

DECEMBER 2014

# DETROIT MARKET RECAP

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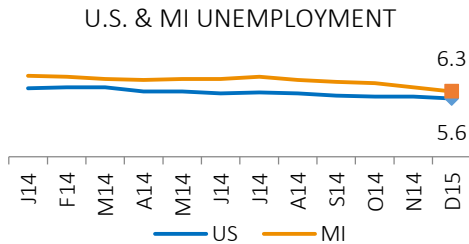
## EMPLOYMENT



DECEMBER U.S. UNEMPLOYMENT 8,688,000 ↓16.1% vs YOY	DECEMBER MI UNEMPLOYMENT 298,000 ↓23.0% vs YOY
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Michigan's unemployment rate dropped to 6.3% in December (a .4 percentage point decrease from November). Total employment rose by 21,000 over the month while the number of unemployed declined by 21,000.

The U.S. December unemployment rate dropped to 5.6% (a .2 percentage point decrease from November). The rate is at its lowest point since 2008. The U.S. capped its best year for hiring in 15 years with a healthy gain in December, and the unemployment rate reached a six-year low. The numbers support expectations that the U.S. will strengthen further this year even as overseas economies stumble.



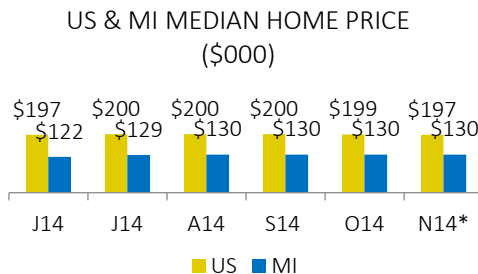
## REAL ESTATE



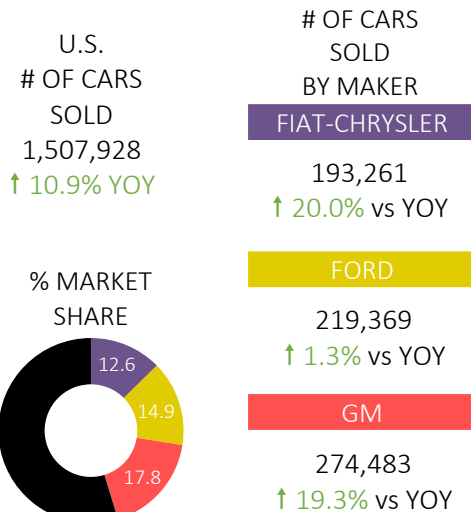
DECEMBER U.S. FORECLOSURES 1 in 1,153 HOMES	DECEMBER MI FORECLOSURES 1 in 1,578 HOMES
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People continue to write bigger rent checks in or around downtown Detroit. Driving the higher prices is a demand for apartments that exceeds the supply of available units. The going rent for newly built or restored Class A apartments is up to about \$1.70 per square foot in Midtown and \$2 per square foot in downtown. Five years ago, \$1.25 per square foot was the going rate. Some younger renters complain they've been priced out of the market.

The City of Detroit announced it selected Larson Realty Group to redevelop the Tiger Stadium site, choosing a proposal that will preserve the historic playing field, and add residential and commercial space. Larson's plan calls for smaller retail along Michigan Avenue, as well as a mix of for-rent and for-sale housing.



## AUTOMOTIVE



In December, automakers reported a 10.9% YOY increase in new car sales, with 1.5 million cars sold in the U.S.

- For December, Fiat-Chrysler saw 193,261 new vehicle sales (+20.0% YOY).
- Ford had 219,369 new vehicle sales (+1.3% YOY) in December.
- GM sold 274,483 new vehicles in December (+19.3% YOY).

Fiat-Chrysler launched a public offering of 87 million shares of common stock as the automaker works to raise capital to help with an ambitious five-year strategic plan.



## DETROIT REVITALIZATION

A four-story apartment building at 711 Alexandrine in Detroit's Midtown is undergoing a \$6-million renovation, to reopen in mid-2015 as the Rainier, a 36-unit market-rate building catering to students and young professionals. The project is possible due to a \$100-million commitment to Detroit by JPMorgan Chase, which committed \$40 million to two community development financial institutions.

Michigan has divided more than \$75 million in federal funding to fight blight among 12 cities, with Detroit getting about two-thirds of the money. Detroit is getting \$50 million from the U.S. Department of Treasury's "Hardest Hit" fund program, including \$2.6 million in reserves from an earlier round of funding.

Dan Gilbert's Bedrock Real Estate Services said it purchased the elegant State Savings Bank building at 151 W. Fort St., perhaps the city's finest example of the Beaux-Arts style that flourished more than a century ago. Bedrock has not determined what kind of use they will deliver for the building.

