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JUDEH & ASSOCIATES

Vacancy, absorption, asking rates and more for local submarkets (pages 2-4):
Office Market -- Industrial Market -- Retail Market -- Related Links

1Q14 – WHAT’S BEEN HAPPENING!

DON’T COUNT OUT SEARS YET – According to the CEO of General Growth Properties (GGP) Sandeep Mathrani, “People forget, Americans still shop at Sears” he said during an SCRLive forum in New York City according to ICSC. He further stated that at \$40 billion in 2012, Sears’ sales dwarf those of Macy’s (\$28 billion), Penney (\$13 billion), Dillard’s (\$6.8 billion) and Belk (\$4 billion). He cautioned against underestimating Sears Chairman and CEO Edward Lampert.

GUIDELINES REQUIRE FREE APPRAISALS – The Consumer financial Protection Bureau (CFPB) has now implemented its new rule requiring creditors to provide applicants free copies of all appraisals and other written valuations developed in connection with an application for a loan to be secured by a first lien on a dwelling.

NET-LEASE BIG-BOX CAP RATES SHRINK – According to ICSC, sluggish retailer expansion and intense competition among investors is making net-lease big-box deals more expensive, according to The Boulder Group. National cap rates on these leases fell by 63 basis points year-on-year in the fourth quarter to 7.1%. Average cap rate for these leases is 6.85%. National credit tenants are most popular but most own their own stores.

DODD-FRANK HURTING SMALL BANKS – Increased government regulation of financial firms is having a negative impact on small banks, causing many to cut back on services according to a study highlighted in Appraiser News Online and published by the Mercatus Center at George Mason University. For those banks holding \$10 billion in assets, more than 80% claimed their compliance costs had increased by more than 5% as a result of Dodd-Frank. Around 94% said they would not be offering new services or products as a result of the law.

RETAILERS ON THE MOVE – Nordstrom will close two underperforming full-line stores this year at Westfield Vancouver (WA) and Lloyd Center Mall in Portland (OR). Lord & Taylor will open more stores in Florida. CVS’s ban on tobacco sales set to take place on Oct 1 will result in an estimated \$2 billion loss per year, but the company says in the long run, it will benefit. American Girl is opening a store in Franklin, TN.

HOME EQUITY ON THE RISE – According to CoreLogic, rising home prices have led to improvements in home equity, with 4 million residential properties regaining equity at the end of 2013, but the share of borrowers underwater on their mortgages remain unchanged from the third quarter.

THIRD HIGHEST ATTENDANCE AT AUTO SHOW – The 2014 North American international Auto Show (NAIAS), attendance at the 25th anniversary in January 2014 tallied 803,451, the third highest number of visitors in the auto show’s history and the highest since 2003. Total economic impact is \$365 million from this event.

MICHIGAN #5 – According to Site Selection, Michigan is #5 for locating the most new investment projects. Projects must meet one or more of these criteria – a minimum capital commercial investment of \$1 million, 20,000 sf or more of new construction or creation of 50 or more new jobs.

SOCIAL MEDIA – Follow Judeh & Associates



Office Market

Total Office Market Statistics

First Quarter 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Bloomfield	776	17,442,644	2,362,767	2,382,633	13.7%	145,267	0	0	\$19.90
Detroit/The Pointes	946	46,494,966	7,529,698	7,583,889	16.3%	225,398	0	0	\$17.20
Downriver	368	3,053,937	660,874	660,874	21.6%	15,763	0	0	\$14.78
Livingston/W Oakland	693	7,963,588	1,030,881	1,036,964	13.0%	(17,983)	0	56,820	\$19.45
Macomb	1,520	14,984,843	1,949,986	1,969,549	13.1%	25,755	0	3,428	\$16.01
North Oakland	769	19,698,139	3,362,359	3,401,379	17.3%	49,052	0	10,032	\$17.49
Royal Oak	625	5,206,532	566,256	566,256	10.9%	35,456	0	0	\$15.85
Southfield	588	23,581,521	5,449,590	5,644,492	23.9%	33,871	0	0	\$16.56
Troy	326	18,149,011	4,928,226	4,956,405	27.3%	244,637	0	0	\$18.48
Washtenaw	856	14,638,640	1,186,974	1,194,788	8.2%	56,153	0	0	\$19.49
West Wayne	1,644	25,272,992	3,624,764	3,677,869	14.6%	60,690	7,920	22,800	\$16.81
Totals	9,111	196,486,813	32,652,375	33,075,098	16.8%	874,059	7,920	93,080	\$17.47

