

While Southeastern Michigan may lag behind the rest of the country, recent statistics and reports have indicated that the majority of the US markets are trending towards recovery. There was a noticeable change in attitude this year from 2009, perhaps buoyed in part by the positive reports coming from the automakers, namely Ford Motor Company. While spirits appear to be improving, a major issue continues to be the constriction of the commercial credit market which has negatively impacted all facets of commercial real estate. While transactions are still taking place, many are closing with cash or seller financing.

This has impacted new development, with estimates of only 600,000+/- sq. ft. of new retail space delivered this year. The bulk of that space came online in Livonia with the redevelopment of the former Livonia Mall at the northwest corner of Seven Mile and Middlebelt Roads. Livonia Phoenix, LLC – a partnership between Konover South, out of Florida, and local developers Lormax Stern Development Company and Grand/Sakwa Properties – is building 325,000 sq. ft., anchored by a 180,000 sq. ft. Wal-Mart Supercenter along with more than 30,000 sq. ft. of new small-shop retail space. This will be Wal-Mart's second Supercenter in Livonia, with the first built a few years back when the Wonderland Mall was redeveloped at the southwest corner of Plymouth and Middlebelt Roads. Reports from

the developers have indicated satisfaction with the activity and lease-up rate of the entire development.

Developers and retailers continue to be more cautious across the board; however, in addition to Wal-Mart, a number of retailers continue to look for opportunities such as LA Fitness, Planet Fitness, Plum Market, Emagine Entertainment, TJ Maxx, Hobby Lobby, Big Lots, Belle Tire, Family Dollar, Dollar General, Advance Auto Parts, AutoZone, O'Reilly Auto Parts and Aldi Food to name a few. Banking and casual development dining is nearly at a standstill, however tenants such as Panera Bread, McDonald's, Biggby Coffee, Jimmy John's, Subway, Chipotle, Qdoba, Papa John's, Tim Horton's, Five Guys Burgers and Fries, Taco Bell, etc. continue to look for new sites at a very controlled and cautious pace.

Opportunities have been created for many of these retailers by the store closures of Circuit City, Mervyn's, Office Depot, La-Z-Boy, Cost Plus, Rite-Aid, Linens 'N Things, etc. and we are starting to see some of these vacancies absorbed in the marketplace.

As a whole, the Metro Detroit market appears poised for recovery. While the recent economic struggles have had a 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	\$ 7.00 to \$ 9.00	\$20.00 to \$35.00	\$15.00 to \$22.00
Birmingham	N/A	\$18.00 to \$30.00	\$16.00 to \$28.00
Canton	\$ 9.00 to \$15.00	\$12.00 to \$25.00	\$12.00 to \$22.00
Dearborn	\$ 5.00 to \$ 7.00	\$15.00 to \$17.00	\$10.00 to \$12.00
Farmington Hills	\$ 6.00 to \$ 9.00	\$14.00 to \$25.00	\$10.00 to \$15.00
Livonia	\$10.00 to \$15.00	\$15.00 to \$22.00	\$12.00 to \$22.00
Novi	\$ 6.00 to \$ 9.00	\$12.00 to \$25.00	\$15.00 to \$25.00
Southfield	\$10.00 to \$12.00	\$12.00 to \$16.00	\$14.00 to \$18.00
Shelby Twp./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