with the largest percentage increase in the \$10 million to \$20 million segment, a movement which is likely to continue.

SINGLE-FAMILY MARKET ON THE RISE – The single-family housing market continue to make progress as median home prices surged 16.4% across 24 markets in US metro areas according to ZipRealty. Listings are also on the rise by 8% from April 2012 to April 2013. Las Vegas, Florida and California are the healthiest markets with median sale price increases by 30% or great.

US SUPREME COURT DECISION REVOLUTIONIZES LAND-USE LAW – Lost among the high profile decisions recently released by the US Supreme Court, the 5-to-4 decision on Koontz v. St. Johns river Water Management District basically encourages municipalities to reject flat out applications from developers rather than attempt to reach compromise for the benefit of everyone. The decision may also force these municipalities to accept development applications that may be detrimental to their overall development.

FHA LOAN DEFAULT RATE DOWN – Early defaults and claims on loans insured by the FHA dropped to their lowest level in 14 years according to the National Mortgage News. As of May 31, FHA reported that 23,000 of the 1.8 million loans originated during the last two years were in default or claim status. The National Mortgage News also reported that the overall delinquency rate on FHA-insured loans fell to 8.45% in May.

FORECLOSURES MOSTLY ARE VACANT – Nationwide 167,680 distressed properties sat vacant through May, account for 20% of all foreclosures, according to the US Foreclosure Market Report release in June. The report also found that more than 650,000 homes in the foreclosure process have not been vacated by their homeowners, but likely will end up as short sales, foreclosure auction sales or bank-owned sales, also of which bringing the total foreclosure-related inventory on RealtyTrac to nearly 1.4 million.

CNBC NAMES MICHIGAN AS LEADER – According to a recent article from CNBC, Michigan topped the list of the top 20 states for manufacturing jobs creation between 12/09 and 3/13 according to research released by the National Association of Manufacturers. The article further states that the Great Lakes states are leading this charge with 7 of the top 10 states.

BANK OF AMERICA STALLING HAMP APPLICATIONS – Former employees of Bank of America have alleged that the lender routinely stalled applications for the Home Affordable Modification Program and intentionally misinformed borrowers about the status of their loan application, HousingWire reported which is part of an ongoing lawsuit against the bank in federal court.

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Jumana Judeh,
MAI, CCIM
Certified General
Appraiser

22952 Outer Dr.
Dearborn, MI 48124

Office 313-277-1986
Fax 313-277-8634

www.judehonline.com
jumana@judehonline.com

Office Market

Total Office Market Statistics

Mid-Year 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Bloomfield	777	17,347,139	2,727,013	2,744,356	15.8%	(65,040)	0	0	\$19.79
Detroit/The Pointes	934	45,681,723	7,951,162	8,025,484	17.6%	129,680	0	0	\$17.57
Downriver	345	2,949,968	626,753	626,753	21.2%	(18,035)	0	0	\$14.95
Livingston/W Oakland	693	7,981,899	1,059,078	1,059,078	13.3%	54,521	11,232	0	\$19.56
Macomb	1,525	14,973,317	2,019,205	2,044,748	13.7%	13,929	0	10,628	\$15.79
North Oakland	749	18,820,935	3,429,280	3,473,784	18.5%	79,323	0	0	\$17.19
Royal Oak	627	5,120,409	631,468	631,468	12.3%	(27,440)	0	0	\$16.47
Southfield	589	23,614,474	4,996,835	5,184,659	22.0%	(420)	0	0	\$17.36
Troy	322	18,086,445	5,462,168	5,516,911	30.5%	22,890	0	0	\$18.34
Washtenaw	891	15,123,756	1,354,161	1,357,141	9.0%	10,050	6,235	0	\$18.79
West Wayne	1,608	25,258,497	3,702,857	3,874,772	15.3%	155,130	46,875	16,434	\$16.46
Totals	9,060	194,958,562	33,959,980	34,539,154	17.7%	354,588	64,342	27,062	\$17.63

