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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

3Q14 – WHAT'S BEEN HAPPENING!

SELF-DIRECTED IRAs – Self-directed IRAs are helping fund commercial real estate according to the National Real Estate Investor. Specifically, these IRAs account for 3 to 5% of the broader \$6.5 trillion IRA market which is \$195 billion to \$325 billion, according to data from the Retirement Industry Trust Association (RITA) and the Investment Company Institute.

INVESTORS ARE BULLISH – Investors are very bullish on the outlook of commercial real estate and they are backing such confidence with money. According to the NREI/Marcus 7 Millichap Investor Sentiment Survey, 70% plan to increase their commercial real estate holdings over the next 12 months. Only 59% of 1Q14 stated they planned to increase such investments.

WORLD'S 10 FASTEST GROWING CITIES – According to NREI, these cities are in order of ranking with 1 being the fastest – Tokyo, Shanghai, Mumbai, Mexico City, New York City, Beijing, Sao Paulo, Dhaka, Karachi, and Calcutta.

HOUSING MARKETS OVER-VALUED – According to Trulia, the following housing markets are overvalued: Austin, TX [19%], metro areas of Los Angeles [15%], Orange County [15%], San Francisco [12%], Riverside-San Bernardino [11%]. Trulia reports that during the last housing bubble, those California metro areas were sometimes overvalued by 87%.

UNDERVALUED HOUSING MARKETS – Trulia reports the following housing markets as undervalued: Dayton [21%], Cleveland [19%], Detroit [18%], Akron [18%], and Lake County-Kenosha County in Illinois and Wisconsin [17%].

FLAGSTAR FINED – The Consumer Financial Protection Bureau announced Sept 29 that it fined Flagstar Bank \$37.5 million for violating its new mortgage servicing rules, accusing the bank of illegally blocking borrowers' efforts to prevent foreclosure on their homes.

JPMORGAN FINED – A federal judge on Sept 30 ruled that JPMorgan Chase must face a class action lawsuit by investors who accused the bank of misleading them about the safety of \$10 billion of mortgage-backed securities, citing specific issues with the underwriting, appraisals and credit quality of loans underlying the certificates reported Reuters.

MOVE PURCHASED – Rupert Murdoch's News Corp will reportedly purchase Move, the firm that operates Realtor.com for the National Association of Realtors for \$950 million, HousingWire reported.

HOMES RETURNING TO POSITIVE EQUITY – According to CoreLogic, nearly 950,000 homes returned to positive equity in the second quarter, bringing the total number of mortgaged residential properties with equity in the US to more than 44 million. In addition, borrower equity was up year-over-year by almost \$1 trillion in the second quarter.

JUDEH INDUCTED HONORARY MEMBER – Jumana Judeh, MAI, CCIM was inducted as an Honorary Member of the Practising Valuers Association of India in August at their annual conference where she served as the main speaker. Her topic was "Valuation in Distressed Markets – Detroit as a Case Study." Meeting in Mumbai, PVAI was attended by over 100 appraisers in the region who expressed concern regarding their country's level of growth in foreign investment and their efforts to align India's valuation techniques with global standards.

SOCIAL MEDIA – Follow Judeh & Associates

Office Market

Total Office Market Statistics

Third Quarter 2014

Market	Existing Inventory		Vacancy			YTD Net		YTD	Under	Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF		
Bloomfield	776	17,322,250	2,405,085	2,410,502	13.9%	93,137	0	85,000	\$19.79	
Detroit/The Pointes	948	46,100,242	7,653,997	7,700,573	16.7%	286,042	0	180,000	\$17.48	
Downriver	371	3,072,449	635,637	635,637	20.7%	36,168	0	11,000	\$14.47	
Livingston/W Oakland	697	8,035,316	1,033,972	1,043,076	13.0%	4,283	56,820	108,696	\$20.00	
Macomb	1,533	15,126,860	2,062,891	2,081,502	13.8%	(152,255)	0	3,428	\$15.74	
North Oakland	764	19,639,738	2,992,522	3,048,782	15.5%	114,520	10,032	0	\$17.47	
Royal Oak	624	5,205,896	525,655	525,655	10.1%	54,557	0	0	\$16.02	
Southfield	585	23,538,190	5,485,627	5,659,258	24.0%	252,305	0	0	\$17.52	
Troy	327	18,180,112	4,480,093	4,526,336	24.9%	447,406	0	0	\$18.50	
Washtenaw	870	14,971,863	1,092,501	1,101,929	7.4%	136,029	0	0	\$19.05	
West Wayne	1,653	25,310,233	3,553,234	3,646,539	14.4%	40,583	20,000	17,420	\$16.69	
Totals	9,148	196,503,149	31,921,214	32,379,789	16.5%	1,312,775	86,852	405,544	\$17.68	