Source: CoStar Property®

Construction Activity - Markets Ranked by Under Construction RBA

First Quarter 2014

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
Livingston/W Oakland	1	56,820	16,478	29.0%	11,491	56,820
West Wayne	3	22,800	10,200	44.7%	15,373	7,600
North Oakland	1	10,032	0	0.0%	25,615	10,032
Macomb	1	3,428	3,428	100.0%	9,858	3,428
Bloomfield	0	0	0	0.0%	22,478	0
Royal Oak	0	0	0	0.0%	8,330	0
Southfield	0	0	0	0.0%	40,105	0
Troy	0	0	0	0.0%	55,672	0
Washtenaw	0	0	0	0.0%	17,101	0
Detroit/The Pointes	0	0	0	0.0%	49,149	0
All Other	0	0	0	0.0%	8,299	0
Totals	6	93,080	30,106	32.3%	21,566	15,513

Source: Costar

Total Office Market Statistics

First Quarter 2014

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	
2014 1q	9,111	196,486,813	32,652,375	33,075,098	16.8%	874,059	1	7,920	6	93,080	\$17.47
2013 4q	9,112	196,514,093	33,558,819	33,976,437	17.3%	449,308	2	22,434	4	77,540	\$17.44
2013 3q	9,111	196,617,659	34,087,730	34,529,311	17.6%	750,730	1	17,050	5	97,174	\$17.51
2013 2q	9,111	196,617,759	34,708,104	35,280,141	17.9%	408,980	1	11,232	5	57,404	\$17.56
2013 1q	9,112	196,863,742	35,325,965	35,935,104	18.3%	(51,399)	2	16,635	4	52,636	\$17.00
2012	9,111	196,983,107	35,407,560	36,003,070	18.3%	1,358,274	13	510,844	6	69,271	\$17.71
2011	9,104	196,628,680	36,295,311	37,006,917	18.8%	936,012	9	308,919	11	457,280	\$18.18
2010	9,099	196,391,267	36,804,076	37,705,516	19.2%	(813,802)	13	359,811	10	514,718	\$18.74
2009	9,094	196,358,415	35,565,499	36,858,862	18.8%	(3,548,645)	21	293,865	13	500,519	\$18.76
2008	9,078	196,146,152	31,913,337	33,097,954	16.9%	(1,013,453)	31	590,106	19	267,292	\$19.41
2007	9,051	195,563,521	30,457,154	31,501,870	16.1%	1,624,803	76	1,857,074	28	580,933	\$20.07
2006	8,983	193,727,446	30,375,805	31,290,598	16.2%	650,681	91	2,453,042	64	1,740,643	\$20.45
2005	8,894	191,282,879	28,685,523	29,496,712	15.4%	(253,484)	99	2,047,619	88	2,817,770	\$20.38
2004	8,796	189,285,260	26,124,616	27,245,609	14.4%	2,135,240	110	3,580,309	91	2,096,562	\$20.43
2003	8,688	186,467,523	24,778,906	26,563,112	14.2%	1,384,678	90	3,219,186	106	3,737,901	\$21.15
2002	8,600	183,265,457	22,497,982	24,745,724	13.5%	(1,792,331)	108	2,674,464	89	4,222,369	\$21.54

Source: CoStar Property®

Industrial Market

Total Industrial Market Statistics

First Quarter 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport/I-275 Ind	3,117	123,097,455	10,591,322	10,691,170	8.7%	(13,596)	0	52,000	\$4.29
Detroit Area Ind	1,827	81,702,945	13,221,457	13,221,457	16.2%	368,965	0	0	\$3.42
Downriver Ind	666	37,483,972	4,128,678	4,128,678	11.0%	(16,913)	0	0	\$3.71
East Area Ind	4,071	115,961,210	4,070,512	4,094,512	3.5%	79,377	0	330,778	\$4.41
I-96 Corridor Ind	2,096	55,070,725	3,645,453	3,723,478	6.8%	90,539	25,996	129,221	\$6.30
Oakland County NW Ind	1,384	52,477,734	3,338,146	3,396,146	6.5%	283,108	278,000	317,324	\$5.26
Royal Oak/Southfield Ind	1,215	19,912,188	1,799,601	1,799,601	9.0%	21,395	0	0	\$6.00
Troy Area Ind	1,456	30,780,845	1,750,346	1,750,346	5.7%	54,678	0	5,000	\$5.40
Washtenaw Ind	865	36,791,711	7,157,082	7,157,082	19.5%	37,344	0	0	\$5.98
Totals	16,697	553,278,785	49,702,597	49,962,470	9.0%	904,897	303,996	834,323	\$4.63

