

JULY 2016

DETROIT MARKET RECAP

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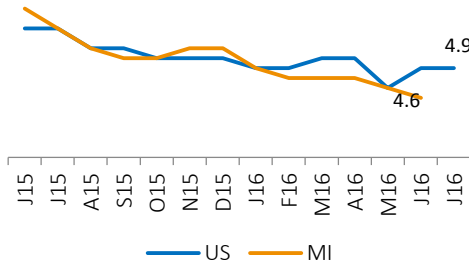


EMPLOYMENT



July U.S. UNEMPLOYMENT 4.9%	June MI UNEMPLOYMENT 4.6%
↓ 7.5% vs YOY	↓ 16.4% vs YOY

U.S. & MI UNEMPLOYMENT



Michigan unemployment information was unavailable for July.

In July, the US unemployment remained unchanged at 4.9%. Job gains occurred in professional and business services, health care, and financial activities. Employment in mining continued to trend down. Employment in other major industries, including construction, manufacturing, wholesale trade, retail trade, and information, showed little or no change over the month.

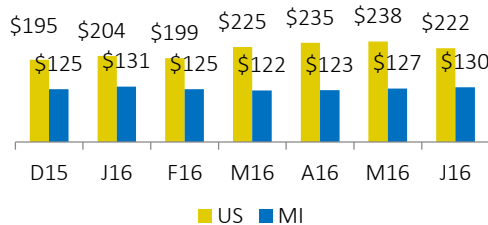
Michigan's total economic output is only now climbing back to the levels the state reached in 2000. It is expected to take years even at current rates of growth before Michigan fully recovers from the major downturn of the 2000s. While the national economy grew 27% over the 15-year period, from 2000 to 2015, Michigan is currently at the same level as in 2000. Though the state's unemployment rate has decreased significantly, that improvement has come on top of a very depressed base. In the years 2005-09, Michigan's economic output shrank 15%, a contraction worthy of a Depression-era economy.

REAL ESTATE



July U.S. FORECLOSURES 1 in 1,532 HOMES	July MI FORECLOSURES 1 in 2,178 HOMES
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June US & MI MEDIAN HOME PRICE (\$000)*



According to a new study, apartment rents in Detroit's hot downtown housing market have soared 7% since last fall. Since 2013, average rents are up by more than 11%. The average monthly rent for a one-bedroom apartment in downtown Detroit is now \$1,359. In 2013, there were 377 fewer one-bedroom units in Detroit, and landlords charged on average \$1,035. The price of lofts went from \$896 to \$1,608, and two-bedrooms jumped from \$1,448 to \$2,056 in the same time period. 97% of the apartments downtown were occupied as of spring. For the study, downtown Detroit was defined as an area bounded by I-75 to the north, the Detroit River to the south, St. Aubin to the east and Rosa Parks Boulevard to the west. The boundaries encompass the Corktown and Lafayette Park neighborhoods, both of which have prevalent housing and apartment stock. Eastern Market, Midtown and the Cass Corridor were left out of the study, because those areas don't have many high-rise buildings for comparison.

AUTOMOTIVE

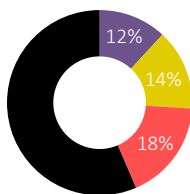


U.S.
OF CARS
SOLD
1.5M
↑ 0.7% vs YOY

OF CARS
SOLD
BY MAKER

FIAT-CHRYSLER
180,727

% MARKET
SHARE



FORD
215,268

GM
267,258

In July there were over 1.5M new car sales (+0.7% YOY) in the U.S.

- Ford saw 215k new car sales.
- GM saw 267K new car sales.
- Fiat-Chrysler saw 181k new car sales.

Ford's \$2.6 billion best-ever pretax quarterly profit in North America between April and July is a boon for UAW workers. For every \$1 million of the EOM's profit, a dollar goes to a worker's profit-sharing.

Through the first half of 2015, pretax operating profit in North America was \$3.85 billion, or about \$3,850 per worker, with what is expected to be an even more profitable second half ahead.

