



2nd Quarter 2008

E-Newsletter

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Additional Topics covered in this issue:

- ◆ Office Market Statistics
- ◆ Industrial Market Statistics
- ◆ Retail Market Statistics
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THE LOW DOWN ...

Tax Appeal Deadline is 7/31/08 -- Those who were denied by their local Board of Appeals in their attempt to lower their State Equalized Value can appeal to the Michigan Tax Tribunal for a second opinion.

“Owner-Occupied” is defined by Michigan Supreme Court – In *Liberty Hill Housing v City of Livonia*, the question was whether petitioner was entitled to a property tax exemption for charitable institutions under MCL211.7o(1) which requires that the charitable institution “occupy” the property. The court ruled that the “Petitioner did not maintain a regular physical presence on the property, but instead leased the housing on the property for tenants to use for their own person purposes.”

Home-Owners facing Foreclosures can rent their own homes – The Saving Family Homes Act of 2008 (HR 6116) has been introduced in the US House of Representatives. This bill will allow homeowners facing foreclosure the option of renting their home for a substantial period of time at the fair market rent as determined by a court-appointed appraiser and adjusted annually for inflation. Eligibility is limited to mortgages on single-family, principal residences, occupied for at least two years, which sold for less than the median home value in the metropolitan statistical area or the median value in the state, if such information is not available.

Two Principal Residence Exemptions? -- Gov. Granholm signed Public Act 96 of 2008 which enables a person who has a new principal residence to retain a principal residence exemption the unoccupied, unsold previous principal residence of the person. Thus, the owner would receive a principal residence exemption on both the new principal and the unsold principal residence, provided certain conditions are met.

Michigan Transfer Tax Act clarified -- Michigan Attorney General issued an opinion on exemption “t” with sets forth that a seller may seek an exemption from paying the state transfer tax if the following certain criteria are met:

- The property has been a principle residence, classified as a homestead;
- The property’s State Equalized Value (SEV) for the calendar year in which the transfer is made must be less than or equal to the property’s SEV for the calendar year in which the transferor acquired the property; and
- The property cannot sell for an amount more than double its SEVE for the year of the sale.

Fannie Mae on the move – The “Keys to Recovery” Initiatives include a new refinancing option for Fannie Mae “underwater” borrowers that will allow for refinancing up to 120% of a property’s current value provided the owner is current on their payments. In addition, \$10 billion will be provided to State Housing Finance Agencies to assist first-time home buyers and provide rent-to-own options. Finally, not to exclude the luxury market, Fannie Mae is temporarily able to purchase jumbo loans up to \$729,750, an increase from \$417,000, in certain high-cost areas as designated by HUD.

OFFICE MARKET

Total Office Market Statistics

Mid-Year 2008

Market	Existing Inventory		Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA					
Bloomfield	614	15,892,100	13.0%	(23,550)	24,185	13,000	\$22.47
Detroit/The Pointes	591	37,949,775	17.6%	203,603	0	0	\$18.93
Downriver	209	2,315,648	17.8%	(8,249)	0	0	\$19.02
Livingston/W Oakland	472	7,181,777	18.7%	352,475	188,000	38,000	\$21.32
Macomb	935	13,096,672	14.8%	117,161	61,210	18,400	\$19.15
North Oakland	608	17,859,838	13.1%	69,514	0	170,000	\$20.66
Royal Oak	361	4,152,499	15.1%	4,835	22,060	0	\$18.40
Southfield	450	23,949,582	20.3%	(161,007)	0	0	\$19.05
Troy	296	17,344,622	29.7%	(437,948)	38,000	0	\$20.68
Washtenaw	604	12,218,545	14.8%	124,811	287,171	44,000	\$21.18
West Wayne	914	21,474,133	14.4%	(144,081)	0	10,612	\$18.66
Totals	6,054	173,435,191	17.5%	97,564	620,626	294,012	\$19.88

Construction Activity Markets Ranked by Under Construction RBA

Mid-Year 2008

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
North Oakland	2	170,000	39,500	23.2%	29,375	85,000
Washtenaw	1	44,000	0	0.0%	20,229	44,000
Livingston/ W Oakland	5	38,000	10,000	26.3%	15,216	7,600
Macomb	1	18,400	0	0.0%	14,007	18,400
Bloomfield	1	13,000	7,540	58.0%	25,883	13,000
West Wayne	2	10,612	0	0.0%	23,495	5,306
Downriver	0	0	0	0.0%	11,080	0
Royal Oak	0	0	0	0.0%	11,503	0
Southfield	0	0	0	0.0%	53,221	0
Troy	0	0	0	0.0%	58,597	0
All Other	0	0	0	0.0%	64,213	0
Totals	12	294,012	57,040	19.4%	28,648	24,501

