

# JUDEH & ASSOCIATES

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

## ***3Q13 – WHAT’S BEEN HAPPENING!***

**FIRST WOMAN NOMINATED BY OBAMA** – President Obama nominated Janet Yellen to succeed Ben Bernanke as the next chairman of the Federal Reserve. According to the Wall Street Journal, Yellen has served as the Fed’s vice chair for the last three years. *You Go Girl!*

**WELLS FARGO TO PAY \$869 MILLION** – According to the National Mortgage News on Oct 1, the nation’s largest home lender has agreed to an \$869 million settlement with Freddie Mac over allegations that it sold faulty loans to the government-sponsored agency before Jan 2009.

**PRIVATE INVESTORS ON THE MOVE** – HousingWire reported that private real estate funds seeking to acquire assets raised up to \$39 billion since April, a 56% increase during the same 6-month period in 2012. Reportedly, they are particularly interested in residential and single-family rental properties given that this market has been highly untapped at the institutional level. Most housing stocks are individually owned.

**\$57 BILLION IN BAD LOANS** – The National Mortgage News reported that the nation’s largest banks are holding \$57 billion in bad loans that they have not yet moved into foreclosure for fear that FHA, instead of covering their losses, will instead sue them. Bank of America, Citigroup, JPMorgan Chase and Wells Fargo have re-assured their investors that these are government-insured loans that should not impact their bottom line.

**OBJECT TO BANK OF AMERICA SETTLEMENT** – The Wall Street Journal reported that the FDIC filed an objection on Oct 7 to the settlement that Bank of America proposed to resolve allegations that it sold billions of dollars in mortgage-backed securities backed by faulty loans originated by Countrywide. The reason for the objection dealt with the argument that the subset of plaintiffs that negotiated it had a conflict of interest and that they “would receive substantial payments at the expense of the rest of the class,” reported WSJ.

**BANKS CAN’T APPEAL** – On Oct 7, the US Supreme Court ruled that banks sued by the Federal Housing Finance Agency for any alleged faulty mortgages that they sold to Fannie and Freddie will not be allowed to appeal a preliminary lower court ruling upholding the suits, reported Reuters.

**MORTGAGE REITs DANGEROUS** – Bloomberg reported on Oct 9 that the International Monetary Fund said that regulators should increase their supervision of the biggest real estate investment trust that use borrowed funds to invest in mortgage-back securities due to the fear that rising interest rates could force them into asset sales that might destabilize markets. It was reported in the IMF’s Global Financial Stability Report that “significant asset sales could spook the REITs’ lender, disrupt the \$5.3 billion market in which they invest and harm the overall US economy.”

**DIVERSITY AT LAW FIRMS** – According to a recently published report by CREW Network, women and minorities still don’t mix well with law firms. Women as real estate partners make up 18.70%, as general law firm partners, the number rises slightly to 19.80%. As law students, law firm associates and real estate associates, their numbers are 44.70%, 44.20% and 45.30% respectively. Minorities, on the other hand, include a dramatically lower level of participation. As law students (24.60%), as law firm associates (23.60%), as real estate associates (17.80%), as law firm partners (8.40%) and as real estate partners (5.80%).

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**Office Market**

**Total Office Market Statistics**

Third Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Bloomfield	779	17,381,290	2,569,328	2,583,866	14.9%	74,920	0	0	\$19.52
Detroit/The	948	45,539,806	7,430,372	7,505,969	16.5%	519,390	0	0	\$17.52
Downriver	364	3,038,365	658,675	658,675	21.7%	(35,283)	0	0	\$15.04
Livingston/W	694	8,007,860	1,057,516	1,058,988	13.2%	56,711	11,232	56,820	\$19.40
Macomb	1,528	14,973,857	2,008,150	2,033,693	13.6%	16,984	0	3,428	\$15.79
North Oak-	753	18,826,839	3,416,663	3,453,530	18.3%	87,066	0	0	\$17.38
Royal Oak	627	5,151,632	657,988	657,988	12.8%	(21,766)	0	0	\$16.48
Southfield	587	23,511,989	5,566,627	5,749,220	24.5%	101,296	0	0	\$17.44
Troy	324	18,100,456	5,426,883	5,471,589	30.2%	(6,313)	0	0	\$18.34
Washtenaw	885	15,044,881	1,266,583	1,267,963	8.4%	70,699	6,235	0	\$18.70
West Wayne	1,610	25,025,891	3,750,068	3,808,953	15.2%	104,302	0	26,434	\$16.50
<b>Totals</b>	<b>9,099</b>	<b>194,602,866</b>	<b>33,808,853</b>	<b>34,250,434</b>	<b>17.6%</b>	<b>968,006</b>	<b>17,467</b>	<b>86,682</b>	<b>\$17.59</b>

