

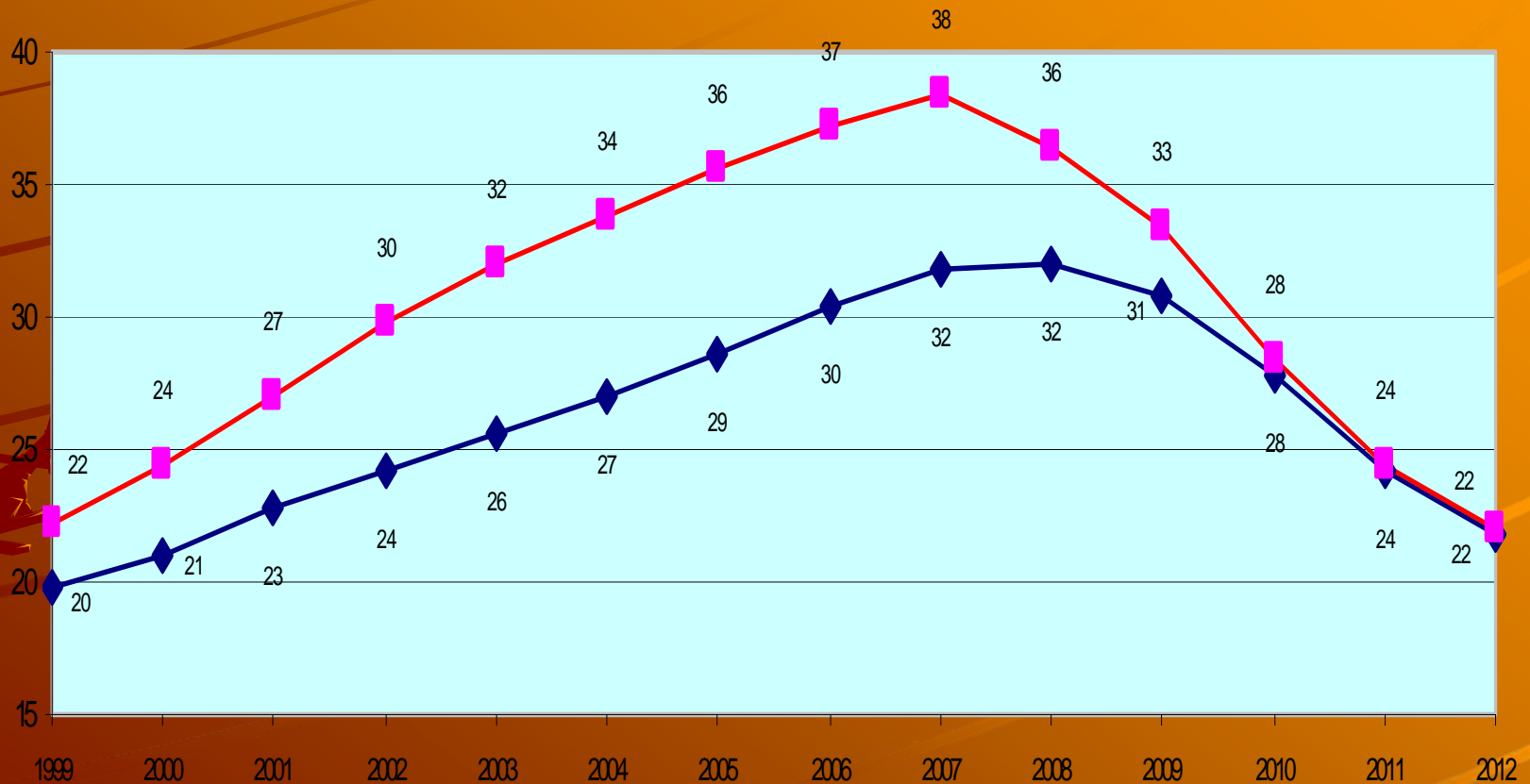
2010 and Beyond

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

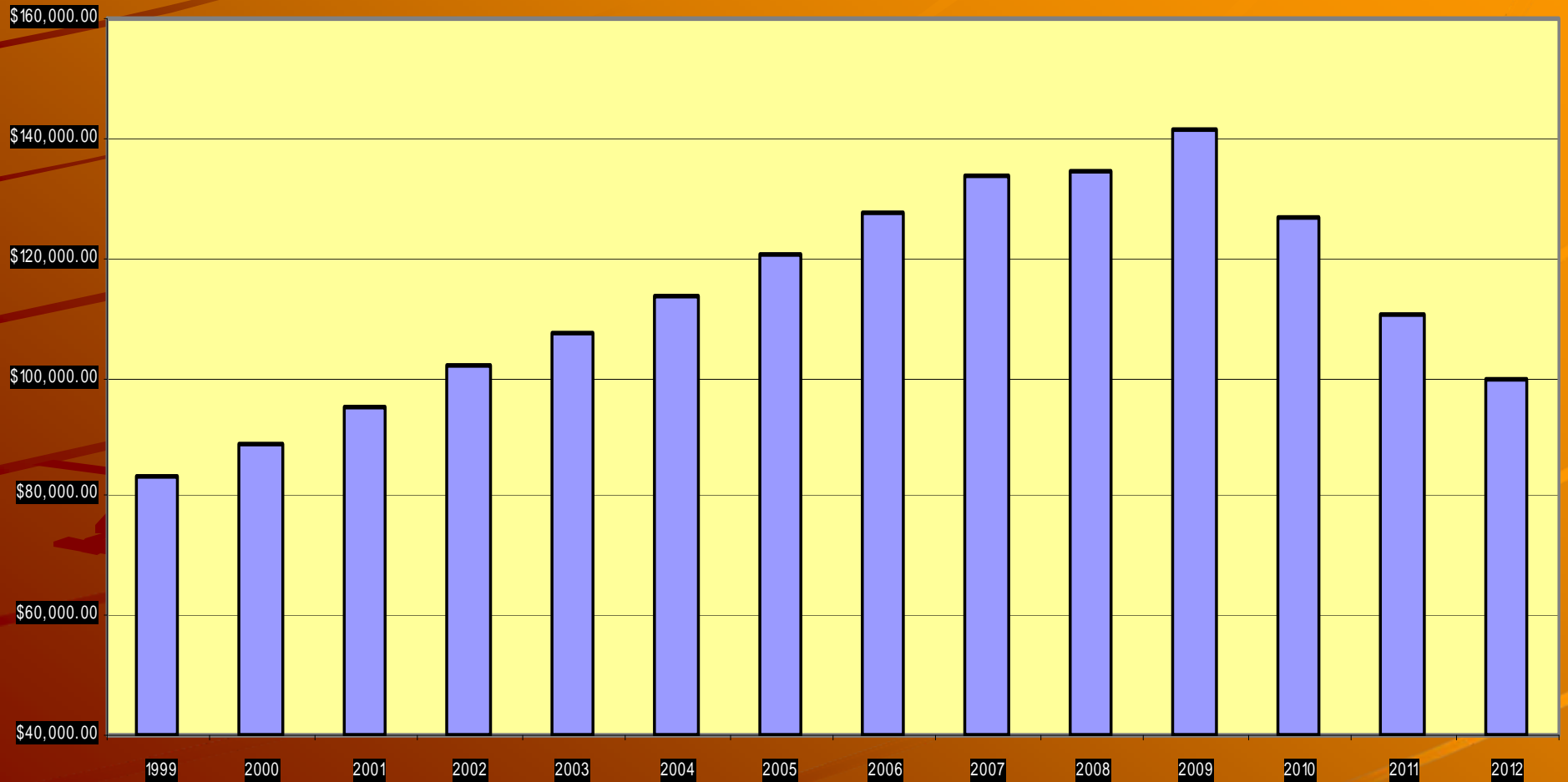


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Director

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

