

MAY 2016

# DETROIT MARKET RECAP

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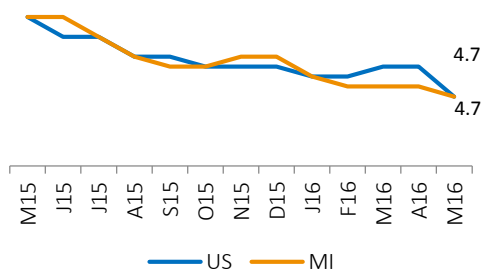


## EMPLOYMENT



May U.S. UNEMPLOYMENT 4.7% ↓ 17% vs YOY	May MI UNEMPLOYMENT 4.7% ↓ 17% vs YOY
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U.S. & MI UNEMPLOYMENT



In May, Michigan unemployment declined .1 percentage point, from 4.8% in April to to 4.7%.

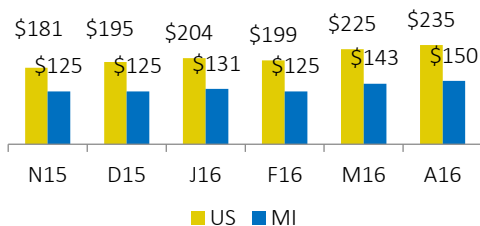
In May, the US unemployment decreased .3 percentage points from last month, at 4.7%. The most significant job gains were in health care, with smaller gains in professional and business services. Job losses occurred in construction and mining.

Oakland County, currently home to 13 percent of Michigan's jobs, has created nearly 94,500 jobs in the past 5 years, with more than 40 percent in high-wage industries. In the next 3 years, the county will have restored 92 percent of the jobs lost during and before the Great Recession, while the average real wage is expected to grow by 10.7%, to \$61,272.

Michigan's long term trends indicate the manufacturing sector has recovered from the Great Recession. Both the construction industry and furniture makers in western Michigan have also shown a good recovery, though all three sectors remain below prerecession levels. Professional & business services and educational & health services, have more than recovered and are now at levels higher than before the recession. Many fields currently have openings going unfilled. The construction sector is feeling a shortage of workers as the baby boom generation retires. Openings for teachers now far outnumber the candidates and nurses have remained in demand for years.

May U.S. FORECLOSURES 1 in 1,310 HOMES	May MI FORECLOSURES 1 in 1,722 HOMES
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April US & MI MEDIAN HOME PRICE (\$'000)\*



In April, Flint surprising sold the most houses in Michigan, selling more than runners-up Grand Rapids, Muskegon, Warren, and Saginaw combined. The median sales price was among the lowest, however, even with nearly 42 percent growth over the same time last year. The real stand-out in April was Grand Rapids, with 539 homes sold, more than doubling the number sold in April 2015. The median sale price grew by 12 percent, as well, to \$130,000.

Sellers are finally gaining leverage in Michigan's vacation home market as prices continue their gradual climb, aided by a shortage this year of Up North listings — especially under \$1 million — for cottage buyers to pick from. Popular summer spots have now seen four or five years of consecutive price gains since the second-home market bottomed out after the Great Recession. Further boosting prices this spring are inventory shortages of for-sale vacation homes across the western half of the state.

## REAL ESTATE



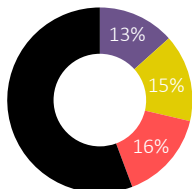
U.S.  
# OF CARS  
SOLD  
1.5M

# OF CARS  
SOLD  
BY MAKER

FIAT-CHRYSLER

205,624

% MARKET  
SHARE



FORD

234,748

GM

240,540

In May there were over 1.5M new car sales in the U.S.

- Ford saw 235k new car sales.
- GM saw 240K new car sales.
- Fiat-Chrysler saw 206k new car sales.

Automakers, on average, will introduce 58 new cars and trucks annually over the next four years – significantly more than the historical average of 38 vehicles per year. The new offerings are expected to lead to annual sales exceeding 20 million by 2018, before a slowdown expected to begin in the next three to five years. General Motors, Ford and Honda, each have robust product plans that should also lead to market-share gains for the three companies over the next four years.

The Cadillac brand, which has enjoyed an average vehicle selling price higher than any other full-line luxury brand so far this year, has increased its development budget to fill new products into crossover market segments where it has trailed the German luxury brands.