Source: CoStar Property®

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

Third Quarter 2013

Market	Under Construction Inventory				Average Bldg Size	
	# Blds	Total GLA	Preleased SF	Preleased %	All Existing	U / C
North Oakland	2	263,860	250,906	95.1%	13,739	131,930
Washtenaw	3	94,949	58,323	61.4%	9,785	31,650
Bloomfield	1	22,800	10,032	44.0%	12,833	22,800
Southfield	2	15,525	15,525	100.0%	19,913	7,762
West Wayne	4	11,272	11,272	100.0%	10,922	2,818
Macomb	1	2,101	2,101	100.0%	12,148	2,101
Livingston/W. Oakland	1	541	541	100.0%	13,053	541
Downriver	0	0	0	0.0%	11,076	0
Troy	0	0	0	0.0%	24,720	0
Detroit/The Pointes	0	0	0	0.0%	6,707	0
All Other	0	0	0	0.0%	6,867	0
<b>Totals</b>	<b>14</b>	<b>411,048</b>	<b>348,700</b>	<b>84.8%</b>	<b>10,736</b>	<b>29,361</b>

Source: Costar

**Total Office Market Statistics**

Third Quarter 2013

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	
2013 3q	9,099	194,602,866	33,808,853	34,250,434	17.6%	688,295	0	0	4	86,682	\$17.59
2013 2q	9,100	194,620,016	34,383,842	34,955,879	18.0%	356,945	1	11,232	3	29,862	\$17.64
2013 1q	9,101	194,865,999	34,949,668	35,558,807	18.2%	(77,234)	1	6,235	3	31,094	\$17.07
2012 4q	9,101	194,995,764	35,015,828	35,611,338	18.3%	674,605	3	61,484	3	33,901	\$17.80
2012 3q	9,100	195,028,134	35,654,402	36,318,313	18.6%	922,336	2	273,370	5	78,951	\$17.76
2012 2q	9,098	194,754,764	36,460,456	36,967,279	19.0%	(133,625)	2	66,986	7	352,321	\$17.97
2012 1q	9,098	194,729,082	36,149,379	36,807,972	18.9%	120,008	2	81,700	7	401,840	\$18.04
2011	9,098	194,668,641	36,154,766	36,867,539	18.9%	953,409	10	313,419	6	422,056	\$18.28
2010	9,092	194,426,728	36,677,491	37,579,035	19.3%	(979,350)	13	359,811	10	511,298	\$18.86
2009	9,087	194,393,876	35,273,470	36,566,833	18.8%	(3,462,168)	21	282,118	13	500,519	\$18.88
2008	9,071	194,193,360	31,719,532	32,904,149	16.9%	(883,721)	30	578,105	19	255,545	\$19.53
2007	9,045	193,622,730	30,405,082	31,449,798	16.2%	1,523,304	75	1,861,872	27	568,932	\$20.07
2006	8,978	191,781,857	30,217,436	31,132,229	16.2%	697,337	94	2,480,521	63	1,736,141	\$20.45
2005	8,885	189,304,511	28,541,031	29,352,220	15.5%	(214,566)	100	2,050,832	89	2,822,211	\$20.51
2004	8,786	187,303,679	26,015,829	27,136,822	14.5%	2,173,754	110	3,569,540	90	2,072,675	\$20.56
2003	8,678	184,496,711	24,719,402	26,503,608	14.4%	1,299,366	88	3,196,592	105	3,736,147	\$21.10

