METRO DETROIT
2019 RETAIL RECAP

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Amid the myriad of store closings, the Metro Detroit retail market registered a robust, yet cautious year in 2019, continuing its post-recession positive trajectory, albeit with signs of slowing growth. The region's economy has maintained steady growth buoyed by record-level unemployment. Vacancy rates posted modest declines of approximately 60 basis points. Rental rates continue to increase overall, however due to ample recent class A deliveries, developers have been competing on price to fill centers.

2019 represented the Metro Detroit retail market's tenth consecutive year of positive net absorption, representing roughly 740,000 square feet, a 28.50% increase to the recorded 575,000 square feet in 2018. The Royal Oak, Macomb, and Rochester submarkets were the top recipients of new tenants, each recording approximately 200,000 SF or more of positive net absorption. Von Maur backfilled the now-bankrupt Carson's department store, 400 N Adams Rd in Rochester Hills. The Von Maur lease is the largest of the year, occupying all the 102,500 SF two-story box at the 375,000+ square feet lifestyle center, Village of Rochester Hills.

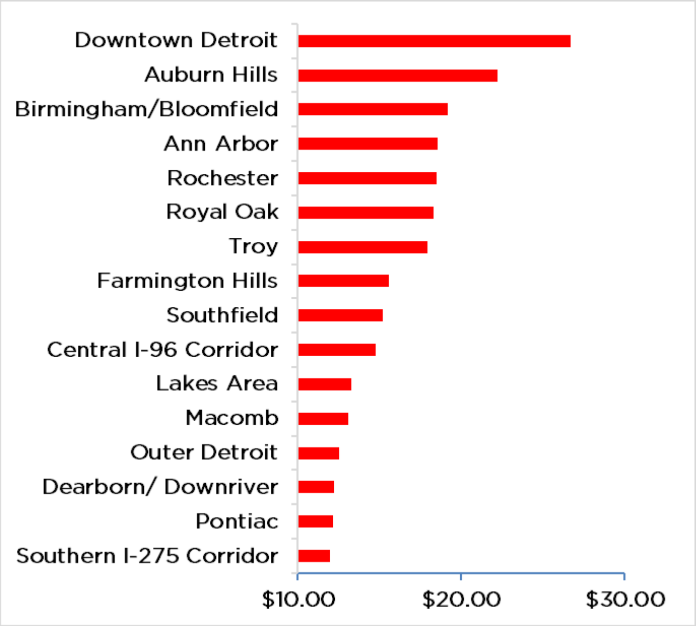
Kohl's renewed their space for the year's second largest lease at Southland Town Center shopping mall in Taylor for 93,000 SF, while Value City Furniture renewed their space for 48,000 SF. Hobby Lobby continued to increase their presence in Metro Detroit by signing the year's third largest lease at Macomb shopping mall in Roseville for 60,000 SF. Notable new market entrants include: BJ's Wholesale, who built and own two new locations (75,000 – 100,000 square feet), and Bob's Discount Furniture, who opened six new locations in the region (25,000 – 30,000 square feet).

Overall vacancy and availability rates have remained stable year over year at 5.5% and 8.0% respectively, and average asking rental rates increased by 6.29% to $14.37 PSF NNN. Buildings under construction in 2019 measured 637,000 SF, the lowest recorded since 2013. Notable buildings under construction include Beaumont's Woodward Corners, a 120,000 SF redevelopment of the southeastern corner of the intersection of 13 Mile & Woodward Ave, right next to their Royal Oak hospital.

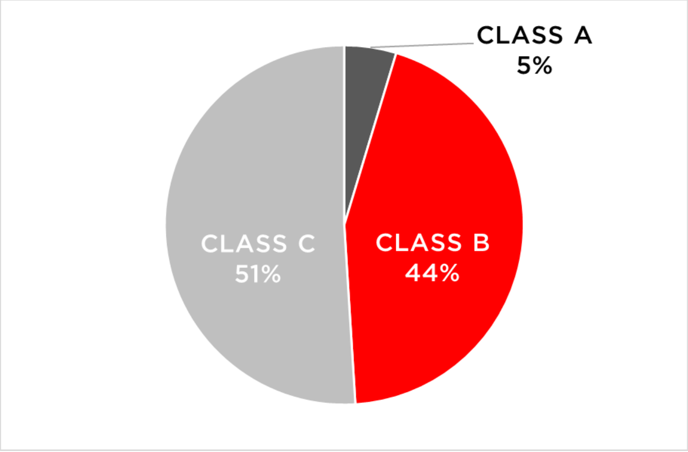
Sales volume for 2019 totaled $486 million, in over 5.8 million SF, averaging $82 PSF. The largest deal by sales price and square footage of 2019 was the 1,278,000 SF Lakeside shopping mall in Sterling Heights, purchased in December 2019 for $26.5 million, or $20.50 PSF.

