

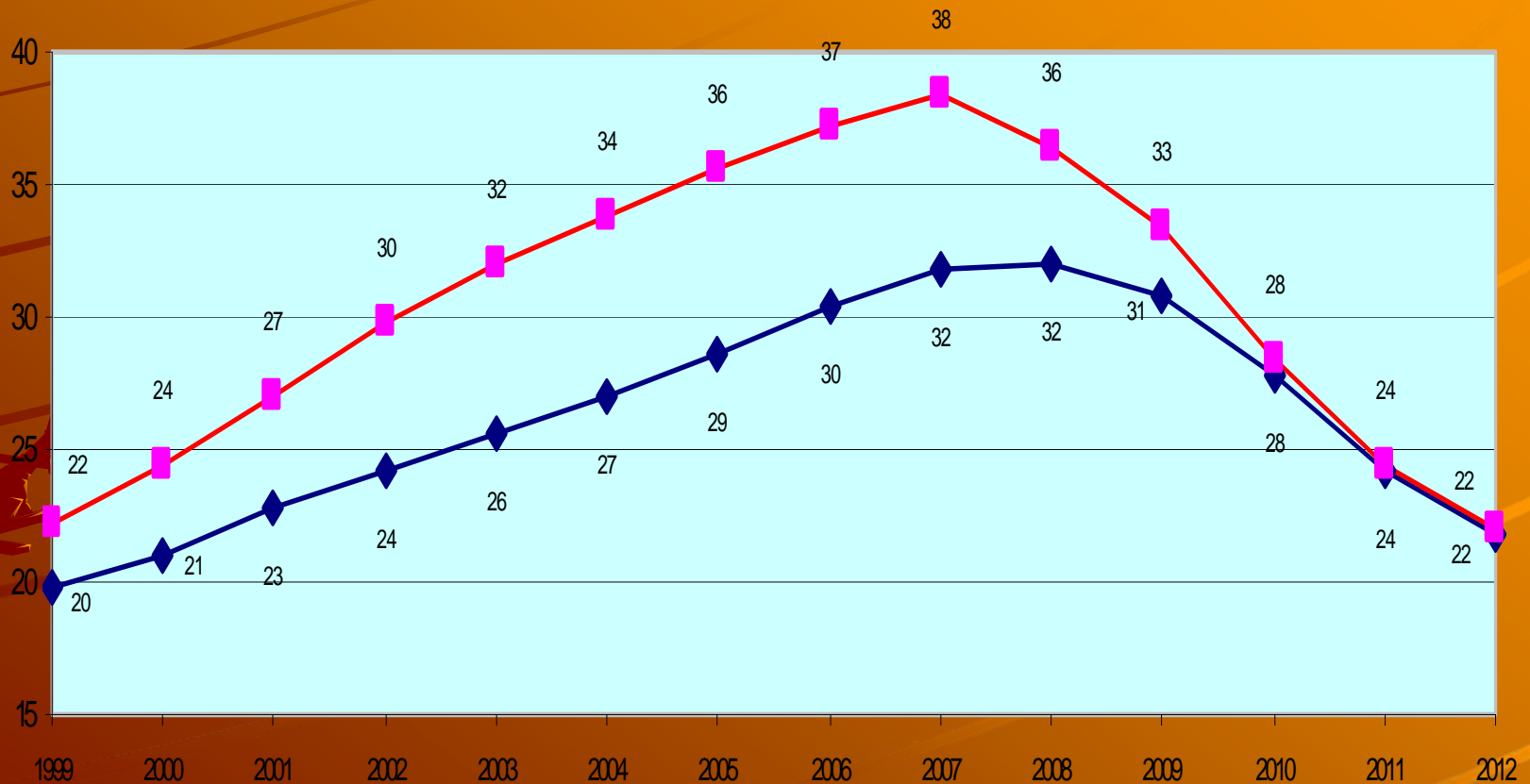
# 2010 and Beyond

A projection of the valuations  
as effected by the declining market  
in Southeast Michigan.

