



1st Quarter 2007

E-Newsletter

JUDEH & ASSOCIATES

Real Estate
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Real Estate
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Topics covered in this issue:

- ◆ Michigan Tax Tribunal
- ◆ Office Market
- ◆ Industrial Market
- ◆ Strip Center Market
- ◆ Apartment Market
- ◆ Lodging Market

Property Tax Appeal Window Still Open . . .

You may think that the deadline is past to appeal your property taxes. But, the Michigan Tax Tribunal has changed its rules effective 2007 for non-residential properties. What this means is that if you did not appeal to the local board in your city, you can still appeal directly to the Michigan Tax Tribunal.

In the past, one could only appeal to the Michigan Tax Tribunal if they received a denial from the local board of appeals. This is still true for residential properties – both improved and vacant. Upon receiving a denial from the local board, the property owner would typically appeal to the Small Claims section of the Michigan Tax Tribunal.

Commercial properties, however, are now not restricted by this unrealistic limitation placed on them by the timing of the assessment notice and appeal window. Specifically, the window to appeal at the local level typically opens very shortly after receiving the notice, limiting the property owner from preparing a successful appeal.

For more information on this topic: <http://www.michigan.gov/taxtrib>

Related Links

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Comments -- Please feel free to email us with any suggestions you may have to allow us to better serve you at jumanaj@judehonline.com.

Office Market

Total Office Market Statistics

First Quarter 2007

Market	Existing Inventory		Vacancy	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA					
Bloomfield	549	16,298,730	14.5%	155,438	183,884	0	\$23.39
Detroit/The Pointes	538	36,206,559	18.0%	70,261	0	0	\$18.88
Downriver	186	2,261,342	17.3%	(27,792)	0	7,060	\$19.26
Livingston/W Oakland	333	5,628,098	24.3%	38,431	86,620	397,001	\$23.27
Macomb	800	11,115,132	14.6%	10,749	40,765	43,841	\$19.23
North Oakland	433	14,929,811	11.9%	129,039	35,147	28,000	\$19.71
Royal Oak	333	3,925,238	13.5%	48,387	0	0	\$17.91
Southfield	425	23,762,938	18.6%	(188,910)	0	300,000	\$19.78
Troy	287	17,635,033	24.7%	(66,241)	0	8,283	\$20.62
Washtenaw	450	10,983,451	15.5%	124,073	70,731	233,660	\$22.57
West Wayne	793	19,481,637	16.4%	(207,139)	0	18,365	\$19.17
Totals	5,127	162,227,969	17.4%	86,296	417,147	1,036,210	\$20.31

Source: CoStar

Construction Activity Markets Ranked by Under Construction RBA

Market	Existing Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
Livingston/ W Oakland	15	397,001	183,118	46.1%	16,901	26,467
Southfield	1	300,000	300,000	100.0%	55,913	300,000
Washtenaw	7	233,660	90,496	38.7%	24,408	33,380
Macomb	5	43,841	21,186	48.3%	13,894	8,768
North Oakland	1	28,000	16,520	59.0%	34,480	28,000
West Wayne	1	18,365	2,020	11.0%	24,567	18,365
Troy	1	8,283	0	0.0%	61,446	8,283
Downriver	1	7,060	7,060	100.0%	12,158	7,060
Bloomfield	0	0	0	0.0%	29,688	0
Royal Oak	0	0	0	0.0%	11,788	0
All Other	0	0	0	0.0%	67,298	0
Totals	32	1,036,210	620,400	59.9%	31,642	32,382

Source: Costar

Recent Deliveries by Project Size Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg. Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	6	172,903	49,757	28.8%	\$26.59	0	172,903
50,000 SF - 99,999 SF	1	60,360	0	0.0%	\$27.20	0	60,360
100,000 SF - 249,999 SF	1	183,884	125,041	68.0%	\$37.12	0	183,884
250,000 SF SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