Former GM facilities in Oakland County are being sold to Industrial Realty Group. The company is buying the Pontiac Centerpoint Campus West and Pontiac Centerpoint Campus Central properties. The company plans to renovate the facilities for manufacturing and office use.

The New York-based Ford Foundation announced \$1.3 million in grants that will go to seven efforts focused on building civic engagement in the city. Grants were awarded to: 1) Economic Justice Alliance of Michigan, 2) Detroit Voices, 3) Demos: Building Movement Project, 4) Detroit Hispanic Development Corporation, 5) PICO, 6) 482Forward, and 7) Community Development Advocates.

## DEPARTMENT STORES

Northland Center mall in Southfield will stay open after the holidays despite its pending foreclosure. The mall has lost more than half its tenants and went into receivership this fall after defaulting on a \$31-million loan. The 1.4-million-square-foot shopping center is now under the management of Syracuse, N.Y.-based Spinoso Real Estate Group, which took over in late September. There are currently no plans to close Northland.

Outlet Partners LLC has scrapped plans to build a sprawling outlet mall in Canton. The developer has indicated the costs of buying land, improving traffic flow and addressing potential wetlands issues doomed the outlet mall. Company officials had indicated the 375,000-square-foot outlet mall could house as many as 100 stores, making Canton an even stronger shopping destination alongside IKEA and other retail options along the Ford Road corridor.

## CONSUMER ELECTRONICS

Shareholders of Detroit-based Compuware voted to approve the company's \$2.4 billion purchase by the private equity firm Thoma Bravo of California. Compuware shareholders are in line to receive \$10.75 per share. Compuware had 3,000 employees worldwide this fall, including 1,200 in Detroit. Compuware announced plans to split off its declining mainframe computer business from its faster-growing application performance management business.

## GROCERY

Dearborn-based Westborn Market recently signed a long-term lease with the owners of the former Pursell Station post office in downtown Plymouth. They plan to use the nearly 11,000-square-foot building for the specialty grocery chain's fourth location. The building closed last spring when the U.S. Postal Service moved to a store nearby.

## FINANCIAL

The government is selling the last of its shares in Ally Financial Inc., the former financing arm of GM that was bailed out during the financial crisis. Detroit-based Ally said the Treasury Department is selling its remaining 54.9 million shares - that would be worth about \$1.25 billion. The government received \$18.3 billion from its investment in the company.

Southfield-based Meadowbrook Insurance said it has reached an agreement to be acquired for \$433 million by Fosun International Ltd. Meadowbrook has been developing and managing specialty property and casualty insurance programs for more than 20 years. Meadowbrook, which has been working to cast off unprofitable lines of business, said the decision to sell the company comes after a thorough review of strategic alternatives by the Meadowbrook board of directors.

## ENTERTAINMENT

Revenue at Detroit's three casinos was up in December. Greektown saw the best results, up 12% YOY to \$28.4 million, MGM's revenue of \$50.1 million was up 11.5% YOY, and MotorCity's \$39.6 million in revenue represented a 7.6% increase YOY.

## RESTAURANT

Slows Bar-B-Q, a Detroit eatery, is planning to add a Pontiac location. Construction is expected to start in early 2015, and open by the end of the year. The restaurant will be located next to a redeveloped Strand Theater.

The Ilitch family unveiled plans for a new 8-story office tower next door to its current corporate hub in the Fox Theatre building. The planned building more than double the size of the Little Caesars pizza headquarters campus. The new 205,000-square-foot Little Caesars structure will be one of 14 new buildings in the Ilitches' expansive \$650-million arena district development.

## BUSINESS SERVICES

Troy-based HTC Global Services, an information technology outsourcing services firm, bought CareTech Solutions, a health care industry IT firm that is also based in Troy. CareTech, which employs 650 people in Troy and a total 1,200 nationally, will retain its brand name and operate as a wholly owned subsidiary of HTC. HTC Global employs about 200 people in Troy and 6,000 globally.

## OTHER

Detroit-based private equity firm Rockbridge Growth Equity, co-founded by Dan Gilbert, bought the Robb Report, an authority on luxury lifestyles that operates magazines, websites, apps, and a private club. Robb Report will open a new downtown Detroit office to support its expanding initiatives.

Outgoing Detroit emergency manager Keyvn Orr told a state oversight board he's prepared to ask a federal judge to make the city's exit from bankruptcy official, and that he'll resign leaving the city with a one-time, \$100 million surplus. If accepted by Gov. Rick Snyder, Orr's resignation would fully restore government powers to Detroit's elected officials. The resignation would also mark Detroit's official exit from the largest municipal bankruptcy in U.S. history, with the city shedding \$7 billion of its \$18 billion in debts and liabilities and instituting a plan to spend \$1.4 billion on blight removal and improving city services over the next decade.