

JANUARY 2015

DETROIT MARKET RECAP

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A GANNETT COMPANY

EMPLOYMENT

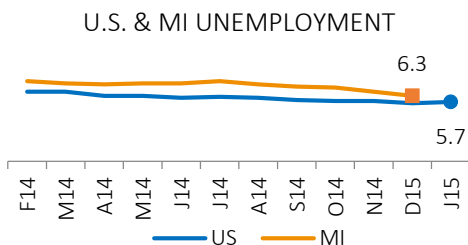


JANUARY U.S. UNEMPLOYMENT
8,979,000
↓12.3% vs YOY

JANUARY MI UNEMPLOYMENT
Data not available at time of report

Michigan's unemployment rate was not available at the time of this report.

The U.S. January unemployment rate increased slightly to 5.7% (a .1 percentage point increase from December). The U.S. unemployment rate has been under 6.0% since September 2014. The number of unemployed persons, at 9.0 million, was little changed in January.



REAL ESTATE

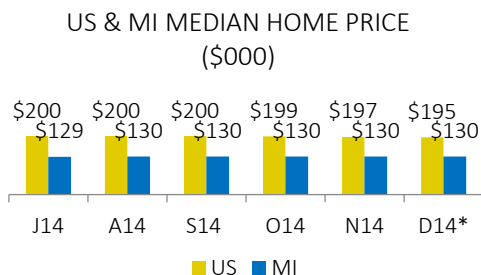


JANUARY U.S. FORECLOSURES
1 in 1,102 HOMES

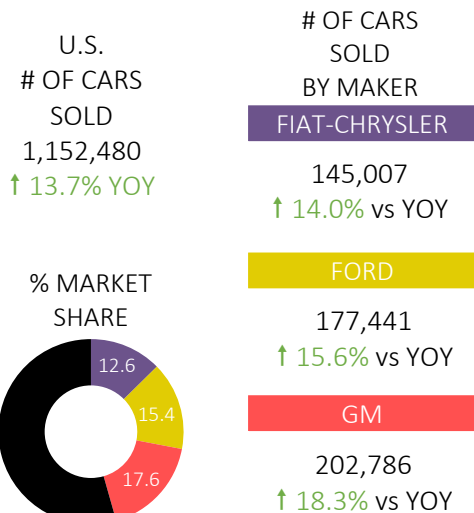
JANUARY MI FORECLOSURES
1 in 1,304 HOMES

One of downtown Detroit's most infamous skyscrapers, the Wurlitzer Building at 1509 Broadway has found a buyer. Ari Heckman, a co-founder of ASH NYC, is reportedly in the process of buying the crumbling building for \$1.1 million. The buyer wants to convert the structure into a boutique hotel.

On the edge of the site of the yet-to-be built \$450 million hockey arena, the Ilitch organization is proposing to save one empty historic building and demolish a second empty building. The building that could be saved is the former Eddystone Hotel, located on the northwest corner of Park and Sprout. The building to be demolished is the 90-year-old former Park Avenue Hotel, which is across the street from the Eddystone. Olympia Development contends the hotel must be demolished because it is so close to the new arena that it violates Homeland Security protocols.



AUTOMOTIVE



In January, automakers reported a 13.7% YOY increase in new car sales, with 1.2 million cars sold in the U.S.

- For January, Fiat-Chrysler saw 145,007 new vehicle sales (+14.0% YOY).
- Ford had 177,441 new vehicle sales (+15.6% YOY) in January.
- GM sold 202,786 new vehicles in January (+18.3% YOY).

GM's UAW workers will receive profit-sharing of up to \$9,000 based on the company's full-year pre-tax profit in North America of \$6.6 billion.

Ford will pay \$6,900 in profit sharing to its 50,180 UAW workers based on North American profits after the automaker reported global earnings of \$3.2 billion for the year.



