

MARCH 2015

DETROIT MARKET RECAP

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EMPLOYMENT

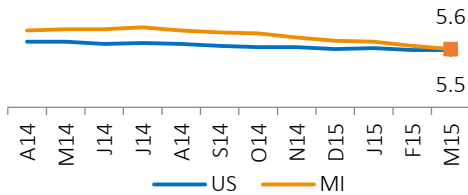


MARCH U.S. UNEMPLOYMENT
8,575,000
↓17.4% vs YOY

MARCH MI UNEMPLOYMENT
267,000
↓26.4% vs YOY

The Michigan unemployment rate declined in March to 5.6% (down .3 percentage points from February). The March rate is a full two percentage points below the jobless rate of a year ago. The March unemployment rate is less than half the rate of 14% recorded during the Great Recession.

U.S. & MI UNEMPLOYMENT



The March U.S. unemployment rate remained unchanged at 5.5%. Over the year, the unemployment rate and the number of unemployed persons were down by 1.1 percentage points and 1.8 million, respectively. Employment continued to trend up in professional and business services, health care, and retail trade, while mining lost jobs.

REAL ESTATE

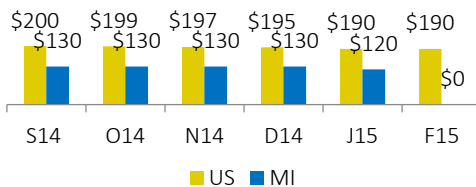


MARCH U.S. FORECLOSURES
1 in 1,082 HOMES

MARCH MI FORECLOSURES
1 in 1,225 HOMES

Both the Fisher Building and Albert Kahn Building will be put up for bid in June. The Fisher Building will hit the auction block after suffering with vacancies and falling into foreclosure. One of the likely bidders for the pair of buildings is developer Fernando Palazuelo, who purchased the Packard Plant.

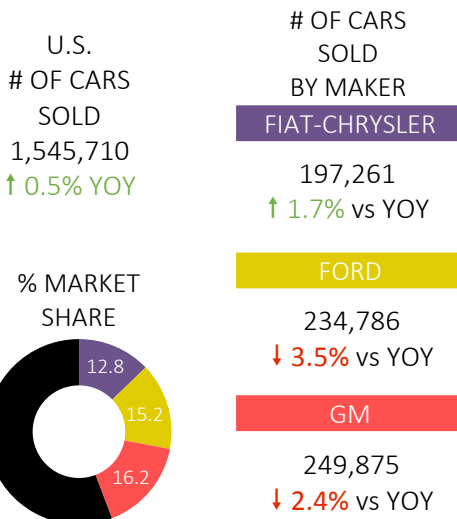
US & MI MEDIAN HOME PRICE (\$'000)*



One of downtown Detroit's lesser-known architectural gems, the Bankers Trust Building on W. Congress, was auctioned for \$3 million. A bid has been accepted, but the deal has not closed. The buyer's identity has not been disclosed. Plans for the building are unclear, but the property enjoys some protection as part of the Detroit Historic Financial District.

Bedrock Real Estate Services, Dan Gilbert's property arm, announced they purchased the 45-story One Detroit Center, which stands in the heart of downtown Detroit. Bedrock quickly found the first new tenant, as Detroit-based auto lender Ally Financial announced it will leave its home in the Renaissance Center and move into One Detroit Center. The building will be renamed Ally Detroit Center as part of the 12-year deal.

AUTOMOTIVE



In March 2015, 1.5 million new cars were sold in the U.S. (+0.5% YOY).

- General Motors sold 249,875 new cars in March (-2.4% YOY).

- In March, Ford sold 234,786 new cars (-3.5% YOY).

- Fiat-Chrysler sold 197,261 new cars in March (+1.7% YOY).



DETROIT REVITALIZATION

Billionaire businessman Manuel Moroun is planning to build a new automotive supplier facility in Detroit that will add 250 new jobs at the I-94 Industrial Park. The Detroit Economic Development Corp sold 40 acres of land in the park to Mouroun's Crown Enterprises. Crown Enterprises is working with a still-unnamed auto supplier and one of the Detroit Three to build a new 400,000-square-foot facility. If completed, the deal would create a big boost for the I-94 Industrial Park.

A German auto supplier, 3Con Corp., will open its U.S. headquarters and research facility in Wixom. 3Con Corp. plans to start leasing an unspecified building, and later construct its own building within five years. The company will invest \$6.4 million and create 136 jobs. The Michigan Business Development Program will provide a \$550,000 performance-based grant and the city of Wixom has offered a property tax abatement.