Source: CoStar Property®

Construction Activity - Markets Ranked by Under Construction RBA

Mid-Year 2013

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
West Wayne	1	16,434	0	0.0%	15,708	16,434
Macomb	2	10,628	4,796	45.1%	9,819	5,314
Livingston/W Oakland	0	0	0	0.0%	11,518	0
Royal Oak	0	0	0	0.0%	8,167	0
Bloomfield	0	0	0	0.0%	22,326	0
North Oakland	0	0	0	0.0%	25,128	0
Southfield	0	0	0	0.0%	40,092	0
Troy	0	0	0	0.0%	56,169	0
Washtenaw	0	0	0	0.0%	16,974	0
Detroit/The Pointes	0	0	0	0.0%	48,910	0
All Other	0	0	0	0.0%	8,551	0
Totals	3	27,062	4,796	17.7%	21,519	9,021

Source: CoStar

Total Office Market Statistics

Mid-Year 2013

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	
2013 2q	9,060	194,958,562	33,959,980	34,539,154	17.7%	335,156	1	11,232	3	27,062	\$17.63
2013 1q	9,060	195,197,330	34,496,802	35,113,078	18.0%	19,432	2	53,110	4	38,294	\$17.06
2012 4q	9,059	195,280,220	34,612,753	35,215,400	18.0%	555,256	2	15,187	6	91,404	\$17.79
2012 3q	9,059	195,358,887	35,178,275	35,849,323	18.4%	934,916	2	273,370	8	106,591	\$17.76
2012 2q	9,057	195,085,517	35,996,909	36,510,869	18.7%	550,023	2	66,986	9	372,761	\$17.96
2012 1q	9,057	195,059,835	36,369,480	37,035,210	19.0%	115,389	2	81,700	8	418,852	\$18.04
2011	9,057	194,999,394	36,370,248	37,090,158	19.0%	930,213	10	313,419	6	422,056	\$18.28
2010	9,051	194,757,481	36,869,777	37,778,458	19.4%	(1,023,872)	13	359,811	10	511,298	\$18.86
2009	9,046	194,724,629	35,421,234	36,721,734	18.9%	(3,428,718)	19	272,057	13	500,519	\$18.90
2008	9,032	194,534,174	31,917,944	33,102,561	17.0%	(941,338)	30	579,105	17	245,484	\$19.53
2007	9,006	193,962,544	30,544,877	31,589,593	16.3%	1,554,057	75	1,854,123	27	568,932	\$19.99
2006	8,939	192,129,420	30,395,733	31,310,526	16.3%	614,408	92	2,464,105	63	1,730,672	\$20.12
2005	8,848	189,668,490	28,652,815	29,464,004	15.5%	2,737	100	2,044,064	87	2,805,795	\$20.39
2004	8,749	187,674,426	26,351,684	27,472,677	14.6%	2,159,292	108	3,551,807	90	2,065,907	\$20.45
2003	8,643	184,885,191	25,060,928	26,842,734	14.5%	1,245,312	89	3,198,492	103	3,719,413	\$20.10
2002	8,556	181,703,819	22,639,711	24,906,674	13.7%	(1,910,006)	107	2,472,738	89	4,216,314	\$21.22

Source: CoStar Property®

Industrial Market

Total Industrial Market Statistics

Mid-Year 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Airport-275 Ind	3,125	123,601,457	12,604,545	12,669,499	10.3%	639,324	250,000	0	\$4.15
Detroit Area Ind	1,831	84,708,069	15,681,045	15,701,726	18.5%	1,240,005	0	0	\$3.36
Downriver Ind	663	37,553,749	5,238,232	5,238,232	13.9%	(29,163)	0	0	\$3.70
East Area Ind	4,074	115,967,309	4,825,794	4,851,794	4.2%	452,385	0	302,000	\$4.30
I-96 Corridor Ind	2,097	54,985,773	4,160,340	4,234,405	7.7%	46,113	56,327	54,960	\$5.99
Oakland County NW Ind	1,374	54,220,274	5,209,388	5,227,538	9.6%	592,180	0	0	\$5.17
Royal Oak/Southfield Ind	1,217	19,983,824	1,908,634	1,908,634	9.6%	(29,704)	0	0	\$4.86
Troy Area Ind	1,462	30,840,001	2,146,275	2,166,146	7.0%	109,024	0	0	\$5.08
Washtenaw Ind	890	37,094,169	7,772,913	7,772,913	21.0%	(116,916)	0	0	\$5.79
Totals	16,733	558,954,625	59,547,166	59,770,887	10.7%	2,903,248	306,327	356,960	\$4.43