Source: CoStar Property®

**Industrial Market**

Third Quarter  
2013

**Total Industrial Market Statistics**

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	3,121	123,405,970	12,477,771	12,562,786	10.2%	789,929	250,000	0	\$4.21
Detroit Area Ind	1,837	82,645,650	13,708,811	13,708,811	16.6%	995,601	0	0	\$3.23
Downriver Ind	664	37,263,649	4,471,993	4,471,993	12.0%	260,733	0	0	\$3.72
East Area Ind	4,073	115,865,877	4,187,281	4,213,281	3.6%	944,934	0	302,000	\$4.36
I-96 Corridor Ind	2,097	54,949,393	4,214,993	4,277,282	7.8%	(79,596)	56,327	54,960	\$6.11
Oakland County NW Ind	1,370	54,011,783	5,009,789	5,027,789	9.3%	827,941	0	0	\$5.21
Royal Oak/Southfield Ind	1,221	20,085,180	1,806,594	1,806,594	9.0%	64,989	0	0	\$5.00
Troy Area Ind	1,459	30,830,604	2,000,314	2,020,185	6.6%	307,845	0	0	\$5.11
Washtenaw Ind	883	37,033,911	7,502,141	7,505,641	20.3%	170,786	0	0	\$5.81
<b>Totals</b>	<b>16,725</b>	<b>556,092,017</b>	<b>55,379,687</b>	<b>55,594,362</b>	<b>10.0%</b>	<b>4,283,162</b>	<b>306,327</b>	<b>356,960</b>	<b>\$4.49</b>

Source: CoStar Property®

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

Third Quarter 2013

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
East Area Ind	2	302,000	267,800	88.7%	28,465	151,000
I-96 Corridor Ind	1	54,960	0	0.0%	26,204	54,960
Downriver	0	0	0	0.0%	56,120	0
Oakland County NW Ind	0	0	0	0.0%	39,425	0
Royal Oak/Southfield Ind	0	0	0	0.0%	16,450	0
Troy Area Ind	0	0	0	0.0%	21,131	0
Airport/I-275 Ind	0	0	0	0.0%	39,541	0
Washtenaw Ind	0	0	0	0.0%	41,941	0
Detroit Area Ind	0	0	0	0.0%	44,989	0
<b>Totals</b>	<b>3</b>	<b>356,960</b>	<b>267,800</b>	<b>75.0%</b>	<b>33,249</b>	<b>118,987</b>

Source: Costar

**Total Industrial Market Statistics**

Third Quarter  
2013

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	
2013 3q	16,725	556,092,017	55,379,687	55,594,362	10.0%	1,489,516	0	0	3	356,960	\$4.49
2013 2q	16,727	556,178,017	56,926,157	57,169,878	10.3%	212,929	1	250,000	3	356,960	\$4.45
2013 1q	16,727	556,030,024	57,021,558	57,234,814	10.3%	2,580,717	1	56,327	4	606,960	\$4.46
2012 4q	16,726	555,973,697	59,465,304	59,759,204	10.7%	2,953,883	2	321,428	4	608,327	\$4.42
2012 3q	16,724	555,652,269	62,076,807	62,391,659	11.2%	2,640,597	0	0	6	929,755	\$4.39
2012 2q	16,725	555,702,269	64,719,049	65,082,256	11.7%	2,666,186	2	61,736	3	591,428	\$4.40
2012 1q	16,728	556,095,353	67,719,314	68,141,526	12.3%	1,504,392	1	68,475	5	653,164	\$4.37
2011	16,729	556,176,148	69,207,124	69,726,713	12.5%	3,506,260	2	196,336	5	432,211	\$4.37
2010	16,750	560,514,807	76,440,136	77,571,632	13.8%	(6,625,326)	6	383,137	3	481,336	\$4.52
2009	16,753	560,880,416	68,918,011	71,311,915	12.7%	(10,411,128)	10	379,974	4	130,655	\$4.77
2008	16,752	561,254,049	59,340,503	61,274,420	10.9%	2,781,239	26	2,211,170	12	482,678	\$5.06
2007	16,728	559,368,504	60,612,493	62,170,114	11.1%	3,214,188	47	2,451,053	20	1,702,930	\$5.20
2006	16,688	557,260,107	62,756,542	63,275,905	11.4%	(3,136,081)	66	3,608,662	38	1,550,192	\$5.45
2005	16,629	554,436,089	56,463,198	57,315,806	10.3%	6,809,909	94	4,798,823	54	2,599,023	\$5.50
2004	16,539	550,020,745	58,102,090	59,710,371	10.9%	3,885,353	82	2,822,531	91	4,750,980	\$5.70
2003	16,461	547,313,773	59,108,829	60,888,752	11.1%	(2,086,843)	111	4,005,675	58	1,950,344	\$5.59