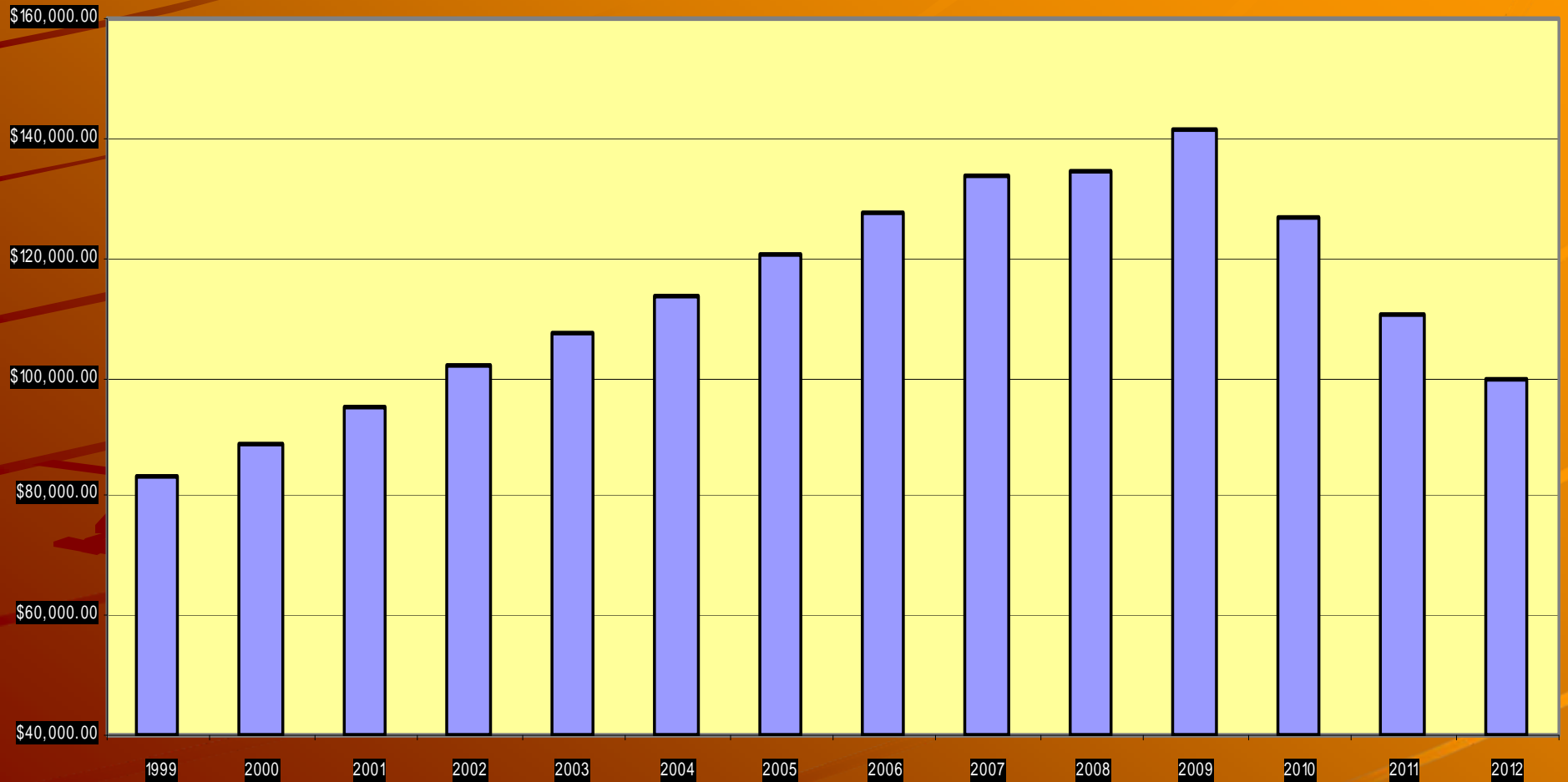


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Director

# S.E.V. to T.V. Comparison

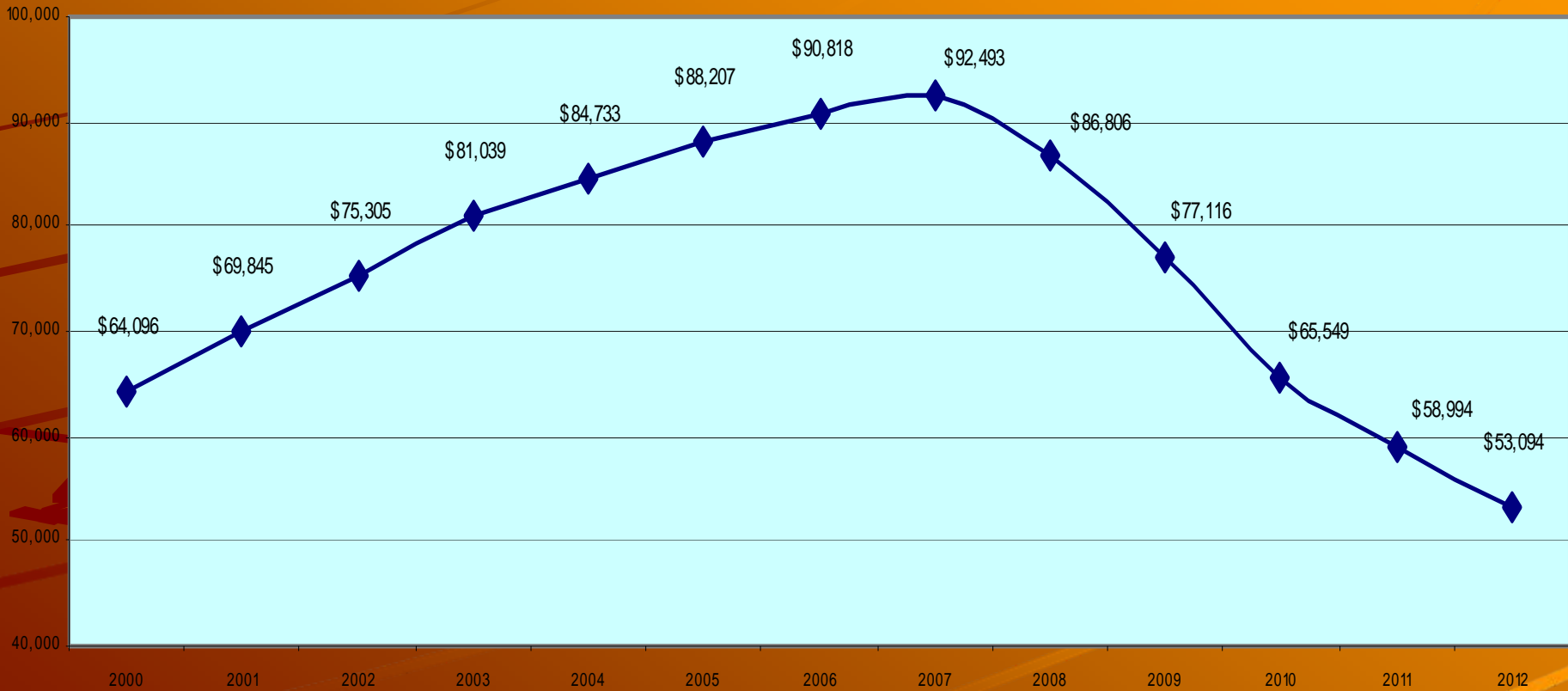


# County Tax Revenue



# Average Res Home Values

Avg Home Value



# Retail Snapshot

## ✦ Vacancy by Area (2000 