Source: Costar

Historical Office Market Statistics

Mid-Year 2008

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2008 2q	6,054	173,435,191	29,161,332	30,323,976	17.5%	50,142	4	55,436	12	294,012	\$19.88
2007 4q	6,042	172,814,565	28,553,635	29,800,914	17.2%	211,513	16	562,921	21	732,238	\$20.07
2007 3q	6,026	172,251,644	28,197,069	29,449,506	17.1%	463,303	10	118,070	29	1,233,547	\$20.08
2007 2q	6,022	172,148,287	28,456,743	29,809,452	17.3%	(31,417)	13	311,332	31	1,132,957	\$20.08
2007 1q	6,009	171,836,955	28,404,806	29,466,703	17.1%	(261,415)	20	554,063	37	1,129,066	\$20.31
2006 4q	5,989	171,282,892	27,719,362	28,651,225	16.7%	(89,837)	15	286,723	44	1,335,865	\$20.08
2006 3q	5,974	170,996,169	27,474,783	28,274,664	16.5%	265,461	14	644,886	48	1,126,670	\$20.31
2006 2q	5,960	170,351,283	27,052,298	27,895,240	16.4%	253,405	17	421,815	51	1,638,239	\$20.29
2006 1q	5,943	169,929,468	26,896,722	27,726,830	16.3%	425,468	27	957,050	50	1,660,127	\$20.29
2005	5,917	168,975,593	26,327,753	27,198,423	16.1%	1,415,854	85	2,529,299	63	2,380,950	\$20.25
2004	5,833	166,496,294	24,927,027	26,134,978	15.7%	1,346,396	74	2,372,491	76	2,465,536	\$20.25
2003	5,761	164,920,768	24,060,111	25,905,848	15.7%	472,547	62	2,919,674	66	3,214,411	\$19.88
2002	5,701	162,018,214	21,123,893	23,475,841	14.5%	(2,676,149)	80	2,115,382	53	3,012,954	\$20.98
2001	5,621	159,902,832	16,371,263	18,684,310	11.7%	(1,898,815)	123	4,182,313	79	3,504,245	\$20.61
2000	5,501	155,748,394	11,510,118	12,631,057	8.1%	(1,804,589)	77	2,400,761	113	4,618,681	\$21.27

Source: CoStar

INDUSTRIAL MARKET

Total Industrial Market Statistics

Mid-Year 2008

Market	Existing Inventory		Vac %	YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA					
Airport/I-275 Ind	2,931	113,008,499	12.8%	193,010	260,000	332,056	\$4.80
Detroit Area Ind	1,267	75,353,253	19.7%	(35,199)	0	0	\$3.15
Downriver Ind	629	39,135,344	12.5%	195,150	0	0	\$4.32
East Area Ind	3,743	111,810,429	8.4%	316,985	12,980	17,184	\$5.03
I-96 Corridor Ind	1,830	55,202,367	11.6%	(305,690)	123,462	19,773	\$6.93
Oakland County NW Ind	1,213	46,100,702	11.3%	164,209	45,320	45,630	\$5.87
Royal Oak/Southfield Ind	1,158	20,565,626	10.8%	(58,112)	0	0	\$6.43
Troy Area Ind	1,470	32,956,368	10.6%	302,010	0	0	\$5.42
Washtenaw Ind	670	23,247,590	9.5%	51,391	0	0	\$8.09
Totals	14,911	517,380,178	12.2%	823,754	441,762	414,643	\$5.06

Source: Costar

Construction Activity Markets Ranked by Under Construction RBA

Mid-Year 2008

Market	Existing Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
Airport/I-275 Ind	2	332,056	0	0.0%	38,556	166,028
Oakland County NW Ind	1	45,630	0	0.0%	38,006	45,630
I-96 Corridor Ind	1	19,773	0	0.0%	30,165	19,773
East Area Ind	1	17,184	0	0.0%	29,872	17,184
Washtenaw Ind	0	0	0	0.0%	34,698	0
Downriver Ind	0	0	0	0.0%	62,218	0
Detroit Area Ind	0	0	0	0.0%	59,474	0
Royal Oak/Southfield Ind	0	0	0	0.0%	17,760	0
Troy Area Ind	0	0	0	0.0%	22,419	0
Totals	5	414,643	0	0.0%	34,698	82,929