Source: CoStar Property®

**Retail Market**

Total Retail Market Statistics

Third Quarter 2013

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total GLA	Direct SF	Total SF	Vac %				
Bloomfield	817	10,484,585	949,347	1,103,687	10.5%	29,381	0	22,800	\$14.42
Detroit/The Pointes	4,272	28,652,621	2,898,552	2,997,180	10.5%	392,775	367,808	0	\$10.51
Downriver	1,215	13,457,336	1,997,261	1,999,387	14.9%	(23,556)	24,918	0	\$10.34
Livingston/W Oakland	1,783	23,273,485	1,581,710	1,733,710	7.4%	8,928	10,134	541	\$15.36
Macomb	3,827	46,489,498	4,611,567	4,884,519	10.5%	149,343	21,335	2,101	\$11.55
North Oakland	1,696	23,302,003	2,602,428	2,675,665	11.5%	156,901	5,300	263,860	\$10.18
Royal Oak	1,693	11,625,587	785,758	792,628	6.8%	43,471	0	0	\$13.99
Southfield	382	7,606,924	590,162	590,162	7.8%	53,530	9,104	15,525	\$14.32
Troy	322	7,959,727	486,495	486,495	6.1%	71,171	26,136	0	\$14.51
Washtenaw	1,906	18,649,410	1,030,697	1,030,697	5.5%	328,806	201,662	94,949	\$14.18
West Wayne	4,393	47,978,800	4,627,877	4,733,223	9.9%	413,063	232,289	11,272	\$10.75
<b>Totals</b>	<b>22,306</b>	<b>239,479,976</b>	<b>22,161,854</b>	<b>23,027,353</b>	<b>9.6%</b>	<b>1,623,813</b>	<b>898,686</b>	<b>411,048</b>	<b>\$11.97</b>

Source: CoStar Property®

Construction Activity - Markets

Third Quarter 2013

Market	Under Construction Inventory				Average Bldg Size	
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North Oakland	2	263,860	250,906	95.1%	13,739	131,930
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Source: Costar

Total Retail Market Statistics

Third Quarter 2013

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	
2013 3q	22,306	239,479,976	22,161,854	23,027,353	9.6%	580,313	16	510,467	14	411,048	\$11.97
2013 2q	22,295	239,008,055	22,265,972	23,135,745	9.7%	839,747	10	279,134	24	561,569	\$11.82
2013 1q	22,288	238,740,786	22,823,643	23,708,223	9.9%	203,753	13	109,085	29	800,585	\$11.90
2012 4q	22,278	238,752,681	22,988,488	23,923,871	10.0%	349,987	8	44,865	32	789,862	\$11.95
2012 3q	22,270	238,707,816	23,287,126	24,228,993	10.2%	528,045	8	183,584	30	323,872	\$12.05
2012 2q	22,265	238,541,006	23,555,442	24,590,228	10.3%	(235,408)	12	227,000	23	367,051	\$12.08
2012 1q	22,258	238,354,730	23,294,481	24,168,544	10.1%	502,932	9	114,006	25	505,920	\$12.02
2011 4q	22,253	238,298,279	23,612,001	24,615,025	10.3%	424,360	3	98,200	24	503,170	\$11.95
2011 3q	22,252	238,215,791	23,866,097	24,956,897	10.5%	20,478	6	255,663	12	360,961	\$12.03
2011 2q	22,251	237,990,482	23,509,855	24,752,066	10.4%	25,651	4	87,880	10	419,005	\$12.13
2011 1q	22,250	238,096,964	23,703,530	24,884,199	10.5%	119,288	8	72,670	12	458,065	\$12.09
2010	22,248	238,044,476	23,541,899	24,950,999	10.5%	1,390,593	27	768,569	13	342,550	\$12.02
2009	22,230	237,351,856	23,792,695	25,648,972	10.8%	(293,782)	72	2,210,718	16	403,791	\$12.69
2008	22,167	235,394,043	21,675,682	23,397,377	9.9%	1,836,709	129	2,259,190	56	1,810,262	\$14.05
2007	22,046	233,180,857	21,745,281	23,020,900	9.9%	3,988,440	165	3,794,573	96	1,799,356	\$14.10
2006	21,886	229,410,214	22,457,318	23,238,697	10.1%	(200,230)	179	2,927,435	128	3,309,054	\$13.97

Source: CoStar Property®