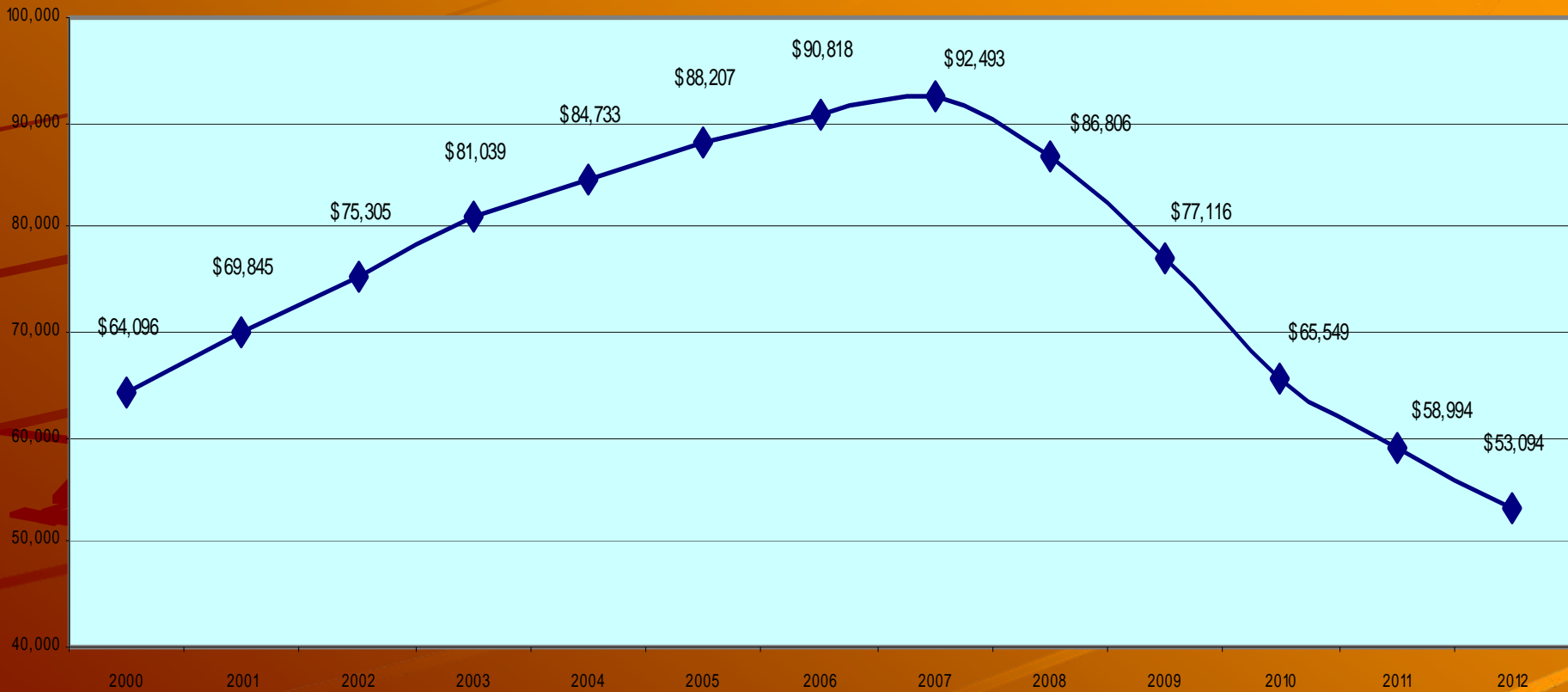


County Tax Revenue



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)

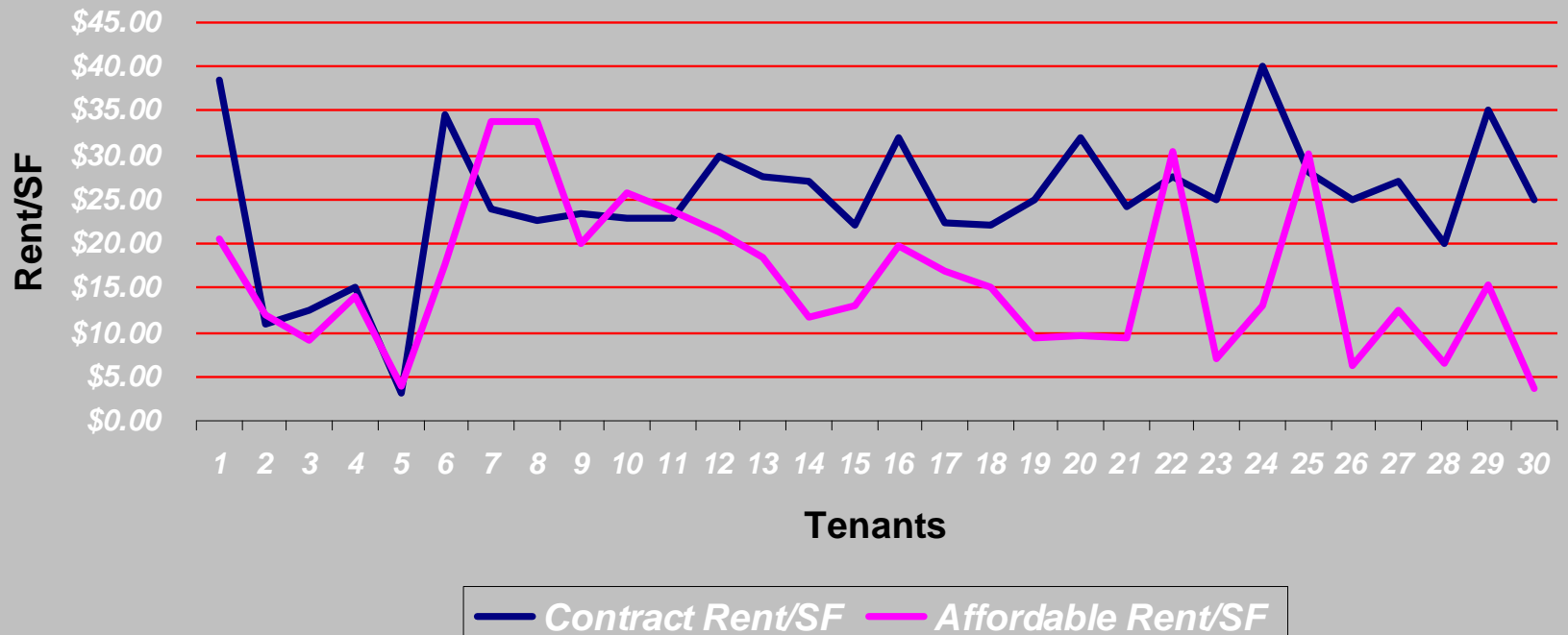
- Less than 15,000 2.00% to 15.20%
- 15K to 30,000 1.50% to 19.50%
- 30K to 100,000 0.50% to 14.70%
- Over 100,000 0.01% to 10.20%

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
per square foot		\$	205		\$	141
						-31.4%
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 8th 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