

APRIL 2016

DETROIT MARKET RECAP

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EMPLOYMENT



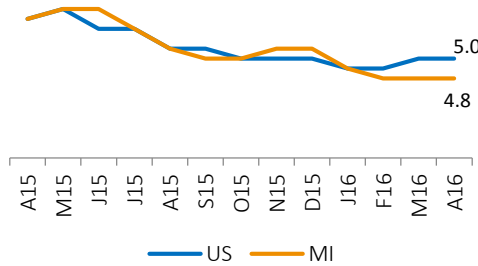
April U.S. UNEMPLOYMENT 7,920,000 ↓ 7% vs YOY	April MI UNEMPLOYMENT 232,000 ↓ 12% vs YOY
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In April, Michigan unemployment remained steady at 4.8%.

In April, the US unemployment was unchanged from last month, at 5.0%. Employment increased in real estate, education, manufacturing and health care. Job losses occurred in construction and retail trade.

There is concern regarding serious mismatches between jobs growing in the state and careers that interest kids. Just as there is a talent gap in Michigan's adult labor force, there are mismatches between internships employers are offering and actual jobs. To address the issue, Detroit Employment Solutions Corp. is helping Grow Detroit's Young Talent effort, which has a goal of 8,000 internships.

U.S. & MI UNEMPLOYMENT



REAL ESTATE



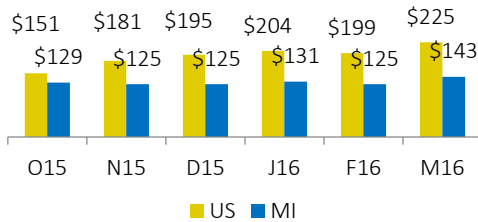
April U.S. FORECLOSURES 1 in 1,308 HOMES	April MI FORECLOSURES 1 in 1,620 HOMES
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Total home and condominium sales in Wayne, Oakland, Macomb and Livingston counties climbed 7.1 percent year-over-year in March while the median sale prices rose 5.7 percent.

A drop in inventory is raising home prices across Metro Detroit. The disparity between supply and demand is particularly pronounced for homes selling for less than \$250,000, mainly starter homes for Millennials and Gen Xers. Meanwhile the booming market has led to an influx of real estate agents – Re/Max increased its number of agents 11% from 2014 to 2015 and opened 7 new offices.

Southeast Michigan's mortgage industry has been improving, grabbing market share from big out-of-state lenders who pulled back as some local companies stepped up. One of the latest newcomers to the business is Lenderful, a Karmanos owned company based in Birmingham. It markets itself as an all-online mortgage platform.

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



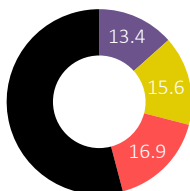
AUTOMOTIVE



U.S.
OF CARS
SOLD
1,506,431
↑ 3.5% vs YOY

OF CARS
SOLD
BY MAKER

% MARKET
SHARE



FIAT-CHRYSLER	199,631
FORD	229,739
GM	259,557

In April there were over 1.5M new car sales (+3.5% YOY) in the U.S.

Ford Motor Co. is expected to build a Ranger mid-size pickup at Michigan Assembly beginning in 2018, and could also revive the Bronco SUV there. The move is part of a production strategy by Ford that will focus its manufacturing on larger, more-profitable vehicles such as SUVs and pickup trucks in the U.S.

Fiat Chrysler is still keen on merging with another large automaker, including Korean automakers.

* Median home price data is one month behind

Sources: Detroit Free Press, The Detroit News, Mlive, Crains, GoodCarBadCar, RealtyTrac, Michigan Dept. of Technology, Management & Budget



DETROIT REVITALIZATION

Real estate investors have spent more than \$1 billion acquiring properties near the QLine rail route, in hopes the project will be extended northward. The rail is scheduled to be complete in the first quarter of 2017.

A \$22 million redevelopment of the former "Hammer and Nail" building in Midtown calls for 72 apartments and 2,000 square feet of first-floor retail space to be completed by the end of 2017.

Greater downtown Detroit residential real estate is now soaring with a few property owners even listing their downtown and Midtown properties for prices running into the millions of dollars. In the Midtown district north of downtown, median home sale prices so far this year have hit \$293,000, almost double the median price in Spring 2013. These price spikes apply only in the greater downtown area and in a few of Detroit's historic districts such as Sherwood Forest and Palmer Woods. Two trends have united to produce the sharply rising prices: demand for urban living and a lack of for-sale product. The millennials are going mostly for the many new apartment units coming onto the market all over the greater downtown area, but empty-nest baby boomers turn out to be the prime market for condominium purchases in places like Brush Park and for houses in historic districts such as Palmer Woods.



DEPARTMENT STORES

A national retail chain appears to be building out space in the former Kmart location on North Maple Road. City records show that a 22,250-square-foot portion of the building is being renovated for a Sierra Trading Post, a clothing, home décor and outdoors retailer.

Sierra Trading Post will join Stein Mart and HomeGoods as tenants in the building.



ENTERTAINMENT

In April, Detroit casinos' aggregate revenue for MGM, MotorCity and Greektown was \$122 million (up 1.5% year-over-year).

National parks injected close to \$290 million into Michigan's economy last year. An estimated 2.4 million recreational visitors spent time at the 5 parks. Travelers and locals spent \$204.4 million in the areas around the parks, money that resulted in 3,300 full-time, part-time and temporary jobs in the state.



FINANCIAL

There are now 36 venture capital firms either headquartered or with an office in Michigan. These firms have more money under management than ever before — \$2.2 billion, nearly double the amount five years ago. There are 141 venture-backed companies operating in Michigan, nearly double the number five years ago. Every \$1 invested in a Michigan start-up by a Michigan venture capital firm attracts \$4.31 of investment from outside the state.



RESTAURANT

Metro Detroit is a growing destination for national food franchises. Dunkin' Brands says it plans to add at least 20 new stores over the next five years in metro Detroit, and Tropical Smoothie Café will open another 20 locations this year, too. Those announcements follow news that Chick-fil-A, which opened its first free-standing Michigan location in Lansing, will add 20 more locations in the state over the next five years. The overall climate for franchises in Detroit and Michigan appears to be strong.



GROCERY

Kroger has announced a \$180-million investment in Michigan, while creating 1,000 new jobs as part of a package of new retail locations and rehabs of existing stores. It comes in the form of three new Marketplace stores; six new fuel centers; 22 new ClickList sites, which are stores where you can pick up your online order without getting out of your car; and extensive remodeling at 11 existing stores. The trio of new locations will be in Royal Oak, White Lake Township, and Shelby Township.



Health

Southeast Michigan health systems posted the highest profit margins in several years for 2015. Five systems in metro Detroit positively rebounded after several years of dampened profitability. These systems include Beaumont Health, Henry Ford Health System, St. John Providence Health System, and McLaren Healthcare Corp. Michigan's 14 Medicaid HMOs, also reported a record average 2015 profit margin.

Henry Ford Health System and Allegiance Health in Jackson have finalized the merger agreement that that will bring the 475-bed Jackson-based hospital into the system as Henry Ford Allegiance Health. Adding Allegiance will create a six-hospital Henry Ford system with \$5.2 billion revenue, the largest by revenue in Southeast Michigan. Henry Ford has agreed to invest \$300 million over five years to add new facilities, information technologies and other programs and services.