Source: Costar

Industrial Market

Total Industrial Market Statistics

First Quarter 2007

Market	Existing Inventory		Vacancy	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA					
Airport/I-275 Ind	2,885	115,515,016	13.4%	(905,809)	39,632	198,000	\$5.02
Detroit Area Ind	1,164	65,668,115	17.8%	2,484,388	0	200,000	\$3.12
Downriver Ind	621	39,015,439	10.6%	(57,291)	0	267,500	\$4.58
East Area Ind	3,663	109,295,565	8.8%	(675,651)	170,755	112,853	\$5.27
I-96 Corridor Ind	1,640	50,486,026	11.7%	85,612	0	54,433	\$6.97
Oakland County NW Ind	1,074	47,548,160	11.5%	(239,405)	0	146,880	\$6.18
Royal Oak/Southfield Ind	1,140	19,708,481	11.0%	(181,014)	0	0	\$6.71
Troy Area Ind	1,470	33,441,893	12.2%	511,980	0	0	\$6.07
Washtenaw Ind	616	20,225,812	11.0%	215,238	0	95,523	\$7.36
Totals	14,273	500,904,507	12.1%	1,238,048	210,387	1,075,189	\$5.25

Source: Costar

Construction Activity Markets Ranked by Under Construction RBA

Market	Existing Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
Downriver Ind	1	267,500	0	0.0%	62,827	267,500
Detroit Area Ind	1	200,000	0	0.0%	56,416	200,000
Airport / I-275 Ind	2	198,000	0	0.0%	40,040	99,000
Oakland County NW Ind	1	146,880	0	0.0%	44,272	146,880
East Area Ind	5	112,853	0	0.0%	29,838	22,571
Washtenaw Ind	2	95,523	0	0.0%	32,834	47,761
I-96 Corridor Ind	4	54,433	6,000	11.0%	30,784	13,608
Royal Oak/Southfield Ind	0	0	0	0.0%	17,288	0
Troy Area Ind	0	0	0	0.0%	22,750	0
Totals	16	1,075,189	6,000	0.6%	35,095	67,199

Source: Costar

Recent Deliveries by Project Size Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg. Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	7	139,077	0	0.0%	\$6.25	0	139,077
50,000 SF - 99,999 SF	1	71,310	21,393	30.0%	\$5.50	0	71,310
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

Source: Costar

NATIONAL STRIP SHOPPING CENTER MARKET			
First Quarter 2007			
	CURRENT QUARTER	LAST QUARTER	YEAR AGO
DISCOUNT RATE (IRR)¹			
Range	6.00%-10.00%	6.00%-10.00%	7.00%-10.00%
Average	8.39%	8.36%	8.58%
Change (Basis Points)	-	+3	-19
OVERALL CAP RATE (OAR)¹			
Range	5.80%-9.00%	5.80%-9.00%	5.80%-9.00%
Average	7.38%	7.27%	7.36%
Change (Basis Points)	-	+11	+2
MARKET RENT CHANGE RATE²			
Range	1.20%-4.00%	0.00%-5.00%	2.00%-5.00%
Average	2.81%	2.75%	2.91%
Change (Basis Points)	-	+6	-10
EXPENSE CHANGE RATE²			
Range	3.00%-4.00%	3.00%-4.00%	3.00%-4.00%
Average	3.10%	3.13%	3.13%
Change (Basis Points)	-	-3	-3
AVERAGE MARKETING TIME³			
Range	2.00-12.00	2.00-12.00	2.00-12.00
Average	6.10	6.94	6.94
Change (Basis Points)	-	-12.10	-12.10
¹ Rate on unleveraged, all-cash transactions ² Initial rate of change ³ In months			

