

# 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 2Q12?*

**STATE TAX TRIBUNAL CUTS CASE LOAD** – A spokesperson for the Tribunal announced that the volume of cases before the full tribunal has been cut by 25%, from 12,500 one year ago to 9,388 today. The case load for small claims has been slashed 65% from 29,092 to 10,176 cases for the same time period.

**JUST COMPENSATION IS NOT LIMITED TO CURRENT USE**– The Court of Appeals of Washington in Ruvalcaba v. Baek ruled that a trier of fact may consider, when valuing a property for a just compensation award, the reasonable probability of future renovations and approvals required to improve the property to its highest and best use discounted by the risks and cost of such venture.

**FORECLOSURE REPARATION** – Banking regulators disclosed plans in June to compensate borrowers for a variety of foreclosure errors, including initiating foreclosures on borrowers not in default, erroneously denying loan assistance and making mistakes on loan modifications. This could force banks to pay up to \$125,000 per borrower to reimburse for foreclosure processing errors, up to \$15,000 for improperly denying loan modification applications and \$1,000 to people who were never approached about loan help when federal programs require such outreach.

**MOODY DOWNGRADES RATINGS ON 15 BANKS**– According to the Associated Press, Moody's Investors Service downgraded some of the world's largest banks due to the decision that the banks' longer-term prospects for profitability and growth were diminishing. Among those downgraded are Bank of America, Barclays, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase and Morgan Stanley among others. A Moody's representative states that the banks "have significant exposure to the volatility and risk of outsized losses inherent to capital markets activities."

**DODD-FRANK CHALLENGED IN COURT** – A Texas community bank filed suit June 20 against the Consumer Financial Protection Bureau, alleging that the bureau's authority as granted under the Dodd-Frank Act is largely unconstitutional, American Banker reported. The State National Bank of Big Spring, filed its suit in the US District Court for the District of Columbia, was joined by the Competitive Enterprise Institute, a non-profit public policy organization and the 60 Plus Association, a non-partisan seniors advocacy group.

**HOME PRICES UP** – The Case Shiller Home Price Indexes rose for the first time in eight months in April, Standard and Poor's reported Tuesday. The 10 and 20-city indexes each rose 1.3% to the highest levels this year. Year-over-year, the 10-city index was down 2.2% and the 20-city index off 1.9%, both improving from March. Economists had expected the 20-city index to show a 2.3% year-over-year decline in April.

**PRINCIPAL RESIDENCE EXEMPTION ERRORS**– Legislation (HB 4861) has been introduced in the House in Lansing which provides for a determination as to whether an error in the filing of a PRE is the fault of the homeowner or the local government. If the mistake is that of the local government, the homeowner would no longer be liable for back taxes and penalties on the property.

**MICHIGAN REGULATING AMC INDUSTRY** – The House and Senate in Lansing are taking measures to get Michigan into compliance with the federal financial reforms, which require state regulation of AMCs. Bills in both chambers have been introduced which would define, regulate and set penalties for AMC's operating in Michigan.

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**Office Market**

**Total Office Market Statistics**

Mid-Year 2012

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %				
Bloomfield	768	17,137,832	2,457,142	2,466,406	14.4%	100,396	0	74,332	\$20.00
Detroit/The Pointes	880	44,623,529	8,997,441	9,070,853	20.3%	(118,724)	55,209	25,230	\$19.08
Downriver	326	2,666,026	572,154	583,254	21.9%	(11,047)	0	0	\$15.06
Livingston/W Oakland	691	7,969,270	985,523	998,917	12.5%	15,512	0	0	\$19.79
Macomb	1,383	14,244,236	2,067,280	2,086,170	14.6%	112,687	0	0	\$16.22
North Oakland	712	17,909,113	3,455,020	3,588,013	20.0%	85,869	0	0	\$16.91
Royal Oak	630	5,122,758	603,329	613,729	12.0%	35,493	9,000	0	\$16.33
Southfield	590	23,811,874	5,077,319	5,122,622	21.5%	(36,910)	0	0	\$17.52
Troy	319	17,856,965	5,699,749	5,720,283	32.0%	206,552	0	0	\$18.22
Washtenaw	886	14,921,942	1,485,774	1,492,295	10.0%	74,290	0	0	\$17.58
West Wayne	1,315	23,664,652	3,622,953	3,800,117	16.1%	112,191	0	0	\$16.93
<b>Totals</b>	<b>8,500</b>	<b>189,928,197</b>	<b>35,023,684</b>	<b>35,542,659</b>	<b>18.7%</b>	<b>576,309</b>	<b>64,209</b>	<b>99,562</b>	<b>\$17.96</b>