LEGISLATION

Gov. Rick Snyder signed legislation requiring large online retailers such as Amazon to collect and remit the state's 6% sales tax. The "Main Street Fairness" legislation is aimed at requiring large Internet retailers with a presence in Michigan to collect and remit the state sales tax on Michigan purchases, starting Oct. 1. The bipartisan legislation was pushed by traditional retailers who say tax-free Internet sales are unfairly undermining their businesses.



DETROIT REVITALIZATION

Two developers acquired a 25-acre plot near Michigan Avenue in an area southwest of downtown Detroit for a 190,000-square-foot logistics center that will eventually employ 228 workers. The developers have secured a deal with an unidentified major manufacturer and plan to begin the eight-month construction project shortly.

Recently slated for demolition, the iconic 12-story Professional Plaza tower in Midtown Detroit will find new life as a 75-unit residential apartment and retail building. The \$20-million project is headed by Detroit-based Roxbury Group. The renovation could be ready by late 2016.



DEPARTMENT STORES

There are now 11 restaurants and retailers scheduled to open later this year at the new Northville Park Place shopping center that is taking shape at 7 Mile Road and Haggerty. The center's developer, Schostak Brothers & Co., announced it signed leases with three additional restaurants and two shops. These tenants will join the six that previously committed. The first batch of restaurants and stores are slated to open this spring.

Carhartt, the 126-year-old Michigan maker of rugged jeans, jackets and work apparel will open its first ever Detroit retail store in late May or early June. Dearborn-based Carhartt will announce plans to lease a three-story building at 5800 Cass Ave. in Detroit's Midtown, just south of the I-94 freeway, which will house the flagship retail store.



CONSUMER ELECTRONICS

Battery startup Energy Power Systems plans to add more than 300 jobs at a new manufacturing facility in Pontiac after signing a lease for 150,000 square feet of a former GM property. The company is shifting into full-scale production with the expansion at the former GM Pontiac Centerpoint Central building. Energy Power Systems is renting the space from Industrial Realty Group.



ENTERTAINMENT

The North American International Auto Show had a large impact on Metro Detroit's economy. David Sowerby, vice president and portfolio manager in Bloomfield Hills at Loomis Sayles and Company (an investment management firm) says the auto show is like Detroit's version of the Super Bowl. Sowerby says it adds just over \$400 million to the local area economy.

Michigan is now down to just two horse racing tracks. Sports Creek Raceway at Swartz Creek outside of Flint has officially closed after a string of money-losing seasons. The track opened in 1986 as the first all-new horse track in the state since the 1950s. The closing was due to a decline in horse racing's popularity in Michigan, the spread of legalized casinos, illegal online gambling and generational changes in entertainment preferences.

Detroit's three casinos saw their gambling revenues jump 15% in January over last year's totals, bringing in a combined \$111 million for the month. MotorCity Casino Hotel saw a full 20% year-over-year increase to \$38.1 million for January. Greektown Casino-Hotel had a nearly 16% increase to \$26.7 million and MGM Grand Detroit rose 12% to \$46.2 million.



GROCERY

Forgotten Harvest, a nonprofit that delivers food to food banks and shelters around Detroit, is launching a venture to raise money for its mission. The agency is partnering with local food producers to add the Forgotten Harvest label to food products. Producers will pay a licensing fee and revenue will help the agency collect and distribute free meals to the needy. Garden Fresh Gourmet, a Ferndale-based producer of salsa, chips, dip and hummus, will be the first to co-brand some of its products. Products are scheduled to hit shelves in the next few months.



HEALTH

Crittenton, one of the area's last independent hospitals, has a tentative deal to join the nonprofit Catholic system, which operates in the state as Ascension Health Michigan and owns the St. John Providence Health System in metro Detroit. Ascension says it plans to keep Crittenton open.



FINANCIAL

Detroit-based Ally Financial, formerly known as the GMAC finance arm of GM is close to signing a lease for about 300,000 square-feet of space in Southfield Town Center. The move could affect hundreds of jobs currently situated in Detroit. The company is currently headquartered in the Renaissance Center in downtown Detroit, where it has about 700 employees.