

# RETAIL MARKET



Not unlike the rest of the country, metro Detroit has been impacted by a reduction in consumer spending and numerous retail closures which have increased the overall vacancy rates in the area. Store closures from Circuit City, Mervyn's, Office Depot, La-Z-Boy, Cost Plus, Rite-Aid and Linens 'N Things have left many landlords looking for replacement tenants and have created opportunities for other retailers looking to expand in the market. This has also slowed new development in greenfield growth areas while vacancies are filled in more densely populated, established markets.

The constriction of the commercial credit market has also negatively impacted all facets of commercial real estate from the casual investor to major mall owners such as General Growth which filed for bankruptcy in April of this year in one of the largest commercial real estate bankruptcies in United States history.

Amid the negative news, a handful of local developments are still moving forward. In Hartland, Meijer purchased a 21 acre parcel from Ramco-

Gershenson and has opened a 192,000 square foot store. Across the street, Walmart and Lowe's have also opened for business. In Livonia, Livonia Phoenix, LLC – a partnership between Konover South, Lormax Stern Development Company and Grand/Sakwa – is redeveloping the Livonia Mall at the northwest corner of Seven Mile and Middlebelt Roads with Walmart and Sears anchoring the development along with more than 30,000 sq. ft. of new small-shop retail space.

Overall, developers and retailers are being conservative across the board, however, some well established retailers continue to look for opportunities such as Walmart, Meijer, LA Fitness, The Christmas Tree Shop, Plum Market, Emagine Entertainment, TJ Maxx, Hobby Lobby, Belle Tire, Dollar Tree, Family Dollar, Dollar General, Advance Auto Parts, AutoZone, O'Reilly's Automotive, and Aldi Food.

While the drug store, banking and casual dining sectors are nearly at a standstill, food retailers such as Panera Bread, McDonald's, Burger King, Sonic, Taco Bell, Biggby Coffee, Jimmy John's, Subway, Tim Horton's, Five Guys Burger & Fries, etc. continue to look for new sites at a very controlled and cautious pace.

As a whole, the Metro Detroit retail market appears to have turned the corner with the restructuring of the major automakers and there is reason for optimism in 2010. 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	\$7.00 to \$9.00	\$18.00 to \$30.00	\$15.00 to \$20.00
Dearborn	\$5.00 to \$7.00	\$15.00 to \$17.00	\$10.00 to \$12.00
Livonia	\$10.00 to \$15.00	\$15.00 to \$22.00	\$12.00 to \$20.00
Novi	\$6.00 to \$9.00	\$12.00 to \$25.00	\$10.00 to \$16.00
Southfield	\$10.00 to \$12.00	\$12.00 to \$16.00	\$14.00 to \$18.00
Sterling Heights	\$5.00 to \$7.00	\$10.00 to \$14.00	\$7.00 to \$12.00
Taylor	\$4.00 to \$6.00	\$12.00 to \$14.00	\$9.00 to \$11.00
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	\$3.00 to \$6.00	\$10.00 to \$12.00	\$8.00 to \$10.00