

RETAIL MARKET



The first half of 2009 saw a continuation of the second half of 2008 with very few new retail developments planned. The negative news surrounding the automakers and local economy has many retailers and developers taking a “wait and see” approach to the Metro Detroit market.

A major issue continues to be the constriction of the commercial credit market which has negatively impacted all facets of commercial real estate from the casual investor to major mall owners, such as General Growth. They filed for bankruptcy in April of this year in one of the largest commercial real estate collapses in United States history.

Amid the negative news, a handful of local developments are still moving forward. In Hartland, Meijer has purchased a 21 acre parcel from Ramco-Gershenson and is currently constructing a 192,000 sq. ft. store. Across the street, Wal-Mart and Lowe’s are currently under construction.

In Livonia, Livonia Phoenix, LLC – a partnership between Konover South, Lormax Stern Development Company and Grand/Sakwa – plans to redevelop the outdated Livonia Mall at the northwest corner of Seven Mile and Middlebelt Roads are proceeding.

Developers and retailers are being more cautious across the board; however some well established retailers continue to look for opportunities in 2009 such as Family Dollar, Dollar General, Advance Auto Parts, AutoZone, Murray’s/O’Reilly Auto Parts and ALDI Foods.

In banking and casual dining is nearly at a standstill, however tenants such as Panera Bread, Biggby Coffee, Jimmy John’s, Subway, etc. continue to look for new sites at a very controlled and cautious pace.

As a whole, the Metro Detroit market remains flat as the major manufacturers continue to restructure, jobs are being lost and the housing market continues to struggle, all of which has created a negative perception in the eyes of many retailers. While this trend is having a short-term negative impact on the retail landscape, opportunities remain and landlords and developers alike hope to be well-positioned for the eventual turnaround in the market.

AVERAGE RETAIL RENTAL RATES

	BIG BOX	COMMUNITY	NEIGHBORHOOD
Ann Arbor	\$9.00 to \$12.00	\$20.00 to \$35.00	\$15.00 to \$25.00
Dearborn	\$7.00 to \$9.00	\$16.00 to \$21.00	\$12.00 to \$15.00
Livonia	\$10.00 to \$15.00	\$15.00 to \$22.00	\$12.00 to \$20.00
Novi	\$6.00 to \$10.00	\$12.00 to \$18.00	\$8.00 to \$14.00
Southfield	\$10.00 to \$12.00	\$12.00 to \$16.00	\$14.00 to \$18.00
Sterling Heights	\$5.00 to \$7.00	\$11.00 to \$14.00	\$8.00 to \$12.00
Taylor	\$6.00 to \$8.00	\$12.00 to \$16.00	\$10.00 to \$24.00
Troy	\$10.00 to \$12.00	\$12.00 to \$16.00	\$14.00 to \$18.00
Warren/Roseville	\$5.00 to \$7.00	\$10.00 to \$14.00	\$7.00 to \$10.00
Westland	\$5.00 to \$8.00	\$11.00 to \$14.00	\$9.00 to \$13.00