Source: CoStar PageOne

Construction Activity - Markets Ranked by Under Construction RBA

Third Quarter 2014

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U / C
Detroit/The Pointes	2	180,000	168,500	93.6%	48,629	90,000
Livingston/W Oakland	2	108,696	100,000	92.0%	11,528	54,348
Bloomfield	1	85,000	65,450	77.0%	22,322	85,000
West Wayne	2	17,420	3,247	18.6%	15,312	8,710
Downriver	1	11,000	11,000	100.0%	8,282	11,000
Macomb	1	3,428	3,428	100.0%	9,867	3,428
Royal Oak	0	0	0	0.0%	8,343	0
Troy	0	0	0	0.0%	55,597	0
Washtenaw	0	0	0	0.0%	17,209	0
Southfield	0	0	0	0.0%	40,236	0
All Other	0	0	0	0.0%	25,706	0

Source: CoStar

Total Office Market Statistics

Third Quarter 2014

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Bids	Total RBA	# Bids	Total RBA	
2014 3q	9,148	196,503,149	31,921,214	32,379,789	16.5%	542,636	1	10,000	9	405,544	\$17.68
2014 2q	9,150	196,543,758	32,566,489	32,963,034	16.8%	(179,467)	3	76,852	7	226,044	\$17.50
2014 1q	9,147	196,466,906	32,303,580	32,706,715	16.6%	949,606	0	0	7	109,200	\$17.51
2013 4q	9,149	196,502,106	33,293,491	33,691,521	17.1%	487,911	2	22,434	3	74,740	\$17.49
2013 3q	9,148	196,605,672	33,841,417	34,282,998	17.4%	742,526	1	17,050	5	97,174	\$17.55
2013 2q	9,148	196,605,772	34,453,587	35,025,624	17.8%	358,578	1	11,232	5	57,404	\$17.61
2013 1q	9,149	196,851,755	35,021,046	35,630,185	18.1%	(214,912)	2	16,635	4	52,636	\$17.05
2012	9,148	196,971,120	34,939,128	35,534,638	18.0%	1,050,242	13	504,959	6	69,271	\$17.70
2011	9,142	196,877,578	35,779,732	36,491,338	18.5%	1,338,602	9	308,919	11	451,326	\$18.18
2010	9,137	196,640,165	36,686,417	37,592,527	19.1%	(802,865)	14	362,561	10	514,718	\$18.75
2009	9,131	196,604,563	35,460,697	36,754,060	18.7%	(3,634,271)	21	293,865	14	503,269	\$18.77
2008	9,115	196,392,300	31,724,135	32,907,526	16.8%	(626,231)	32	838,958	19	267,292	\$19.42
2007	9,087	195,560,817	30,405,096	31,449,812	16.1%	1,631,456	74	1,830,241	29	829,785	\$20.06
2006	9,021	193,751,575	30,357,233	31,272,026	16.1%	487,952	91	2,411,478	64	1,963,184	\$20.42
2005	8,932	191,348,572	28,585,786	29,356,975	15.3%	(223,169)	100	2,057,500	89	2,836,064	\$20.39
2004	8,833	189,341,072	26,045,313	27,126,306	14.3%	2,169,390	112	3,595,879	92	2,106,443	\$20.44

Source: CoStar PageOne

Industrial Market

Total Industrial Market Statistics

Third Quarter 2014

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Airport/I-275 Ind	3,114	123,261,764	9,456,038	9,539,473	7.7%	759,574	0	52,000	\$4.30
Detroit Area Ind	1,836	83,026,110	12,377,886	12,377,886	14.9%	606,486	0	66,000	\$3.43
Downriver Ind	670	37,373,865	4,328,877	4,328,877	11.6%	(545,831)	0	0	\$3.76
East Area Ind	4,079	116,031,187	3,783,043	3,807,043	3.3%	439,297	0	704,463	\$4.65
I-96 Corridor Ind	2,096	58,026,736	3,114,952	3,220,692	5.6%	643,450	80,956	75,000	\$6.45
Oakland County NW Ind	1,387	51,346,742	2,940,077	2,980,077	5.8%	515,317	278,000	347,904	\$5.38
Royal Oak/Southfield Ind	1,213	19,814,320	1,722,313	1,722,313	8.7%	12,310	0	0	\$6.31
Troy Area Ind	1,454	30,782,700	1,303,009	1,303,009	4.2%	406,934	0	5,000	\$5.69
Washtenaw Ind	866	36,844,615	7,087,614	7,135,366	19.4%	35,848	0	0	\$5.91
Totals	16,715	556,508,039	46,113,809	46,414,736	8.3%	2,873,385	358,956	1,250,367	\$4.71

