

MAY 2015

DETROIT MARKET RECAP

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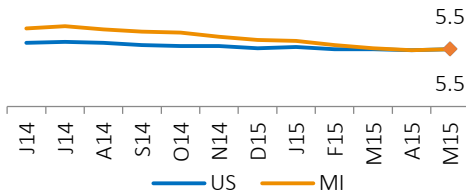


EMPLOYMENT



MAY U.S. UNEMPLOYMENT 8,674,000 ↓ 11.1% vs YOY	MAY MI UNEMPLOYMENT 264,000 ↓ 23.9% vs YOY
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U.S. & MI UNEMPLOYMENT

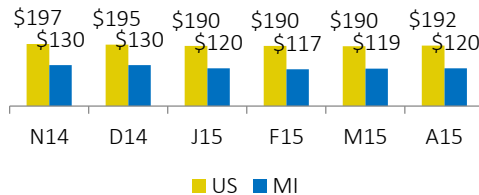


The Michigan unemployment rate in May was 5.5% (+.1 percentage point from April). Michigan added 26,000 jobs in May but saw its jobless rate inch slightly higher in May as numbers of formerly non-working people continued to re-enter the workforce looking for jobs. The slight rate increase in May broke a string of 20 consecutive months of rate reductions dating to September 2013.

The U.S. unemployment rate ticked slightly upward to 5.5% (+.1 percentage point from April). The increase is driven by more people who began looking for work that did not immediately find jobs. Job gains occurred in professional services, business services, leisure, and health care, while employment in mining continued to decline.

MAY U.S. FORECLOSURES 1 in 1,041 HOMES	MAY MI FORECLOSURES 1 in 1,543 HOMES
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US & MI MEDIAN HOME PRICE (\$000)*



Detroit is among the top five areas for returns on home flipping, a sign that there are not enough move-in ready or newly constructed homes for buyers. A report from RealtyTrac showed that 17,309 single-family homes, or about 4%, were flipped during the first quarter (-.7 percentage points from Q4 2014). Detroit is high on the list because it has a combination of distressed homes and buyers.

According to the latest Standard & Poor's/Case-Shiller Home Price Index, home prices across metro Detroit continue to regain lost ground, rising 4% in March compared to a year earlier. After 45 consecutive months of year-over-year gains, the region's housing prices are back to where they were in January 2008, when the real estate slump was beginning to turn into a free fall. Still, prices remain 23% off their local peak in late 2005 and early 2006. The index defines the metro Detroit area as Wayne, Oakland, Macomb, Livingston, St. Clair and Lapeer counties.

U.S.
OF CARS
SOLD
1,634,952
↑ 1.6% YOY

OF CARS
SOLD
BY MAKER

FIAT-CHRYSLER

202,227

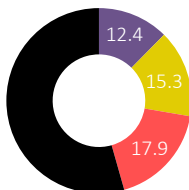
FORD

250,086

GM

293,097

% MARKET
SHARE



In May, total U.S. sales of new cars totaled 1.6 million (+1.6% YOY).

- In May, Ford saw 250,086 new car sales.
- GM saw 293,097 new car sales in May.
- Fiat-Chrysler saw 202,227 new car sales in May.

GM is spending \$175 million to modernize equipment at its Lansing Grand River plant where production will begin on the 2016 Chevy Camaro. The plant will add a second shift of about 500 workers when Camaro production begins this summer.

AUTOMOTIVE



Sources: Detroit Free Press, The Detroit News, Bureau of Labor Statistics, Good Car Bad Car
*There is a one month delay in reporting for median home price.



DETROIT REVITALIZATION

Eastern Market celebrated the completion of its \$8.5-million renovation of Shed 5 that includes a community kitchen likely to play an important role in Detroit's growing food economy. The kitchen will provide a facility for food entrepreneurs to develop food offerings without having to buy or rent their own kitchen until they are financially ready. Shed 5 upgrades also include creation of the new DTE Energy Foundation Plaza, a new public gathering space, and an indoor gathering space that will be available for community events.