MARKET AT A GLANCE	YE 2018	YE 2019
# OF RETAIL BUILDINGS	24,512	24,519
MARKET SIZE (SF)	241,008,167	238,942,524
AVG ASKING RENTAL RATES (NNN)	$13.58	$14.32
OVERALL OCCUPANCY	94.5%	95.1%
NET ABSORPTION	575,420	740,504
# PROP UNDER CONSTRUCTION	77	53
SF UNDER CONSTRUCTION	1,067,878	635,297
TOTAL SALES VOLUME	$656,247,511	$486,373,403

AVG ASKING RENTAL RATES PSF (NNN)



METRO DETROIT RETAIL INVENTORY BY CLASS TYPE



METRO DETROIT
2020 RETAIL FORECAST

METRO DETROIT RETAIL FORECAST

As the saying goes, birds of a feather flock together and so do the retailers in the Metro Detroit market. Retail activity is continuing to concentrate along strong retail corridors, as peripheral areas see store closings and/or demolitions. Examples of retail clustering in the Metro Detroit area include the Grand River corridor on the west side (anchored by Twelve Oaks shopping mall), the Hall Road corridor on the east side (anchored by Partridge Creek and Lakeside shopping malls), and the Big Beaver corridor in the central area (anchored by Somerset shopping mall).

Gross absorption registered a positive 5%, while net absorption decreased by 17% year over year, indicating tenants are renewing leases rather than signing new leases. There has been a combined 3.35 million SF demolished with only 2.3 million SF delivered, resulting in negative net deliveries since 2018. The demolitions are a function of older retail product that has become functionally obsolete, as well as the current nationwide trend of separating the "back-end" and "front-end" of retail.

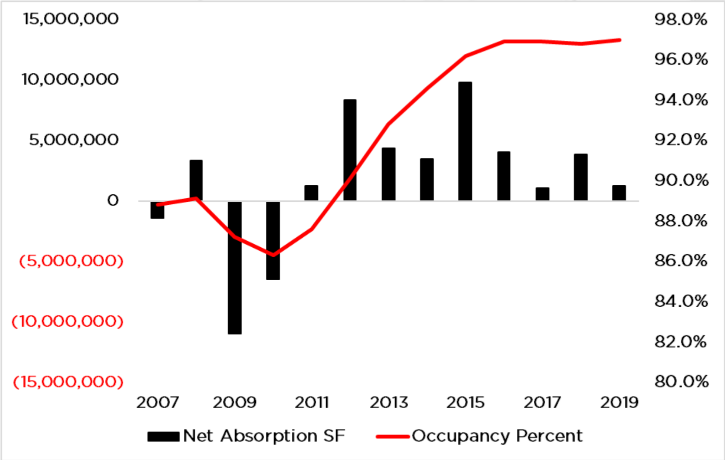
"Back-end" functions such as inventory management are increasingly being moved online and warehouses. Continued investment in logistics networks make carrying a large inventory at retail locations less important. As such, retailers have begun opening less locations in tandem with building out their online presence. The physical stores maintain the "front-end" of retail, where potential customers can visit to touch the product or service offered, but overall, the internet has lessened the need for larger store footprints and multiple locations.

In addition to retaining less inventory, retailers are utilizing smaller floorplans to fit into dense, walkable areas. These brick and mortar locations are experiential in nature where customers can buy products from the local community or enjoy certain social activities as well as shopping. As an example, in Beaumont's Woodward Corners, the plaza will be anchored by Meijer's Woodward Corners Market, the first of Meijer's small format stores to open in Metro Detroit. The store plans to sell over 2,000 items from Michigan companies and Metro Detroit entrepreneurs, all within a floorplate nearly 1/3 of the size of a regular suburban Meijer location.

