



Detroit, Michigan

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

The economy continues to show signs of recovery with jobless claims falling to 348,000 during the second week of March while gains in payroll have been robust by recent standards. However, data suggests that the Chinese economy is slowing more than expected and is creating anxiety in the global market where much of Europe is already slipping into a recession.

A slowing European and Chinese economy are a strong headwind that should impact auto sales and could spill over to the already depressed real estate markets. Detroit is also facing its own budget challenges trying to stabilize its finances without falling into receivership. A consent agreement between Detroit and the State is reported to be nearing finalization. Governor Snyder recently said that any agreement with Detroit would be about financial stability, accountability, and implementation of reform.

Market Trends

- Class A vacancy has crossed back over to 20%.
- Tenants continue to proceed with shorter-term leases.
- Landlords are more amenable to numerous provisions such as cancelation options, fixed renewals, and space expansion and reduction clauses, which in the past were unheard of.
- Lender approval for lease transactions is delaying the actual commencement of leases as the approval process has taken a back seat to the debt crisis.

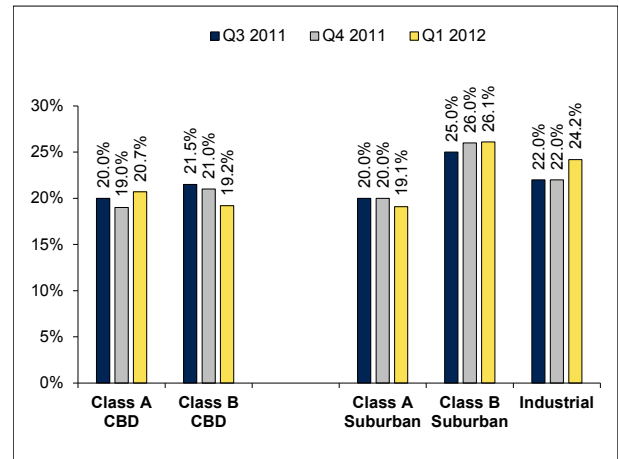
Tenant's Perspective

Tenants should not expect significant change in 2012. The economy and election year should continue to place uncertainty in the marketplace coupled with high vacancy rates. Tenants should again be in the driver seat all year.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Rock Companies	800,000	Office	Sale
Shamrock Auburn Hills	542,800	Industrial	Sale
Quicken Loans, Inc.	505,000	Office	Sale
Chrysler	393,940	Industrial	Lease
Trinity Health	340,000	Office	Lease
Rock Companies	319,817	Office	Sale
C*MAC Transportation	109,474	Industrial	Lease
American Realty Capital Trust	105,109	Industrial	Sale
World Tek Industries	103,994	Industrial	Lease
Flagstar Bank	94,571	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$23.54	\$23.73	\$23.53
Class B Office	\$15.59	\$16.11	\$16.05
Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$21.00	\$20.90	\$20.89
Class B Office	\$17.96	\$17.71	\$17.75
R&D	\$4.16	\$4.18	\$4.53