NATIONAL APARTMENT MARKET			
First Quarter 2007			
	CURRENT QUARTER	LAST QUARTER	YEAR AGO
DISCOUNT RATE (IRR)¹			
Range	6.00%-11.00%	6.00%-11.00%	6.00%-13.00%
Average	8.28%	8.30%	8.89%
Change (Basis Points)	-	-2	-61
OVERALL CAP RATE (OAR)¹			
Range	3.5%-8.00	3.5%-8.00%	3.5%-8.00%
Average	5.89%	5.97%	7.36%
Change (Basis Points)	-	-8	-18
MARKET RENT CHANGE RATE²			
Range	-2.00%-9.00%	-2.00%-9.00%	2.00%-5.00%
Average	3.50%	3.66%	2.58%
Change (Basis Points)	-	-16	+92
EXPENSE CHANGE RATE²			
Range	2.00%-3.50%	2.00%-3.50%	2.00%-3.50%
Average	2.86%	2.80%	2.81%
Change (Basis Points)	-	+6	+5
AVERAGE MARKETING TIME³			
Range	1.00-12.00	1.00-12.00	1.00-12.00
Average	5.67	5.73	5.69
Change (Basis Points)	-	-1.05	-0.35
¹ Rate on unleveraged, all-cash transactions ² Initial rate of change ³ In months			

NATIONAL ECONOMY / LIMITED - SERVICE LODGING SEGMENT			
First Quarter 2007			
	CURRENT QUARTER	LAST QUARTER	YEAR AGO
DISCOUNT RATE (IRR)¹			
Range	10.00%-18.00%	10.00%-18.00%	10.00%-18.00%
Average	12.40%	12.50%	12.67%
Change (Basis Points)	-	-10	-27
OVERALL CAP RATE (OAR)¹			
Range	6.50%-14.00%	6.50%-14.00%	6.50%-14.00%
Average	9.67%	9.83%	10.46%
Change (Basis Points)	-	-16	-79
AVERAGE DAILY RATE CHG. RATE²			
Range	1.00%-9.00%	1.00%-9.00%	0.00%-9.00%
Average	4.00%	3.83%	3.00%
Change (Basis Points)	-	+17	+100
OPERATING EXPENSE CHG. RATE²			
Range	2.00%-4.00%	2.00%-4.00%	2.00%-4.00%
Average	3.10%	3.13%	3.08%
Change (Basis Points)	-	0	+2
AVERAGE MARKETING TIME³			
Range	3.00-10.00	3.00-10.00	3.00-12.00
Average	6.40	6.40	7.33
Change (Basis Points)	-	0	-12.69
¹ Rate on unleveraged, all-cash transactions ² Initial rate of change ³ In months			

NATIONAL FULL - SERVICE LODGING SEGMENT			
First Quarter 2007			
	CURRENT QUARTER	LAST QUARTER	YEAR AGO
DISCOUNT RATE (IRR)¹			
Range	9.25%-14.00%	9.25%-14.00%	10.00%-14.00%
Average	11.26%	11.35%	11.56%
Change (Basis Points)	-	-9	-30
OVERALL CAP RATE (OAR)¹			
Range	6.00%-10.50%	6.00%-10.50%	6.00%-10.50%
Average	8.74%	8.81%	8.88%
Change (Basis Points)	-	-7	-14
AVERAGE DAILY RATE CHG. RATE²			
Range	3.00%-7.00%	3.00%-8.00%	3.00%-8.00%
Average	4.44%	4.85%	4.69%
Change (Basis Points)	-	-41	-25
OPERATING EXPENSE CHG. RATE²			
Range	2.00%-5.00%	2.00%-5.00%	2.00%-4.00%
Average	3.40%	3.40%	3.22%
Change (Basis Points)	-	0	+18
AVERAGE MARKETING TIME³			
Range	2.00-12.00	2.00-12.00	2.00-12.00
Average	5.75	6.19	5.14
Change (Basis Points)	-	-7.11	+11.87
¹ Rate on unleveraged, all-cash transactions ² Initial rate of change ³ In months			