

## SPOTLIGHT

# DETROIT

By Melinda Young



In a recent survey by PricewaterhouseCoopers and the Urban Land Institute, Detroit's commercial real estate market came in last place out of 45 markets nationwide.

The population exodus in recent years — caused in large part by the auto industry's woes — hasn't helped. Office-vacancy rates have been in the double digits since 2002, according to CB Richard Ellis. And while the apartment sector is improving, it could be because Detroit has one home-foreclosure filing for every 33 households, according to RealtyTrac Inc.

Many residents hope the recent labor agreements between the United Auto Workers and Detroit's "Big Three" — General Motors, Ford Motor Co. and DaimlerChrysler — will boost the city's economy. Although the agreements will decrease retirement benefits and entry-level pay, they should save the automakers significant money. Additionally, Ford has agreed not to close some regional plants previously slated to idle.

In the meantime, the city seeks to end its slump by offering financial incentives to businesses and developers that invest in the Motor City. Indeed, one national financial-services company recently announced it would move its 4,000-person headquarters into downtown. The announcement was such a triumph that Detroit's mayor and Michigan's governor were on hand for it.

Melinda Young is an associate editor at *Scotsman Guide*. Reach her at (800) 297-6061 or [melinda@scotsmanguide.com](mailto:melinda@scotsmanguide.com).

*Continued ...*

### What the Locals Say



**"The domestic auto companies have had too much capacity and too many people working for them. Now that they are starting to right-size, Detroit's economy — and the state's — will rely on appealing to new businesses. If we can't attract new businesses, I don't know where a recovery will come from."**

— Meagan Hardcastle, financial- and operational-management consultant, O'Keefe and Associates

REPRINTED FROM *SCOTSMAN GUIDE* COMMERCIAL EDITION AND [SCOTSMANGUIDE.COM](http://SCOTSMANGUIDE.COM), JANUARY 2008

All rights reserved. Third-party reproduction for redistribution is prohibited without contractual consent from Scotsman Publishing Inc.

# Spotlight: Detroit

... Continued

Vitals	Vacancy
<p>↓ <b>Population: 871,121</b></p> <ul style="list-style-type: none"> <li>Population in 2000: 951,270</li> <li>Rank (U.S.): 11th-largest</li> <li>Metropolitan-area population: 4.5 million</li> <li>Metropolitan-area rank (U.S.): 10th-largest</li> </ul> <p>↓ <b>Average commute: 26 minutes</b></p> <ul style="list-style-type: none"> <li>Average commute in 2000: 28.4 minutes</li> <li>U.S.: 25 minutes</li> </ul> <p>↓ <b>Median household income: \$28,364</b></p> <ul style="list-style-type: none"> <li>Median household income in 2000: \$29,526</li> <li>U.S.: \$48,451</li> </ul> <p>↑ <b>Median age: 33 years</b></p> <ul style="list-style-type: none"> <li>Median age in 2000: 30.9 years</li> <li>U.S.: 36.4 years</li> </ul> <p>↑ <b>Inflation (Consumer Price Index, October 2007): 2.6 percent</b></p> <ul style="list-style-type: none"> <li>Inflation (October 2006): 0.8 percent</li> <li>U.S.: 0.3 percent</li> </ul> <p>↑ <b>Unemployment: 14.4 percent</b></p> <ul style="list-style-type: none"> <li>Unemployment in September 2006: 13.9 percent</li> <li>U.S.: 4.7 percent</li> </ul>	<p>↓ <b>Office: 20.9 percent</b></p> <p>↑ <b>Retail: 9.4 percent</b></p> <p>↓ <b>Apartment: 6.7 percent</b></p> <p>↑ <b>Industrial: 12.4 percent</b></p>
	Rents/Leases
	<p>↓ <b>Office:</b></p> <ul style="list-style-type: none"> <li>Asking: \$19.72 per square foot</li> <li>Effective: \$16.22 per square foot</li> </ul> <p>↓ <b>Retail:</b></p> <ul style="list-style-type: none"> <li>Asking: \$17.31 per square foot</li> <li>Effective: \$15.78 per square foot</li> </ul> <p>↑ <b>Apartment:</b></p> <ul style="list-style-type: none"> <li>Asking: \$828 per unit</li> <li>Effective: \$765 per unit</li> </ul> <p>↓ <b>Industrial: \$5.39 per square foot</b></p>
	Résumé
	<ul style="list-style-type: none"> <li>■ <b>Top employers:</b> General Motors Corp., Ford Motor Co., DaimlerChrysler Corp., Visteon Corp., St. John Health</li> <li>■ Ambassador Bridge is the busiest international-land-border crossing in North America, accounting for 27 percent of annual Canada-U.S. trade.</li> <li>■ Fifth-largest U.S. gambling market</li> <li>■ A 2007 "best place to retire," because of low housing costs (CNNMoney.com)</li> <li>■ Detroit Metropolitan Airport is nation's 10th-busiest airport</li> </ul>
Under Construction	
↔ <b>Industrial: 1.5 million square feet</b>	
Absorption	
<p>↑ <b>Net office: 317,000 square feet</b></p> <p>↓ <b>Net retail: -20,000 square feet</b></p> <p>↑ <b>Net apartment: 874 units</b></p>	
Sources: CB Richard Ellis, Reis Inc., U.S. Census Bureau, U.S. Department of Labor	