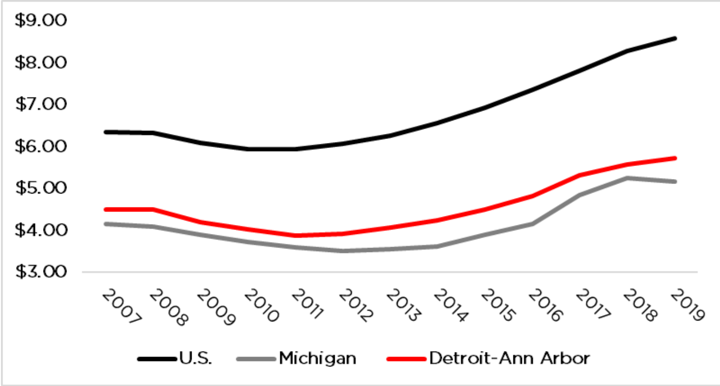
Brick and mortar retail locations will not become obsolete, but we expect closures and demolitions to continue, as the region balances not only the demand for new quality product, but also the demand for highly focused, generally smaller footprints. These changes may precipitate slower growth during the adjustment period, but retail real estate has proven necessary and can perform well when tailored to the 21st century consumer.

NOTE: Friedman's Retail Market Report provides our clients and tenants with a snapshot of pertinent market data and information to help them make informed commercial real estate decisions.

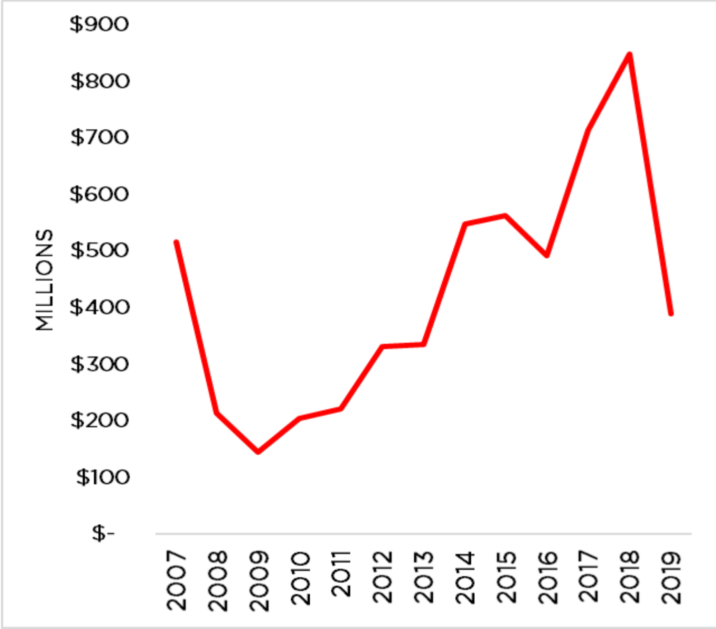
OCCUPANCY & ABSORPTION



ANNUAL ASKING RENT



ANNUAL SALES VOLUME—METRO DETROIT



METRO DETROIT RETAIL STATS

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SUBMARKET	# BLDGS	INVENTORY (SF)	NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	AVAIL. (%)	OVERALL OCC. (%)	ASKING RENT (NNN)	TOTAL SALES VOLUME	SALES PSF
Ann Arbor	1,915	18,703,176	31,570	40,285	2.6%	4.2%	97.4%	$18.55	$47,023,659	$115
Auburn Hills	98	1,489,332	16,768	-	4.8%	5.2%	95.2%	$22.44	$10,153,000	$365
Birmingham/ Bloomfield	404	5,381,672	77,622	12,084	2.8%	5.2%	97.2%	$19.17	$4,555,481	$196
Central I-96 Corridor	901	13,858,243	104,913	21,116	4.1%	7.7%	95.9%	$14.74	$14,988,464	$116
Dearborn/ Downriver	4,080	36,115,793	108,373	68,839	4.6%	8.5%	95.4%	$12.25	$85,622,629	$102
Downtown Detroit	346	3,149,830	(9,191)	80,124	4.8%	9.3%	95.2%	$26.67	$2,515,000	$207
Farmington Hills	452	5,365,422	(77,807)	-	7.3%	10.7%	92.7%	$15.58	$9,853,393	$115
Lakes Area	905	8,321,329	(94,924)	4,000	5.7%	9.1%	94.3%	$13.30	$18,278,455	$34
Macomb	4,313	50,582,269	208,920	129,158	5.1%	8.3%	94.9%	$13.11	$141,015,949	$53
Outer Detroit	5,022	29,321,881	(208,249)	5,000	4.3%	7.7%	95.6%	$12.50	$28,782,017	$85
Pontiac	592	6,374,922	74,534	87,884	6.4%	9.5%	93.6%	$12.18	$8,508,000	$111
Rochester	346	5,388,087	193,040	37,995	2.8%	5.9%	97.1%	$18.49	$15,354,758	$195
Royal Oak	1,839	12,291,617	218,907	53,139	4.8%	7.0%	95.2%	$18.33	$16,391,403	$114
Southern I-275 Corridor	2,521	28,364,841	90,034	25,300	8.0%	10.3%	92.0%	$12.00	$60,874,189	$83
Southfield	403	5,705,073	11,722	-	3.8%	8.8%	96.2%	$15.21	$10,724,669	$156
Troy	382	8,529,037	(5,728)	70,373	2.3%	5.8%	97.7%	$17.92	$11,732,337	$221
TOTAL	24,519	238,942,524	740,504	635,297	4.9%	8.0%	95.1%	$14.32	$486,373,403	$82

