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"The Metro Detroit retail real estate market remains relatively strong..."

Softening retail sales and the deepening economic recession in the wake of the September 11, 2001 attacks have cast a pall on the retail real estate market in the second half of 2001. Retail analysts predict continued difficulties for some national retailers with some facing the possibility of store closings in 2002 that may produce ripples in the local retail market. Some new projects are experiencing attenuated lease up periods as retail sales decline along with consumer confidence, while others have been successfully completed and opened with key lease commitments secured prior to the current slump. Projects such as Midtown Square in Troy and Meadowbrook Village Mall are so well positioned in their respective markets they are doing well with major tenant leases in hand before groundbreaking and small tenant infill going strong. Meadowbrook Village Mall, now under construction, is substantially pre-leased and partially anchored by a Parisian department store and has attracted other upscale retailers such as Abercrombie & Fitch.

Large box retailers continue to be cautious in new site acquisition and will be generally less active in initiating new projects in the first half of 2002. Similarly, retail developers who depend on anchoring projects with large box retailers will be looking at fewer opportunities in 2002. Home improvement giants Home Depot and Lowe's continue to hold their own and compete for new locations. There is still interest from major grocery chains in select markets, but expansion interest is tempered with greater caution and marginal deals are off for now. Discount oriented retailers faring better in this sluggish economy such as Walmart, Target and Kohl's are expected to expand this year in contrast to widespread retrenchment dominating the retail landscape.

New urbanism, an increasingly popular solution to redeveloping properties in urban or downtown areas, has found expression in several interesting new projects. Mayflower Centre, located in the heart of the Plymouth business district with retail, office and luxury condos, is now nearing completion. Similarly, the Lincoln Crossing project in downtown Royal Oak is another retail, office and loft apartment concept that will be ready for occupancy in fall 2002.

Another project in the same genre is the former Jacobson Building in Dearborn which boasts plans for a hotel, office, retail, residential and parking structure.

Downtown Detroit is anticipating an unprecedented number of new retail projects including retail shops at Ford Field, Wintergarden at GM Headquarters and the Campus Martius project.

The Metro Detroit retail real estate market remains relatively strong with vacancies edging up slightly as marginal retailers are driven out of business by the current economic contraction. The market overall, however, is well positioned to ride out what everyone hopes will be a short lived recession and return to economic growth in late 2002. In the meantime, deals are still being done, but for now there will be fewer of them until the economic picture brightens.