* Median home price data is one month behind

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



Detroit Revitalization

A Target store could anchor a planned retail, commercial and residential project at Woodward and Mack in Midtown Detroit, near Whole Foods. The entire development would fit on a 9-acre site that has a long-shuttered muffler shop and American Red Cross buildings. It would feature a newly constructed 25,000-square-foot anchor store at the corner, plus 25,000 square feet of retail space and restaurants. The development could also have a new 560-space parking deck and potential space for a new hotel, offices and student housing. The project could get under way as early as next year and open in 2018.


The Automotive Hall of Fame has decided to move from Dearborn to downtown Detroit to better reflect the city's automotive history and to be a part of the city's resurgence. The Automotive Hall of Fame is currently located in a 25,000-square-foot building next to the Henry Ford. The board of directors is still thinking through how much space it would need for the new location and is only in the early stages of looking for a site, preferably along Woodward Avenue.



ENTERTAINMENT

In July, Detroit casinos' aggregate revenue was \$118.5 million (up 3.21% year-over-year). MGM recorded monthly revenue of \$50.2 million, up 2.98% from the same month last year. Revenues were also up 4.73% to \$40.6 million for MotorCity and 1.47% to \$27.7 million for Greektown compared with July 2015 results.


Detroit Sports 105.1 FM is off the air, replaced with sister station WCSX-FM's HD2 Detroit Oldies format for the interim until a new format is launched. The programming was launched in August 2013 to compete with The Ticket on 97.1 FM, but has experienced low ratings and quite a bit of turnover throughout its existence. The Detroit Pistons had moved their radio broadcasts to 105.1 FM starting with the 2014-15 season. Palace Sports & Entertainment announced it will honor the remainder of their contract, which ends after the 2016-17 season.



FINANCIAL

The Bank of Ann Arbor announced plans to buy the Bank of Birmingham for \$33.3 million in cash. The deal, if approved by regulators and Birmingham shareholders, would give Bank of Ann Arbor an eighth location and its first inside Oakland County. Pending approvals, the deal is expected to close before year's end. Bank of Ann Arbor would emerge from the deal with about 225 employees at eight locations in three counties and approximately \$2.5 billion in total assets and assets under management.

Through the end of June, 22 firms in Michigan have drawn \$122.3 million in venture capital investments this year. Five of the largest eight deals in Michigan during the second quarter were with Ann Arbor-based firms. One Detroit marketing firm, Quikly, also made the list of firms getting the most venture investment cash during the second quarter. Other firms on the list of top deals were based in Kalamazoo and Grosse Pointe. The presence of venture capital in a state is a sign that the economy is renewing itself with fresh ideas and new players. The amount of venture cash invested here has soared from less than \$1 billion 10 years ago to about \$5 billion today.




Health

Health plans sold on Michigan's insurance exchange could see an average 17.3% increase next year, if state regulators approve the insurance companies' rate hike requests. The rate increases would mean a financial hit for taxpayers in general and the 345,000 Michiganders who buy their health insurance on the Healthcare.gov exchange, created under the Affordable Care Act.

Last year, the state's Department of Insurance and Financial Services granted every insurer the exact rate increase requested for individual market plans. Those increases averaged 6.5%. Of the 14 insurers with individual market plans, 10 are now seeking increases exceeding 10%.

And those who buy individual market plans aren't the only Michigan consumers facing rate hikes next year, nearly 200,000 seniors can expect to pay more for their Medigap supplemental health insurance plans.



Other

Dearborn's west downtown is experiencing a rush of momentum and could be poised for a big resurgence. Trendy new restaurants, bars and microbreweries have started filling some of the vacancies that line busy Michigan Avenue and more are scheduled to open — along with projects for new apartments aimed at young professionals and a five-story Hampton Inn. Yet the area's greatest development prospect involves this spring's purchase of nearly two whole downtown blocks by the real estate arm of Dearborn's biggest employer, Ford. Ford Land Development Co. is looking to tear down many of the existing one- and two-story buildings on its newly acquired blocks and replace the structures with new retail and office buildings that could be filled with 600 to 650 Ford employees. The demolition phase could begin as early as October.