Source: CoStar Property®

Construction Activity - Markets Ranked by Under Construction RBA

Mid-Year 2013

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%	28,465	151,000
I-96 Corridor Ind	1	54,960	0	0.0%	26,221	54,960
Downriver	0	0	0	0.0%	56,642	0
Oakland County NW Ind	0	0	0	0.0%	39,462	0
Royal Oak/Southfield Ind	0	0	0	0.0%	16,421	0
Troy Area Ind	0	0	0	0.0%	21,094	0
Airport-275 Ind	0	0	0	0.0%	39,552	0
Washtenaw Ind	0	0	0	0.0%	41,679	0
Detroit Area Ind	0	0	0	0.0%	46,263	0
Totals	3	356,960	266,270	74.6%	33,404	118,987

Source: Costar

Total Industrial Market Statistics

Mid-Year 2013

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	
2013 2q	16,733	558,954,625	59,547,166	59,770,887	10.7%	404,725	1	250,000	3	356,960	\$4.43
2013 1q	16,734	558,814,872	59,842,603	60,035,859	10.7%	2,498,523	1	56,327	4	606,960	\$4.45
2012 4q	16,733	558,758,545	62,204,155	62,478,055	11.2%	3,007,881	2	321,428	5	663,287	\$4.38
2012 3q	16,731	558,437,117	64,869,656	65,164,508	11.7%	2,806,449	0	0	6	929,755	\$4.35
2012 2q	16,732	558,487,117	67,677,750	68,020,957	12.2%	3,302,944	2	61,736	3	591,428	\$4.36
2012 1q	16,735	558,880,201	71,294,773	71,716,985	12.8%	848,056	1	68,475	5	653,164	\$4.33
2011	16,736	558,960,996	72,126,247	72,645,836	13.0%	3,578,011	2	196,336	5	432,211	\$4.35
2010	16,757	563,299,655	79,431,010	80,562,506	14.3%	(7,529,597)	6	383,137	3	481,336	\$4.51
2009	16,760	563,665,264	71,004,614	73,398,518	13.0%	(10,527,629)	9	373,974	4	130,655	\$4.77
2008	16,759	564,026,497	61,298,205	63,232,122	11.2%	940,070	26	2,212,946	11	476,678	\$5.04
2007	16,735	562,139,176	60,727,250	62,284,871	11.1%	3,315,537	47	2,444,455	20	1,702,930	\$5.20
2006	16,695	560,037,377	62,979,246	63,498,609	11.3%	(3,126,731)	65	3,580,483	38	1,547,332	\$5.45
2005	16,637	557,241,538	56,723,431	57,576,039	10.3%	6,231,275	91	4,749,155	53	2,572,884	\$5.51
2004	16,550	552,875,862	57,833,357	59,441,638	10.8%	3,914,744	83	2,840,531	88	4,701,312	\$5.70
2003	16,471	550,150,890	58,851,487	60,631,410	11.0%	(1,932,993)	110	4,127,524	58	1,950,344	\$5.65
2002	16,364	546,041,994	52,357,326	54,589,521	10.0%	(1,681,902)	123	4,737,655	97	3,386,026	\$5.11