to 2009):

- Macomb County: 1.00% to 13.8%
- Oakland County: 1.00% to 9.80%

## ✦ Vacancy by Size (Oakland & Macomb)

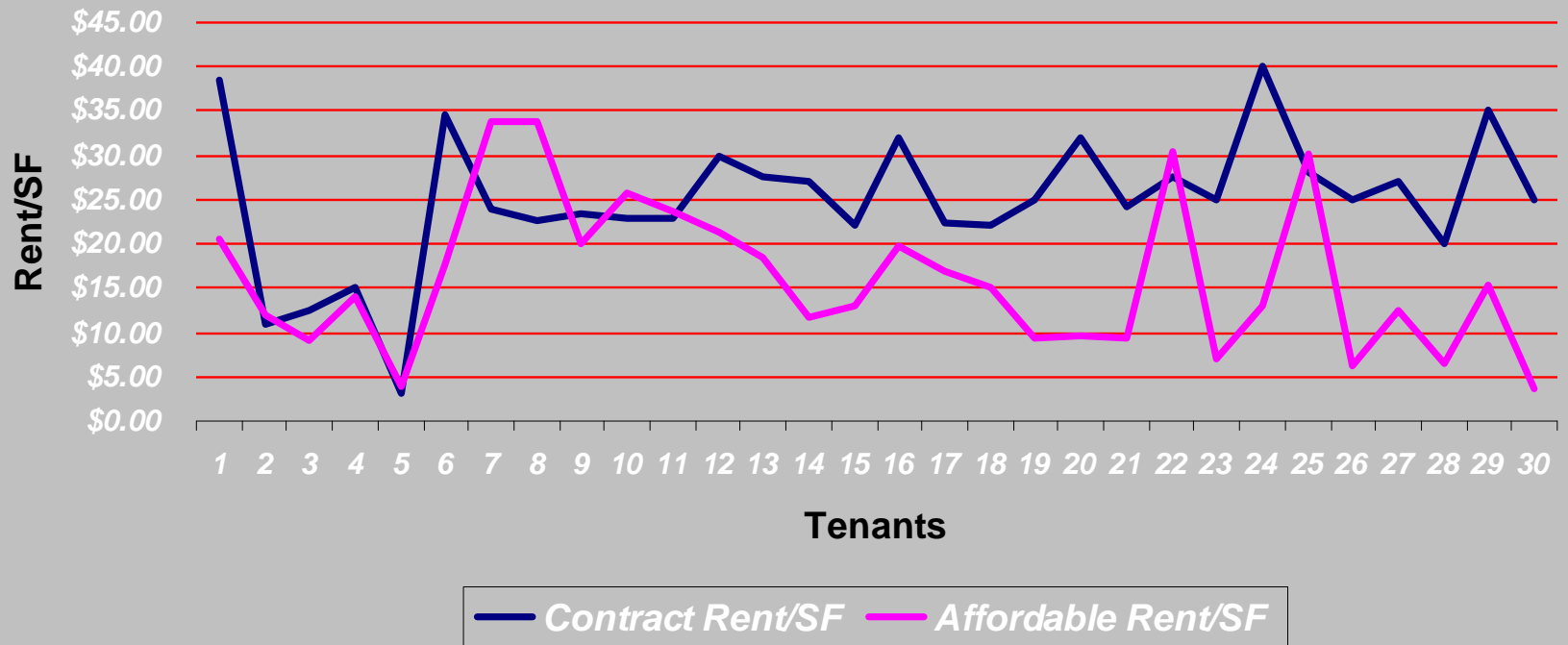
- Less than 15,000 2.00% to 15.20%
- 15K to 30,000 1.50% to 19.50%
- 30K to 100,000 0.50% to 14.70%
- Over 100,000 0.01% to 10.20%