Street artist Shepard Fairey's has finished his largest mural to date on the north side of One Campus Martius (formerly the Compuware building) in downtown Detroit. The 184-foot-by-60-foot mural rises in a tower of stenciled red-and-cream geometric shapes. The piece was commissioned by Bedrock Real Estate Services, Meridian Health and the downtown Library Street Collective gallery to be a signature work of public art in Detroit.



ENTERTAINMENT

Year-over-year, revenue at each of the Detroit casinos increased in May. Revenue totaled \$119.7 million at Greektown, MGM Grand and MotorCity casinos last month, up 4.6 percent compared to May 2014. When compared with results from a year ago, MGM saw the greatest revenue increase, up 9.2% to \$51.7 million; MotorCity revenue increased 1.9% to \$39.8 million and Greektown revenues increased less than one percent to \$28.2 million.

The final piece of Cobo Center's four-year, \$279-million overhaul will be ready soon. A giant video wall is under construction across the front of Cobo facing Washington Boulevard and East Jefferson. The video screen will broadcast promotional messages about events taking place at Cobo. As regional leaders paint a more optimistic picture of metro area's future, they point to the dramatically revived Cobo Center as proof that the vision can be achieved.



GROCERY

The Kroger Company of Michigan announced it will buy all seven area Hiller's Markets. Kroger, the nation's largest grocery store chain, will turn all but one of Hiller Markets' seven stores into Kroger locations shortly after the sale closes in July. The purchase is part of Kroger's plan to invest \$150 million to expand, renovate and open new stores in Michigan this year. The company said it has no plans to downsize the workforce. That investment is on top of \$100 million the company spent to expand and improve its Michigan operations last year.



HEALTH

CVS Health Corp. said it has agreed to buy pharmacy services provider Omnicare for about \$12.7 billion, a move to expand its presence in the senior care market. CVS will pay \$98 per share in cash and assume \$2.3 billion of Omnicare's debt. Omnicare, the nation's largest provider of pharmaceutical services in nursing homes, has 160 locations in assisted living and long-term care facilities in 47 states in the U.S. The deal is expected to close near the end of 2015.



RESTAURANT

The fast-growing Pie Five Pizza Co. opened its first Michigan location in Southfield in the retail strip at the northwest corner of 12 Mile and Telegraph. A second location is set to open in June in Southfield's City Centre and the third is scheduled for Orchard Lake and Maple roads in West Bloomfield. They're the first of some 155 fast-casual Pie Five pizzerias planned in Michigan, Wisconsin and Ohio over the next seven years by franchise owner John Draper II and his father, J.D. Draper.




TELE-COMMUNICATIONS

Telecom giant Verizon said it will acquire digital conglomerate AOL in a deal valued at approximately \$4.4 billion. Verizon says the deal is aimed at boosting its strength in mobile platforms and advertising. AOL owns a number of digital properties including the Huffington Post, TechCrunch and Engadget.



PERSONAL SERVICES

The Lions announced a new partnership with MGM Detroit and an almost \$2-million renovation to Ford Field that will give some fans an up-close view of players entering and exiting the locker room. Dubbed the "Tunnel Club," the Lions are selling 70 field-level seats near the west (tunnel-side) end zone that includes access to a new luxury club area being built in the bowels of Ford Field. Membership is \$9,500, and seats will be sold in groups of two (\$19,000) or four (\$38,000).



OTHER

Internet giant Google confirmed it will relocate its current operations out of downtown Ann Arbor to a new corporate campus on the city's north side. The new operation will continue to serve primarily as a sales office. The company has more than 400 employees at its Ann Arbor and Birmingham operations. A spokeswoman would not discuss hiring projections.

Dan Gilbert's Quicken Loans secured the naming rights to the M-1 streetcar line being built on Woodward as part of its financial support during fund-raising for the project. Quicken pledged \$10 million to the approximately \$140 million project. It was unclear when a decision on the name would be reached or if M-1 Rail is a possibility.