2019 RETAIL SALES ($4MM+)

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BUILDING	ADDRESS	CITY	SF	SALE PRICE	PRICE PSF
Lakeside Mall	14000 Lakeside Cir	Sterling Heights	1,278,022	$26,500,000	$21
2100 W Stadium Blvd	2100 W Stadium Blvd	Ann Arbor	11,292	$7,653,235	$678
Hunting Ford	2890 S Rochester Rd	Rochester Hills	14,780	$6,500,000	$440
Walgreens	2170 Washtenaw Ave	Ypsilanti	15,120	$6,434,108	$426
Plaza at the Pointe	35248 23 Mile Rd	New Baltimore	33,414	$5,700,000	$171
Woodhaven Village Square	23420-23500 Allen Rd	Woodhaven	50,414	$5,700,000	$113
Hoover 12 Shopping Center	11533-11585 E 12 Mile Rd	Warren	38,300	$5,201,720	$136
Taylor Retail Center	9850-9860 Telegraph Rd (Part of Portfolio)	Taylor	89,647	$5,100,000	$57
Kmart	17580 Frazho Rd (Part of Portfolio)	Roseville	166,890	$4,633,905	$28
10777-10889 Belleville Rd	10777-10889 Belleville Rd	Van Buren Twp	10,018	$4,400,000	$439
Red Lobster	5774 N Wayne Rd	Westland	7,582	$4,350,000	$574
Henry Ford OptimEyes	735 John R Rd	Troy	25,983	$4,334,837	$167
Tractor Supply	6850 Whitmore Lake Rd	Whitmore Lake	22,670	$4,200,000	$186

2019 RETAIL LEASES
(20,000+ SF)

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TENANT	BUILDING	SUBMARKET	SF
Von Maur	400 N Adams Rd	Rochester	120,500
Kohl's*	14500 Racho Rd	Dearborn/Downriver	93,310
Hobby Lobby	32123 Gratiot Ave	Macomb	59,271
Super Bowl	45100 Ford Rd	Southern I-275 Corridor	53,447
Gardner White Furniture	3615-3725 Washtenaw Ave	Ann Arbor	48,249
Value City Furniture*	23859-23877 Eureka Rd	Dearborn/Downriver	48,191
Ashley Furniture HomeStore	32700-32766 John R Rd	Royal Oak	48,126
The Edge Fitness Club	36577 Warren Rd	Southern I-275 Corridor	46,160
LA Fitness*	44833 Mound Rd	Macomb	42,300
ABC Warehouse	Winchester Shopping Center	Rochester	38,599
Art Van Furniture	Winchester Shopping Center	Rochester	38,598
Cattleman's	Centerline Plaza	Macomb	23,376
Romeo & Juliet Furniture	26150-26160 Gratiot Ave	Macomb	22,590
Papas Pizza	23985 Industrial Park Dr	Farmington Hills	20,656
Great Lakes Ace Hardware	Allen Park Plaza	Dearborn/Downriver	20,610