## AUTOMOTIVE



\* Median home price data is one month behind

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



## DETROIT REVITALIZATION

New development company, The Platform, is addressing concerns that some of Detroit's neighborhoods are being neglected by investors enamored with the central city. The company plans to help rebuild the Brightmoor neighborhood, join efforts already underway to transform the area around the University of Detroit-Mercy, and engage in the West English Village and Island View neighborhoods across from Belle Isle.

Detroit's Eastern Market is moving ahead with expansion plans that officials project could double the estimated 1,500 jobs and spark hundreds of millions of dollars in business growth over the next decade. The urban shopping destination, which launched in 1891 and boasts up to 40,000 visitors on weekends, has pursued upgrades and additions in recent years as its owners work to expand operations. Plans for the market include reviewing proposals to renovate vacant property into a "Detroit Regional Food Accelerator" aimed at helping wholesalers, and transforming Shed 4 into an enclosed space with about 60 housing units above it. Eastern Market Corp. also looks to boost the Food Innovation Zone to accommodate a larger footprint for food processing, warehousing, and distribution facilities.

JPMorgan Chase said it's making new investments as part of its earlier \$100 million commitment to Detroit's economic recovery. The initiatives include \$4 million for preserving affordable housing in neighborhoods through the nonprofit Develop Detroit; \$1.5 million to strengthen job training and summer youth employment; and other efforts to support small business growth. Develop Detroit will work to preserve existing affordable homes and build new, mixed-use housing projects. The financial giant marked the second year of its investment in the city by sponsoring Detroit Startup Week, a week of free activities to support local entrepreneurs.



## FINANCIAL

Dan Gilbert has enlisted the help of Warren Buffet in making a bid for Yahoo's internet assets. Buffet's investment firm, Berkshire Hathaway, would provide financing, but would not be an equity partner. Gilbert has been tight-lipped about his plans for the company, should his bid succeed. However, he has long talked of creating a tech and entertainment hub in the Motor City, banking on technology, millennials and walkability to revive downtown. He's made very public his desire to create a cluster of entrepreneurial companies that will lure other startups away from Chicago, New York and Silicon Valley.



## RETAIL AND DEPARTMENT STORES

Aeropostale, a brand established by R.H. Macy & Co, plans to close 113 U.S. stores and all 41 Canada stores as part of its Chapter 11 bankruptcy. Aeropostale said 117 of the stores set to close are not profitable and were responsible for \$17 million in losses in 2015. The other closing stores experienced poor or negative sales trends and no longer fit within the debtors' business plan. Five Michigan stores are on the list: Howell, Jackson, Traverse City, Muskegon, and Fort Gratiot.

The Nike Inc. Community Store on Woodward in downtown Detroit had its grand opening in May. The company describes Community Stores as ones that "support volunteerism and allocate volunteer hours to sport- and non sport-related efforts." Eighty percent of those employed at the new store were hired from within a five mile radius of the store.



## ENTERTAINMENT

In May, Detroit casinos' aggregate revenue was \$118 million (down 1.7% year-over-year). MGM recorded \$52 million, MotorCity \$39 million and Greektown \$27.6 million.

The semi-pro Detroit City FC soccer club began the 2016 season in the newly renovated Hamtramck Keyworth Stadium. Upgrading from the former venue at Cass Technical School was necessary due to the team's growing popularity. By the club's third season they were selling out at Cass Tech. Hundreds of volunteer hours — and about \$750,000 invested directly by its fans — have gone into renovating Keyworth, a nearly 80-year-old stadium that doubles seating capacity from about 3,500 at the team's previous home at Cass Tech in Detroit to about 7,000.



## OTHER

Though Dow representatives have said the company is committed to keeping its Midland headquarters, other states are aggressively courting the company to move at least some of its 5,000 jobs currently based in the area. An additional 1,400 jobs associated with Dow Corning, a joint silicon-making venture in which Dow is expected to acquire full ownership later this year, could also be in play. Whether the new Dow DuPont will ultimately shift any of those jobs to other states is far from clear. Some businesspeople and elected leaders worry that Michigan is ill-prepared to match the incentives competitors such as Texas and Louisiana are offering.

Last month, Detroit Bikes started work on a 3,000-bike contract with New York-based bike sharing company Motivate — the same number of bikes the company manufactured in all of 2015. Motivate operates the largest bike share systems in the country and nearly 70% of the entire bike-share fleet in the U.S. In addition, Detroit Bikes has also submitted a bid to provide 350 bikes to a new bike sharing program planned for Detroit. The Motivate deal allowed Detroit Bikes to hire 10 more factory workers, bringing its total to 50.