Historical Industrial Market Statistic

Mid-Year 2008

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	
2008 2q	14,911	517,380,178	60,546,473	63,167,801	12.2%	375,335	1	48,010	5	414,643	\$5.06
2007 4q	14,904	516,938,416	61,185,667	63,549,793	12.3%	120,963	8	446,453	9	507,165	\$5.22
2007 3q	14,896	516,491,963	61,895,027	63,224,303	12.2%	1,888,130	9	403,395	17	953,618	\$5.26
2007 2q	14,887	516,088,568	63,997,402	64,709,038	12.5%	366,268	16	514,682	22	1,225,874	\$5.24
2007 1q	14,871	515,573,886	63,921,975	64,560,624	12.5%	933,142	18	385,475	27	959,102	\$5.26
2006 4q	14,853	515,188,411	64,561,307	65,108,291	12.6%	(3,517,900)	11	768,352	38	1,039,883	\$5.34
2006 3q	14,842	514,420,059	60,254,652	60,822,039	11.8%	301,504	11	1,700,814	33	1,579,947	\$5.33
2006 2q	14,831	512,719,245	58,442,523	59,422,729	11.6%	729,015	16	381,781	26	2,683,323	\$5.28
2006 1q	14,816	512,420,874	58,584,024	59,853,373	11.7%	(338,614)	20	649,998	33	2,571,894	\$5.37
2005	14,796	511,770,876	58,011,616	58,864,761	11.5%	7,322,956	69	3,180,110	43	2,794,230	\$5.45
2004	14,730	509,148,852	61,884,315	63,565,693	12.5%	1,362,775	60	2,547,299	65	2,646,266	\$5.66
2003	14,674	506,652,532	60,541,758	62,432,148	12.3%	(1,947,288)	87	3,764,884	35	1,561,691	\$5.59
2002	14,589	502,923,009	54,486,999	56,744,337	11.3%	(2,916,611)	104	3,889,310	75	3,396,017	\$5.12
2001	14,488	499,045,899	46,543,032	49,961,616	10.0%	(4,184,860)	172	9,309,244	95	3,618,968	\$5.45
2000	14,329	490,142,142	35,748,370	36,872,999	7.5%	(1,848,026)	221	10,554,060	139	7,767,294	\$5.48

Source: CoStar

RETAIL MARKET

Total Retail Market Statistics

Mid-Year 2008

Market	Existing Inventory		Vac %	YTD Deliveries	Under Const SF	Quoted Rates
	# Bldgs	Total RBA				
Bloomfield	417	8,879,660	8.4%	0	12,791	\$15.20
Detroit/The Pointes	1,172	15,577,200	16.6%	43,375	34,400	\$11.38
Downriver	566	10,347,014	13.5%	10,300	15,560	\$11.41
Livingston/W Oakland	925	17,387,152	7.1%	42,174	187,800	\$18.02
Macomb	1,415	35,710,590	13.4%	68,556	85,070	\$13.43
North Oakland	1,157	20,476,202	9.4%	64,320	528,248	\$14.99
Royal Oak	527	7,073,628	11.8%	9,620	4,050	\$15.25
Southfield	161	5,885,875	9.5%	0	13,423	\$16.15
Troy	144	6,583,429	5.3%	0	52,600	\$17.96
Washtenaw	771	12,282,056	8.3%	13,603	125,534	\$16.99
West Wayne	1,443	33,902,400	11.0%	139,289	56,057	\$12.90
Totals	8,698	174,105,206	11.0%	391,237	1,115,533	\$14.11

Source: CoStar

Construction Activity Markets Ranked by Under Construction RBA

Mid-Year 2008

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U / C
North Oakland	5	711,356	240,556	33.8%	17,698	142,271
Washtenaw	9	263,409	226,442	86.0%	15,930	29,268
Livingston/ W Oakland	6	218,626	114,819	52.5%	18,797	36,438
Macomb	5	98,170	26,989	27.5%	25,237	19,634
Troy	2	52,600	11,000	20.9%	45,718	26,300
Downriver	2	42,560	8,558	20.1%	18,281	21,280
Royal Oak	3	32,419	6,984	21.5%	13,422	10,806
Southfield	2	27,423	16,005	58.4%	36,558	13,711
Detroit/The Pointes	1	26,217	12,322	47.0%	13,291	26,217
West Wayne	3	22,057	17,177	77.9%	23,494	7,352
All Other	1	12,791	9,721	76.0%	21,294	12,791
Totals	39	1,507,628	690,573	45.8%	20,017	38,657

Source: Costar

Historical Retail Market Statistics

Mid-Year 2008

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Bldgs	Total GLA	Direct SF	Total SF	Vac %		# Bldgs	Total GLA	# Bldgs	Total GLA	
2008 2q	8,698	174,105,206	18,302,773	19,149,638	11.0%	390,887	13	193,019	39	1,507,628	\$14.17
2008 1q	8,685	173,912,187	18,330,083	19,347,506	11.1%	(25,124)	13	198,218	41	1,196,539	\$14.08
2007 4q	8,672	173,713,969	18,168,729	19,124,164	11.0%	2,100,917	22	2,213,524	32	616,093	\$13.99
2007 3q	8,650	171,500,445	18,093,946	19,011,557	11.1%	844,088	31	1,119,374	42	2,542,569	\$14.10
2007 2q	8,620	170,383,571	17,852,272	18,738,771	11.0%	429,863	12	215,936	60	3,504,911	\$14.14
2007 1q	8,608	170,167,635	17,994,218	18,952,698	11.1%	29,982	26	363,343	53	3,240,017	\$13.89
2006 4q	8,582	169,804,292	17,606,704	18,619,337	11.0%	(68,225)	16	283,421	51	3,230,794	\$13.73
2006 3q	8,568	169,532,127	17,364,880	18,278,947	10.8%	(591,776)	22	464,145	50	2,693,822	\$13.75
2006 2q	8,547	169,072,482	16,697,079	17,227,526	10.2%	607,843	19	331,518	47	2,339,298	\$13.93
2006 1q	8,533	169,458,689	17,698,108	18,221,576	10.8%	(646,049)	48	795,609	48	1,034,888	\$13.91

Source: CoStar

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