Source: CoStar Property®

**Construction Activity - Markets Ranked by Under Construction Square Footage** Mid-Year 2012

Market	Under Constructon Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Detroit/The Pointes	1	74,332	46,829	63.00%	22,315	74,332
Bloomfield	1	25,230	25,230	100.00%	50,709	25,230
Royal Oak	0	0	0	0.00%	17,996	0
West Wayne	0	0	0	0.00%	8,131	0
Macomb	0	0	0	0.00%	11,533	0
North Oakland	0	0	0	0.00%	25,153	0
Southfield	0	0	0	0.00%	40,359	0
Troy	0	0	0	0.00%	55,978	0
Washtenaw	0	0	0	0.00%	16,842	0
Livingston/W. Oakland	0	0	0	0.00%	10,300	0
All Other	0	0	0	0.00%	8,178	0
<b>Totals</b>	<b>2</b>	<b>99,562</b>	<b>72,059</b>	<b>72.40%</b>	<b>22,344</b>	<b>49,781</b>

Source: CoStar

**Total Office Market Statistics**

Mid-Year 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 2q	8,500	189,928,197	35,023,684	35,542,659	18.7%	497,336	2	64,209	2	99,562	\$17.96
2012 1q	8,500	189,905,292	35,346,345	36,017,090	19.0%	78,973	0	0	4	163,771	\$18.04
2011 4q	8,502	189,926,551	35,392,397	36,117,322	19.0%	344,525	1	6,427	4	163,771	\$18.28
2011 3q	8,502	189,945,724	35,755,209	36,481,020	19.2%	118,776	2	135,032	4	161,198	\$18.19
2011 2q	8,500	189,810,692	35,712,281	36,464,764	19.2%	686,255	2	11,503	6	296,230	\$18.23
2011 1q	8,499	189,840,189	36,208,487	37,180,516	19.6%	(110,060)	2	40,635	7	233,401	\$18.47
2010	8,499	189,804,460	36,126,046	37,034,727	19.5%	(595,475)	10	343,402	7	217,668	\$18.90
2009	8,497	189,788,017	35,122,309	36,422,809	19.2%	(3,437,403)	21	342,023	9	285,072	\$18.89
2008	8,481	189,527,596	31,533,143	32,724,985	17.3%	(889,038)	28	582,313	19	315,450	\$19.54
2007	8,457	188,952,758	30,213,738	31,261,109	16.5%	1,749,662	71	1,797,646	25	572,140	\$19.99
2006	8,394	187,176,111	30,317,758	31,234,124	16.7%	616,375	90	2,455,620	59	1,674,195	\$20.12
2005	8,305	184,723,666	28,579,643	29,398,054	15.9%	(310,297)	97	1,946,947	84	2,786,928	\$20.37
2004	8,210	182,835,910	26,079,008	27,200,001	14.9%	1,518,202	103	3,036,717	86	1,941,978	\$20.40
2003	8,109	180,561,765	24,659,271	26,444,058	14.6%	1,490,358	89	3,210,215	97	3,167,984	\$20.10
2002	8,022	177,368,670	22,470,665	24,741,321	13.9%	(2,030,292)	105	2,442,472	87	3,815,557	\$21.17
2001	7,919	174,930,063	17,982,273	20,272,422	11.6%	(1,787,980)	128	4,273,306	110	4,067,096	\$20.63

Source: CoStar Property®

**Industrial Market**

**Total Industrial Market Statistics**

Mid-Year 2012

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	3,080	12,146,1474	13,161,494	13,209,269	10.9%	823,444	0	289,428	\$4.16
Detroit Area Ind	1,779	85,807,644	18,251,360	18,913,041	22.0%	(665,148)	0	0	\$3.11
Downriver Ind	664	37,712,060	3,923,883	3,923,883	10.4%	199,616	0	0	\$3.96
East Area Ind	4,065	117,742,603	8,273,049	8,396,623	7.1%	1,237,970	0	302,000	\$4.13
I-96 Corridor Ind	2,092	59,456,329	4,303,949	4,399,334	7.4%	773,335	68,475	0	\$5.70
Oakland County NW Ind	1,346	53,376,437	6,726,246	6,759,987	12.7%	395,281	55,000	0	\$5.07
Royal Oak/Southfield Ind	1,213	19,605,887	1,831,103	1,837,113	9.4%	146,903	0	0	\$4.72
Troy Area Ind	1,466	31,302,041	3,057,032	3,085,273	9.9%	138,242	6,736	0	\$4.89
Washtenaw Ind	882	37,379,325	8,471,327	8,471,327	22.7%	(233,498)	0	0	\$5.82
<b>Totals</b>	<b>16,587</b>	<b>563,843,800</b>	<b>67,999,443</b>	<b>68,995,850</b>	<b>12.2%</b>	<b>2,816,145</b>	<b>130,211</b>	<b>591,428</b>	<b>\$4.32</b>