## ECONOMIC IMPACT - MARKET DECLINE

		PAST			NOW	% Change
Base Rent		\$	540,000		\$ 540,000	
Recoveries		\$	<u>79,500</u>		<u>\$ 59,625</u>	
Total Income		\$	619,500		\$ 599,625	
Vacancy	5%	\$	30,975	12.0%	\$ 71,955	
Collection Loss	0%	\$	<u>-</u>	5.0%	<u>\$ 29,981</u>	
Effective Gross Income		\$	588,525		\$ 497,689	-15.4%
Expenses						
Taxes	\$ 1.50	\$	45,000		\$ 45,000	
Insurance	\$ 0.25	\$	7,500		\$ 7,500	
Common Area Mait.	\$ 0.90	\$	27,000		\$ 27,000	
Administration	\$ 0.08	\$	2,400		\$ 2,400	
Management	5.0%	\$	<u>29,426</u>		<u>\$ 24,884</u>	
Total Expenses		\$	111,326		\$ 106,784	-4.1%
Net Operating Income		\$	477,199		\$ 390,904	-18.1%
Overall Rate			7.75%		9.25%	150
Value		\$	6,157,403		\$ 4,225,993	-31.4%
per square foot		\$	205		\$ 141	
LTV	75%	\$	4,618,052		\$ 3,169,494	
Equity		\$	1,539,351		\$ 1,539,351	
Additional Equity Req'd		\$			\$ 1,448,558	
Total Equity in Deal		\$	1,539,351		\$ 2,987,909	
Return on Equity			8.09%		4.08%	

# Comparison Contract Rent vs Affordable Rent

## Comparison Contract vs Affordable Rent




# Office Market Sector

- ◆ Average Rental Rates are \$18/SF and falling
- ◆ Average Vacancy Rate is 20% and increasing
- ◆ Average Lease Up Time is 26 Months
- ◆ Limited new leasing activity

# Declining Values – Office Sales

	<u>2008</u>	<u>2009</u>
◆ Number of transactions	71	33
◆ Average Size in Square Feet	8,100	7,450
◆ Average Price per Sq. Ft.	\$97.00	\$86.00
◆ Days on the Market	491	584

# Apartment Market

- ◆ Relatively Stable
  - ◆ No big swings in supply
  - ◆ No significant changes in rent levels
  - ◆ No significant changes in occupancy
  - ◆ Currently fewer buyers & less credit avail.
- 

# Declining Values – Industrial

- ✦ Average Rental Rates are \$4/SF and falling
- ✦ Average Vacancy is 19% and increasing
- ✦ Average Lease Up Time is 24 months
- ✦ Available space is 10,000,000 Sq. Ft.



# Auto Company Effect

Assessed Value of all properties: \$266,869,570

Value under Appeal: \$106,750,000

Estimated reduction in Taxable value  $\frac{1}{2}$  of 1%

This is just the appeals - should the Sterling Height Assembly Plant be closed (as has been proposed) a reduction in County revenue would be over 1.5%.

As for the school districts any further reduction would equate to a larger burden on the State Aid Fund and thereby reduce per pupil allocation.

# Positive Notes

- ◆ Michigan still 8<sup>th</sup> most populated state
- ◆ 4+ Million metro area residents
- ◆ Great Colleges doing cutting edge research
- ◆ Health Care is strong with 7-10 major providers
- ◆ GM and Chrysler have a second chance