Source: CoStar Property®

Construction Activity - Markets Ranked by Under Construction RBA

Third Quarter 2014

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Prelease	All	U / C
East Area	8	704,463	652,258	92.6%	28,446	88,058
Oakland County NW	4	347,904	318,324	91.5%	37,020	86,976
I-96 Corridor	1	75,000	0	0.0%	27,685	75,000
Detroit Area	1	66,000	66,000	100.0%	45,221	66,000
Airport/I-275	1	52,000	0	0.0%	39,583	52,000
Troy	1	5,000	1,600	32.0%	21,171	5,000
Downriver	0	0	0	0.0%	55,782	0
Washtenaw	0	0	0	0.0%	42,546	0
Royal Oak/Southfield	0	0	0	0.0%	16,335	0
Totals	16	1,250,367	1,038,182	83.0%	33,294	78,148

Source: Costar

Total Industrial Market Statistics

Third Quarter 2014

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total RBA	# Blds	Total RBA	
2014 3q	16,715	556,508,039	46,113,809	46,414,736	8.3%	(127,966)	0	0	16	1,250,367	\$4.71
2014 2q	16,717	556,563,919	46,067,526	46,342,650	8.3%	1,966,412	1	54,960	12	859,109	\$4.71
2014 1q	16,718	556,554,219	48,035,234	48,299,362	8.7%	1,034,939	2	303,996	11	875,065	\$4.65
2013 4q	16,717	556,770,223	49,331,307	49,550,305	8.9%	1,654,367	0	0	10	1,060,058	\$4.61
2013 3q	16,719	558,229,346	52,464,736	52,663,795	9.4%	2,214,200	0	0	5	660,284	\$4.52
2013 2q	16,723	558,485,723	54,906,267	55,134,372	9.9%	760,267	1	250,000	5	660,284	\$4.47
2013 1q	16,723	558,337,730	55,549,106	55,746,646	10.0%	2,354,341	3	117,972	4	606,960	\$4.48
2012	16,720	558,219,758	57,704,731	57,983,015	10.4%	9,910,476	5	451,639	6	669,972	\$4.44
2011	16,724	558,546,259	67,716,019	68,219,992	12.2%	4,197,348	2	196,336	5	432,211	\$4.38
2010	16,745	562,884,918	75,640,119	76,755,999	13.6%	(6,355,118)	6	383,137	3	481,336	\$4.54
2009	16,750	563,338,592	68,476,267	70,854,555	12.6%	(9,828,437)	10	379,974	4	130,655	\$4.79
2008	16,749	563,712,225	59,485,705	61,399,751	10.9%	3,642,625	28	2,332,951	12	482,678	\$5.10
2007	16,723	561,704,899	61,477,429	63,035,050	11.2%	3,043,140	47	2,451,064	21	1,812,258	\$5.25
2006	16,683	559,596,491	63,450,419	63,969,782	11.4%	(3,388,174)	65	3,374,950	38	1,550,203	\$5.50
2005	16,625	557,006,185	57,145,121	57,991,302	10.4%	7,344,939	97	5,234,085	53	2,365,311	\$5.55
2004	16,531	552,114,399	58,845,472	60,444,455	10.9%	3,805,830	82	2,780,616	93	5,014,157	\$5.74