Businessman Dan Gilbert is commissioning what promises to be the world's tallest mural on the side of his First National Building in downtown Detroit. The mural will measure 354 feet high and about 80 feet wide. Work could begin in about a month. The design of the new mural will pay tribute to a former mural that graced the side of the First National Building in the 1970's.

A new apartment complex along Woodward Avenue is scheduled to break ground this summer and target mid- to higher-end income renters. Blueprints call for several ground-floor retail and restaurant spaces and nearly 200 apartments. The project would add more market-rate inventory to the currently tight housing supply market in greater downtown and Midtown.

Two projects will bring 321 residential apartments to downtown Detroit. First, Dan Gilbert's plans for the Hudson's Building site downtown will include 250 residential units. Second, developers of the historic Metropolitan Building at 33 John R got the go-ahead for a \$23.2-million renovation, which will create 71 market rate apartments and about 2,500 square feet of retail and commercial space. The two projects will add to the growing roster of new residential sites in the downtown area in response to the influx of young professionals working in the district.

A New York developer is considering a \$20-million renovation of the Wurlitzer Building, located at 1509 Broadway, to make it a 100-room hotel. Work on the Wurlitzer Hotel could start as early as this fall and finish by September 2016. It would add a street-level café and bar to the building as well as a restaurant on the second floor.



DEPARTMENT STORES

Detroit luxury retailer Shinola confirmed plans to open a store in downtown Ann Arbor this spring. The company signed a lease to open a store at the corner of Liberty and Main streets. The high-trafficked spot is the former location of the Selo/Shevel Gallery, which closed last year.

The Bel Air Centre, a 342,000-square-foot shopping center on 8 Mile Road, is for sale. The starting bid for the property is \$1.1 million, and the auction begins in mid-April. The anchors for the 36.6-acre shopping destination are the 8 Mile Trade Center, an indoor trade center marketplace and the discount clothing store Forman Mills.



CONSUMER ELECTRONICS

Ann Arbor-based battery start-up Sakti3 lured a \$15-million investment from vacuum cleaner manufacturer Dyson, which is hunting for technology to improve the battery performance of cordless vacuums and other devices. Dyson is expected to begin integrating Sakti3's technology into its systems over the next several years.

Midland-based lithium-ion battery maker XALT Energy has signed a \$1-billion contract to provide lithium titanate batteries for electric buses in China. The agreement is expected to create 300 high-tech and manufacturing jobs in Midland. The agreement with Hybrid Kinetic Group of China calls for production to start during the third quarter of this year.

Kuka Systems North America, which makes robots for automotive and aerospace manufacturers, is planning to add 116 jobs in Clinton Township, doubling its current employment. The company plans to invest up to \$14.4 million and has received a \$900,000 grant from the Michigan Business Development Program. The company also is likely to receive a property tax abatement from Clinton Township.



FINANCIAL

Huntington Bank says the planned opening this year of 43 full-service branches in retailer Meijers' stores in Michigan will add 250 new jobs statewide. After the addition of new jobs, Huntington Bank will have 2,300 employees in Michigan. The expansion by Columbus, Ohio-based Huntington Bancshares Inc. will mean Huntington Bank has more than 220 Huntington branches in Michigan.



RESTAURANT

Dennis Archer Jr. and partners will open a modern American gastropub, Central Kitchen + Bar, in the First National Bank building in downtown Detroit in July. Bedrock owns and manages the property at 660 Woodward. The restaurant, located on the Cadillac Square side of the building, will be designed by Ron and Roman architects of Birmingham and will seat about 130.



PERSONAL SERVICES

The city of Detroit is rolling out a high-tech parking system this summer that aims to give drivers more options to pay for spots by using technology tied to their license plates. Detroit's Chief Operating Officer Gary Brown says the city has a \$3 million contract with a Tampa-based firm that will transform its metering system to "pay-by-plate," rather than by space. The technology allows drivers to access a meter kiosk, enter in their license plate number and park in any space within a specific zone.



OTHER

Varnum, a Grand Rapids-based law firm, will open its first Detroit location this spring in the old Federal Reserve building in downtown Detroit. Varnum will fill the last available office space in the building, which was purchased in 2012 by Bedrock Real Estate Services. The firm is one of the largest in Michigan with about 160 attorneys.