Source: CoStar Property®

Construction Activity - Markets Ranked by Under Construction RBA

First Quarter 2014

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
East Area	3	330,778	267,800	81.0%	28,498	110,259
Oakland County NW	3	317,324	317,324	100.0%	37,917	105,775
I-96 Corridor	2	129,221	80,951	62.6%	26,274	64,610
Airport/I-275	1	52,000	0	0.0%	39,492	52,000
Troy Area	1	5,000	1,600	32.0%	21,141	5,000
Downriver	0	0	0	0.0%	56,282	0
Royal Oak/Southfield	0	0	0	0.0%	16,389	0
Washtenaw	0	0	0	0.0%	42,534	0
Detroit Area	0	0	0	0.0%	44,720	0
Totals	10	834,323	667,675	80.0%	33,136	83,432

Source: Costar

Total Industrial Market Statistics

First Quarter 2014

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	
2014 1q	16,697	553,278,785	49,702,597	49,962,470	9.0%	904,897	2	303,996	10	834,323	\$4.63
2013 4q	16,696	553,494,789	50,868,628	51,083,371	9.2%	1,646,988	0	0	11	1,064,058	\$4.60
2013 3q	16,698	554,953,912	53,994,678	54,189,482	9.8%	1,858,884	0	0	5	660,284	\$4.51
2013 2q	16,702	555,210,289	56,080,893	56,304,743	10.1%	861,928	1	250,000	5	660,284	\$4.46
2013 1q	16,702	555,062,296	56,825,393	57,018,678	10.3%	2,270,504	2	98,893	4	606,960	\$4.48
2012	16,700	554,963,403	58,916,260	59,190,289	10.7%	9,696,158	5	451,639	5	650,893	\$4.43
2011	16,704	555,289,904	68,713,230	69,212,948	12.5%	3,736,746	2	196,336	5	432,211	\$4.37
2010	16,725	559,628,563	76,176,728	77,288,353	13.8%	(6,614,008)	6	383,137	3	481,336	\$4.53
2009	16,730	560,082,237	68,753,986	71,128,019	12.7%	(9,850,108)	10	379,974	4	130,655	\$4.78
2008	16,729	560,455,870	59,737,498	61,651,544	11.0%	2,611,474	27	2,223,623	12	482,678	\$5.08
2007	16,704	558,557,872	60,807,399	62,365,020	11.2%	3,170,804	47	2,451,064	20	1,702,930	\$5.23
2006	16,664	556,449,464	62,908,053	63,427,416	11.4%	(3,514,367)	64	3,359,977	38	1,550,203	\$5.47
2005	16,607	553,874,131	56,486,170	57,337,716	10.4%	6,671,060	96	4,994,156	52	2,350,338	\$5.54
2004	16,514	549,222,274	57,749,700	59,356,919	10.8%	3,798,666	81	2,773,696	92	4,774,228	\$5.74
2003	16,437	546,564,137	58,718,600	60,497,448	11.1%	(1,832,960)	114	4,046,543	57	1,912,697	\$5.64
2002	16,326	542,536,222	52,405,440	54,636,573	10.1%	(1,834,879)	128	4,662,120	101	3,436,814	\$5.11