Source: CoStar Property®

**Construction Activity - Markets Ranked by Under Construction RBA**

Mid-Year 2012

Market	Under Constructon Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
East Area Ind	2	302,000	267,800	88.70%	28,965	151,000
Airport/I-275 Ind	1	289,428	289,428	100.00%	39,436	289,428
I-96 Corridor Ind	0	0	0	0.00%	56,795	0
Oakland County NW Ind	0	0	0	0.00%	39,656	0
Troy Area Ind	0	0	0	0.00%	16,163	0
Downriver Ind	0	0	0	0.00%	21,352	0
Royal Oak/Southfield Ind	0	0	0	0.00%	28,421	0
Washtenaw Ind	0	0	0	0.00%	42,380	0
Detroit Area Ind	0	0	0	0.00%	48,234	0
<b>Totals</b>	<b>3</b>	<b>591,428</b>	<b>557,228</b>	<b>94.20%</b>	<b>33,993</b>	<b>197,143</b>

Source: CoStar

**Total Industrial Market Statistics**

Mid-Year 2012

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	
2012 2q	16,587	563,843,800	67,999,443	68,995,850	12.2%	2,371,778	2	61,736	3	591,428	\$4.32
2012 1q	16,589	564,183,239	70,643,855	71,707,067	12.7%	444,367	1	68,475	5	653,164	\$4.29
2011 4q	16,590	564,264,034	71,071,640	72,232,229	12.8%	2,502,596	0	0	5	432,211	\$4.31
2011 3q	16,599	567,877,340	76,925,173	78,348,131	13.8%	(1,923,007)	0	0	2	340,000	\$4.32
2011 2q	16,603	568,043,883	74,998,577	76,591,667	13.5%	2,585,030	0	0	1	285,000	\$4.36
2011 1q	16,607	568,319,923	77,653,914	79,452,737	14.0%	2,411,834	2	196,336	1	285,000	\$4.38
2010	16,610	568,316,878	79,959,030	81,861,526	14.4%	(6,260,971)	5	373,704	3	481,336	\$4.49
2009	16,614	568,691,920	72,940,693	75,975,597	13.4%	(10,979,814)	9	373,974	4	133,704	\$4.75
2008	16,612	568,524,048	62,255,024	64,827,911	11.4%	(540,819)	24	1,920,989	11	476,678	\$5.00
2007	16,590	566,928,684	60,497,107	62,691,728	11.1%	2,399,743	45	1,796,451	19	1,568,977	\$5.18
2006	16,552	565,474,889	63,143,300	63,637,676	11.3%	(3,303,780)	62	2,764,941	36	1,149,728	\$5.43
2005	16,497	563,494,592	57,500,991	58,353,599	10.4%	6,279,273	89	4,898,329	51	2,391,764	\$5.48
2004	16,412	558,979,742	58,509,741	60,118,022	10.8%	4,338,539	81	2,857,376	85	4,678,401	\$5.68
2003	16,335	556,237,925	59,904,821	61,714,744	11.1%	(2,198,226)	106	4,140,943	57	1,997,266	\$5.64
2002	16,232	552,115,610	53,135,338	55,394,203	10.0%	(815,807)	126	4,756,461	94	3,522,890	\$5.10
2001	16,112	547,551,960	46,825,518	50,014,746	9.1%	(5,932,061)	204	8,989,425	124	4,684,587	\$5.50