Source: CoStar Property®

Retail Market

Total Retail Market Statistics

Third Quarter 2014

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Bloomfield	826	10,604,958	974,556	1,112,831	10.5%	92,539	75,000	14,820	\$15.41
Detroit/The Pointes	4,424	28,778,345	2,955,915	2,986,813	10.4%	102,761	4,000	190,000	\$10.03
Downriver	1,289	13,946,253	1,995,927	2,045,711	14.7%	101,085	0	7,500	\$10.83
Livingston/W Oakland	1,798	23,514,016	1,311,596	1,330,576	5.7%	151,265	2,032	0	\$14.81
Macomb	3,904	47,032,186	4,068,533	4,317,665	9.2%	478,767	118,271	85,981	\$11.33
North Oakland	1,809	23,587,280	2,537,495	2,657,353	11.3%	116,549	22,880	27,618	\$10.57
Royal Oak	1,716	11,742,274	587,134	605,176	5.2%	109,779	27,283	19,823	\$14.46
Southfield	391	7,229,810	861,819	863,237	11.9%	49,855	0	0	\$13.57
Troy	335	7,962,284	287,575	287,575	3.6%	11,158	8,186	0	\$16.71
Washtenaw	1,901	18,339,694	844,493	844,493	4.6%	150,546	1,950	259,726	\$14.32
West Wayne	4,548	48,476,439	4,152,701	4,274,197	8.8%	203,919	42,922	92,867	\$10.79
Totals	22,941	241,213,539	20,577,744	21,325,627	8.8%	1,568,223	302,524	698,335	\$11.92

Source: CoStar Prologis

Construction Activity - Markets Ranked by Under Construction RBA

Third Quarter 2014

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U / C
Washtenaw	4	259,726	251,726	96.9%	9,647	64,931
Detroit/The Pointes	1	190,000	190,000	100.0%	6,505	190,000
West Wayne	13	92,867	70,593	76.0%	10,659	7,144
Macomb	2	85,981	85,981	100.0%	12,047	42,990
North Oakland	3	27,618	8,577	31.1%	13,039	9,206
Royal Oak	3	19,823	19,823	100.0%	6,843	6,608
Bloomfield	1	14,820	14,820	100.0%	12,839	14,820
Downriver	1	7,500	5,250	0.0%	10,819	7,500
Troy	0	0	0	0.0%	23,768	0
Southfield	0	0	0	0.0%	18,491	0
All Other	0	0	0	0.0%	13,078	0
Totals	28	698,335	646,770	92.6%	10,515	24,941

Source: Costar

Total Retail Market Statistics

Third Quarter 2014

Period	Existing Inventory		Vacancy			Net	Deliveries		UC Inventory		Quoted
	# Blds	Total GLA	Direct SF	Total SF	Vac %	Absorption	# Blds	Total GLA	# Blds	Total GLA	Rates
2014 3q	22,941	241,213,539	20,577,744	21,325,627	8.8%	450,406	3	41,700	28	698,335	\$11.92
2014 2q	22,941	241,205,969	20,982,932	21,768,463	9.0%	473,451	7	128,954	17	615,595	\$11.95
2014 1q	22,940	241,223,362	21,600,084	22,259,307	9.2%	644,366	9	131,870	14	220,469	\$11.87
2013 4q	22,933	241,221,182	22,200,799	22,901,493	9.5%	(55,948)	18	151,037	21	312,258	\$11.89
2013 3q	22,921	241,351,102	22,282,236	22,975,465	9.5%	808,329	18	519,305	35	441,542	\$11.98
2013 2q	22,909	240,895,843	22,632,732	23,328,535	9.7%	744,925	11	287,975	44	892,397	\$11.80
2013 1q	22,901	240,619,733	23,069,848	23,797,350	9.9%	212,850	19	154,895	36	894,243	\$11.89
2012 4q	22,885	240,585,818	23,197,980	23,976,285	10.0%	392,642	9	53,265	40	851,967	\$11.91
2012 3q	22,876	240,532,553	23,530,873	24,315,662	10.1%	666,152	8	183,584	38	385,536	\$12.05
2012 2q	22,872	240,373,955	23,799,508	24,823,216	10.3%	(263,302)	12	221,267	24	379,605	\$12.08
2012 1q	22,865	240,193,412	23,516,386	24,379,371	10.1%	483,850	11	119,206	25	504,341	\$12.01
2011	22,859	240,136,361	23,814,224	24,806,170	10.3%	628,718	25	536,881	26	502,637	\$11.94
2010	22,850	239,860,090	23,798,187	25,158,617	10.5%	1,192,733	26	713,898	17	365,018	\$11.99
2009	22,834	239,224,717	23,903,700	25,715,977	10.7%	9,663	79	2,332,328	15	349,120	\$12.67
2008	22,764	237,145,294	21,932,416	23,646,217	10.0%	2,073,171	132	2,421,971	61	1,926,313	\$14.03
2007	22,641	234,774,327	22,088,074	23,348,421	9.9%	4,146,462	169	3,871,950	100	1,969,000	\$14.05

Source: CoStar Prologis