**Renewal*

METRO DETROIT RETAIL SUBMARKET MAP

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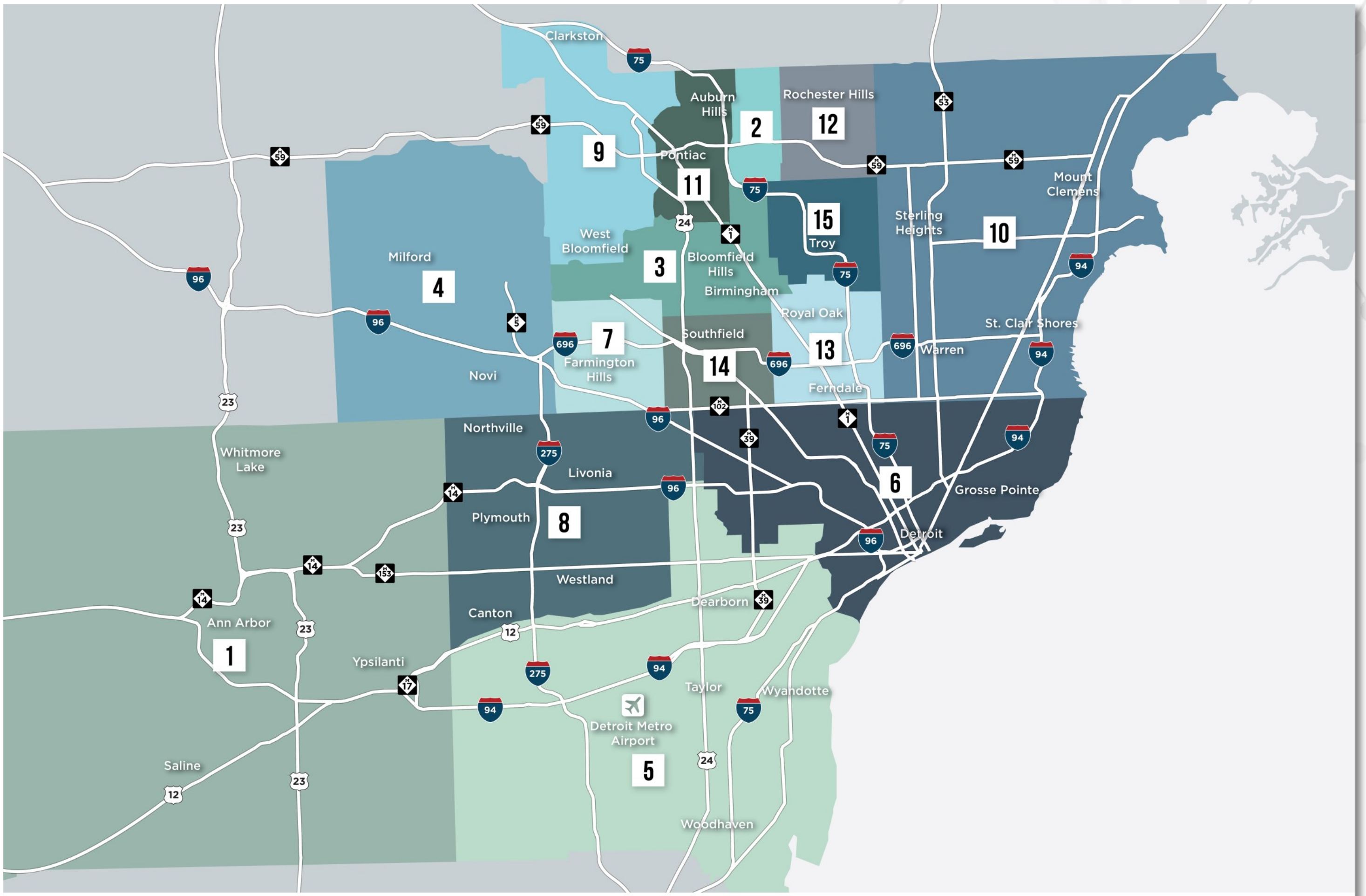

1	ANN ARBOR
2	AUBURN HILLS
3	BIRMINGHAM/BLOOMFIELD
4	CENTRAL I-96 CORRIDOR
5	DEARBORN/DOWNRIVER
6	DETROIT
7	FARMINGTON HILLS
8	S I-275 CORRIDOR
9	LAKES AREA
10	MACOMB
11	PONTIAC
12	ROCHESTER
13	ROYAL OAK
14	SOUTHFIELD
15	TROY

Friedman Research separates the Metro Detroit retail submarkets in the manner shown to better reflect the way users, tenants, and brokers view our market. We believe this provides a more accurate statistical picture of each Submarket which allows our clients to make better informed decisions.

FOR MORE INFORMATION PLEASE CONTACT

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