Source: CoStar Property®

**Retail Market**

**General Retail Market Statistics**

Mid-Year 2012

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Bloomfield	657	4,898,232	247,098	361,981	7.4%	34,458	0	0	\$12.31
Detroit/The Pointes	3,733	23,875,040	1,976,373	2,001,152	8.4%	101,093	0	27,250	\$9.03
Downriver	920	6,786,204	484,949	489,793	7.2%	24,763	0	8,000	\$10.34
Livingston/W Oakland	1,385	9,318,343	334,103	334,103	3.6%	37,447	12,976	0	\$12.34
Macomb	2,710	19,326,869	1,385,003	1,432,413	7.4%	(12,957)	6,692	6,520	\$10.21
North Oakland	1,258	9,549,505	928,059	937,746	9.8%	49,032	3,648	5,300	\$11.28
Royal Oak	1,514	7,324,257	558,368	558,368	7.6%	(15)	0	0	\$14.34
Southfield	296	2,790,592	170,486	170,486	6.1%	14,187	0	0	\$10.83
Troy	209	1,873,565	148,181	149,181	8.0%	13,615	9,846	0	\$11.82
Washtenaw	1,690	11,052,801	501,956	508,598	4.6%	(24,244)	0	174,829	\$19.19
West Wayne	2,737	20,263,124	2,137,195	2,290,094	11.3%	101,114	9,207	34,053	\$9.35
<b>Totals</b>	<b>17,109</b>	<b>117,058,532</b>	<b>8,871,771</b>	<b>9,233,915</b>	<b>7.9%</b>	<b>338,493</b>	<b>42,369</b>	<b>255,952</b>	<b>\$10.97</b>

Source: CoStar Property®

**Construction Activity - Markets Ranked by Under Construction Square Footage** Mid-Year 2012

Market	Under Constructon Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Livingston/W. Oakland	3	174,829	174,829	100.00%	9,697	58,276
Washtenaw	1	148,864	148,864	100.00%	12,815	148,864
Macomb	2	34,053	19,053	56.00%	12,750	17,026
Detroit/The Pointes	2	27,250	14,000	51.40%	7,658	13,625
West Wayne	1	8,000	8,000	100.00%	11,903	8,000
Troy	2	6,520	6,520	100.00%	13,012	3,260
North Oakland	1	5,300	2,014	38.00%	14,546	5,300
Downriver	0	0	0	0.00%	12,898	0
Southfield	0	0	0	0.00%	19,410	0
Royal Oak	0	0	0	0.00%	25,792	0
All Other	0	0	0	0.00%	6,839	0
<b>Total</b>	<b>12</b>	<b>404,816</b>	<b>373,280</b>	<b>90.50%</b>	<b>11,468</b>	<b>33,735</b>

Source: CoStar

**General Retail Market Statistics**

Mid-Year 2012

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	
2012 2q	17,109	117,058,532	8,871,771	9,233,915	7.9%	(66,316)	3	14,662	11	255,952	\$10.97
2012 1q	17,110	117,081,094	8,825,987	9,190,161	7.8%	404,809	5	27,707	12	242,235	\$10.96
2011 4q	17,107	117,102,385	9,239,230	9,616,261	8.2%	246,468	1	6,000	12	228,669	\$10.96
2011 3q	17,108	117,112,097	9,478,220	9,872,441	8.4%	45,069	5	242,189	4	20,852	\$11.08
2011 2q	17,108	116,900,262	9,298,975	9,705,675	8.3%	134,250	3	83,980	6	249,009	\$11.17
2011 1q	17,108	117,010,644	9,588,653	9,950,307	8.5%	165,486	2	21,750	8	326,169	\$11.03
2010 4q	17,112	117,009,076	9,514,013	10,114,225	8.6%	729,809	5	183,049	6	287,730	\$11.24
2010 3q	17,110	116,856,522	10,140,941	10,691,480	9.1%	325,423	1	3,200	9	286,569	\$11.51
2010 2q	17,112	116,878,698	10,415,309	11,039,079	9.4%	395,078	4	57,800	5	184,350	\$11.75
2010 1q	17,111	116,840,976	10,721,690	11,396,435	9.8%	(273,370)	3	11,956	7	234,650	\$11.93
2009 4q	17,108	116,829,020	10,428,760	11,111,109	9.5%	(200,649)	6	43,837	6	63,556	\$11.77
2009 3q	17,104	116,940,339	10,313,789	11,021,779	9.4%	(396,541)	3	28,987	10	100,793	\$12.05
2009 2q	17,104	116,961,664	9,928,692	10,646,563	9.1%	(418,734)	3	25,430	9	74,824	\$12.21
2009 1q	17,106	117,127,671	9,664,096	10,393,836	8.9%	495,091	14	414,620	8	65,022	\$12.43
2008	17,092	116,713,051	9,750,185	10,474,307	9.0%	870,677	60	879,742	19	461,345	\$12.88
2007	17,040	115,879,313	10,157,847	10,511,246	9.1%	2,086,171	74	867,373	45	657,668	\$12.74

Source: CoStar Property®