Source: CoStar Property®

Retail Market

General Retail Market Statistics

First Quarter 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Bloomfield	668	5,020,030	341,619	446,837	8.9%	65,668	0	0	\$11.51
Detroit/The Pointes	4,117	21,887,315	2,072,539	2,104,679	9.6%	19,015	0	0	\$8.98
Downriver	1,048	7,284,832	727,523	728,423	10.0%	20,181	0	0	\$10.98
Livingston/W Oakland	1,373	9,275,335	244,650	263,630	2.8%	8,216	0	0	\$12.49
Macomb	3,048	20,741,292	1,229,521	1,293,657	6.2%	134,081	121	35,981	\$10.01
North Oakland	1,484	10,155,852	771,716	781,403	7.7%	3,236	0	22,880	\$11.43
Royal Oak	1,558	7,750,344	400,817	411,739	5.3%	43,610	0	22,112	\$13.68
Southfield	289	2,815,132	115,470	115,470	4.1%	21,626	0	10,000	\$13.46
Troy	235	2,064,143	98,196	98,196	4.8%	20,125	0	0	\$13.23
Washtenaw	1,648	10,699,765	319,197	319,197	3.0%	29,217	1,950	0	\$17.94
West Wayne	3,734	23,469,873	1,628,857	1,641,845	7.0%	70,733	2,010	3,421	\$10.03
Totals	19,202	121,163,913	7,950,105	8,205,076	6.8%	435,708	4,081	94,394	\$10.96

Source: CoStar Property®

Construction Activity - Markets Ranked by Under Construction RBA

First Quarter 2014

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U / C
Macomb	1	35,981	35,981	100.0%	12,087	35,981
Royal Oak	3	27,283	27,283	100.0%	6,882	9,094
North Oakland	1	22,880	0	0.0%	13,153	22,880
Southfield	1	10,000	0	0.0%	19,282	10,000
Troy	3	8,186	6,041	73.8%	24,206	2,729
Washtenaw	1	8,000	0	0.0%	9,647	8,000
West Wayne	1	3,421	3,421	100.0%	10,710	3,421
Downriver	0	0	0	0.0%	10,942	0
Bloomfield	0	0	0	0.0%	12,805	0
Livingston/W Oakland	0	0	0	0.0%	13,122	0
All Other	0	0	0	0.0%	6,578	0
Totals	11	115,751	72,726	62.8%	10,594	10,523

Source: Costar

Total Retail Market Statistics

First Quarter 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %		# Blds	Total GLA	# Blds	Total GLA	
2014 1q	22,680	240,278,099	21,594,512	22,289,627	9.3%	638,762	4	7,693	11	115,751	\$11.87
2013 4q	22,678	240,400,096	22,360,800	23,050,386	9.6%	(56,265)	15	132,381	15	123,444	\$11.88
2013 3q	22,669	240,548,672	22,460,576	23,142,697	9.6%	780,457	17	513,790	28	219,723	\$11.97
2013 2q	22,658	240,098,928	22,787,015	23,473,410	9.8%	820,037	10	280,137	37	669,213	\$11.80
2013 1q	22,651	239,830,656	23,323,973	24,025,175	10.0%	113,342	17	150,076	32	862,277	\$11.89
2012 4q	22,637	239,801,560	23,357,416	24,109,421	10.1%	352,993	9	53,265	37	840,829	\$11.94
2012 3q	22,628	239,748,295	23,650,660	24,409,149	10.2%	486,390	8	183,584	36	382,236	\$12.08
2012 2q	22,623	239,581,485	23,725,321	24,728,729	10.3%	(237,017)	12	221,000	24	381,124	\$12.11
2012 1q	22,616	239,401,209	23,468,751	24,311,436	10.2%	444,053	9	114,006	25	505,593	\$12.05
2011 4q	22,612	239,349,358	23,731,992	24,703,638	10.3%	407,791	3	98,200	24	497,170	\$11.97
2011 3q	22,611	239,266,870	23,980,441	25,028,941	10.5%	19,813	6	255,663	12	360,961	\$12.06
2011 2q	22,610	239,041,561	23,623,534	24,823,445	10.4%	71,532	6	93,790	10	419,005	\$12.15
2011 1q	22,607	239,142,133	23,857,180	24,995,549	10.5%	147,580	9	86,277	14	463,975	\$12.11
2010	22,604	239,076,038	23,710,234	25,077,034	10.5%	1,328,238	26	713,898	16	362,067	\$12.04
2009	22,588	238,440,665	23,955,922	25,769,899	10.8%	(121,725)	75	2,236,386	15	349,120	\$12.72
2008	22,522	236,457,184	21,952,118	23,664,693	10.0%	1,956,847	132	2,428,863	58	1,830,947	\$14.09

Source: CoStar Property®