Source: CoStar Property®

Retail Market

Total Retail Market Statistics

Mid-Year 2013

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Bids	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Bloomfield	818	10,459,450	963,943	1,118,283	10.7%	16,992	0	22,554	\$14.28
Detroit/The Pointes	4,146	28,159,826	2,678,637	2,778,965	9.9%	410,398	239,777	142,331	\$10.64
Downriver	1,165	13,270,694	2,025,121	2,026,347	15.3%	(89,222)	24,918	0	\$10.36
Livingston/W Oakland	1,770	23,136,101	1,533,409	1,685,409	7.3%	43,170	0	10,134	\$15.55
Macomb	3,798	46,322,662	4,628,169	4,904,485	10.6%	10,568	5,000	2,101	\$11.34
North Oakland	1,692	23,514,026	2,797,919	2,871,156	12.2%	52,827	5,300	24,000	\$9.90
Royal Oak	1,688	11,694,121	732,897	739,767	6.3%	100,735	0	0	\$13.22
Southfield	384	7,614,107	592,673	592,673	7.8%	41,915	0	9,104	\$14.27
Troy	318	7,951,952	529,999	529,999	6.7%	20,231	18,700	0	\$14.19
Washtenaw	1,900	18,475,644	1,007,661	1,008,898	5.5%	237,473	87,184	122,478	\$15.06
West Wayne	4,357	47,803,204	4,575,992	4,680,211	9.8%	441,459	205,132	31,658	\$10.41
Totals	22,036	238,401,787	22,066,420	22,936,193	9.6%	1,286,546	586,011	364,360	\$11.82

Source: CoStar Property®

Construction Activity - Markets Ranked by Under Construction RBA

Mid-Year 2013

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U / C
Detroit/The Pointes	3	142,331	113,416	79.7%	6,792	47,444
Washtenaw	7	122,478	64,910	53.0%	9,724	17,497
West Wayne	4	31,658	31,658	100.0%	10,972	7,914
North Oakland	1	24,000	24,000	100.0%	13,897	24,000
Bloomfield	1	22,554	0	0.0%	12,787	22,554
Livingston/W Oakland	1	10,134	2,635	26.0%	13,071	10,134
Southfield	1	9,104	5,736	63.0%	19,828	9,104
Macomb	1	2,101	2,101	100.0%	12,197	2,101
Downriver	0	0	0	0.0%	11,391	0
Royal Oak	0	0	0	0.0%	6,928	0
All Other	0	0	0	0.0%	25,006	0
Totals	19	364,360	244,456	67.1%	10,819	19,177

Source: Costar

Total Retail Market Statistics

Mid-Year 2013

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted Rates
	# Bids	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Bids	Total GLA	# Bids	Total GLA	
2013 2q	22,036	238,401,787	22,066,420	22,936,193	9.6%	1,065,187	10	489,074	19	364,360	\$11.82
2013 1q	22,029	237,924,578	22,639,591	23,524,171	9.9%	221,359	9	96,937	27	827,646	\$11.91
2012 4q	22,023	237,948,621	22,834,190	23,769,573	10.0%	336,316	7	29,865	26	782,474	\$11.95
2012 3q	22,016	237,918,756	23,134,157	24,076,024	10.1%	537,011	8	183,584	24	286,914	\$12.05
2012 2q	22,011	237,751,946	23,411,439	24,446,225	10.3%	(199,959)	12	227,000	22	351,805	\$12.09
2012 1q	22,003	237,562,170	23,182,427	24,056,490	10.1%	521,977	9	114,006	25	505,674	\$12.02
2011 4q	21,997	237,501,962	23,515,235	24,518,259	10.3%	424,118	3	98,200	24	503,170	\$11.95
2011 3q	21,996	237,419,474	23,769,089	24,859,889	10.5%	76,113	6	255,663	12	360,961	\$12.03
2011 2q	21,995	237,194,165	23,468,482	24,710,693	10.4%	24,532	4	87,880	10	419,005	\$12.13
2011 1q	21,994	237,300,647	23,656,152	24,841,707	10.5%	109,920	8	72,670	12	458,065	\$12.09
2010 4q	21,992	237,248,159	23,485,153	24,899,139	10.5%	593,172	7	192,789	13	342,550	\$12.02
2010 3q	21,988	237,085,865	24,008,198	25,330,017	10.7%	650,517	5	227,926	18	351,129	\$12.26
2010 2q	21,986	236,883,315	24,136,015	25,777,984	10.9%	636,778	10	261,158	12	436,307	\$12.47
2010 1q	21,979	236,642,235	24,346,606	26,173,682	11.1%	(452,680)	5	86,696	18	677,645	\$12.59
2009	21,974	236,555,539	23,773,143	25,634,306	10.8%	(362,043)	71	2,202,818	16	403,791	\$12.69
2008	21,912	234,605,626	21,595,769	23,322,350	9.9%	1,885,546	128	2,266,188	55	1,802,362	\$14.07

Source: CoStar Property®