

CBRE VALUATION & ADVISORY SERVICES

# MARKET STUDY

THE NEW AMSTERDAM SITE  
DETROIT, WAYNE COUNTY, MICHIGAN 48201  
CBRE GROUP, INC. FILE NO. CB22US109616-2

PALACE SPORTS AND ENTERTAINMENT, LLC

**CBRE**

September 6, 2023

Richard Haddad  
Chief Operating Officer and Chief Legal Officer  
Palace Sports and Entertainment, LLC  
6201 2nd Avenue  
Detroit, Michigan 48202

RE: Market Study for Proposed Commercial Buildings  
Detroit, Wayne County, Michigan 48202  
CBRE, Inc. File No. CB22US109616-2

Dear Mr. Haddad:

At your request and authorization, CBRE, Inc. has prepared a market study analyzing the development potential, operating expenses and rents for new construction projects to be located in Detroit, MI. The New Amsterdam Project is comprised of a 6-block area in the New Center neighborhood.

The purpose of the study is to provide market intelligence to Palace Sports and Entertainment, LLC in support of an application for a Transformational Brownfield Plan (TBP).

A TBP is defined as a brownfield plan that, among other requirements, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment, growth in population, commercial activity, and employment that will result from the plan. The plan must be a mixed-use development project containing multifamily, retail, office, or hotel uses. Minimal capital investment thresholds are required depending on the population of the municipality in which the development is proposed.

Proposed uses in New Amsterdam Project, at this time, include multifamily, retail, research/lab office space.

For each property type, the study examines:

1. Existing supply / demand;
2. Projected supply / demand;
3. New inventory pipeline;
4. Suggested unit / space pricing;
5. Absorption estimates; and
6. Expenses for multi-family.

Our analysis is presented in the following Report.

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following market study sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

*Cameron Mattox*

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Cameron Mattox  
Vice President  
Certified General Appraiser- State of Michigan  
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Expires 7/31/2024  
Email: Cameron.Mattox@cbre.com

*Brenda D. Makarov*

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## Certification


We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined conclusion that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, as well as the requirements of the State of MI relating to review by its duly authorized representatives.
7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. Brenda Makarov, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
9. A physical inspection of the properties was not completed.
10. No one provided significant real property appraisal assistance to the persons signing this report.
11. Cameron Mattox and Brenda Makarov, MAI have extensive experience in the preparation and review of similar reports / market studies.
12. Cameron Mattox and Brenda Makarov, MAI are currently certified in the state where the subject is located.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE. Although employees of other CBRE divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy are maintained at all times with regard to this assignment without conflict of interest.
14. Cameron Mattox and Brenda Makarov previously provided appraisal services regarding the subject in October of 2022 for the same client.
15. In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, PO Box 30018 Lansing, Michigan 48909.




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Cameron Mattox  
License No. 1205076997




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Brenda Makarov, MAI  
License No. 1205003948

## MARKET VOLATILITY

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

## CURRENT ECONOMIC CONDITIONS

At its July 2023 meeting, the Federal Reserve raised the federal funds rate by 25 basis points to a 22-year-high range of 5.25% to 5.50% and indicated that future changes in monetary policy will depend on incoming data, taking into consideration the lagged impact of tightening monetary policy on the economy. The Fed also noted that it will continue to reduce the size of its balance sheet by \$95 billion per month.

Inflation is slowing as the pandemic's impact wears off. The economy has been remarkably resilient in the face of rapid rate hikes and inflation is unlikely to fall to 2.0% with a continued tight labor market and an unemployment rate of only 3.6%. For this reason, another rate hike cannot be ruled out, but we believe that the current rate of 5.25% to 5.50% will be enough to sufficiently weaken the labor market.

While opinions vary on future economic issues, the general market consensus at the time of this appraisal is the anticipation of moderating inflation as higher interest rates cool demand. Tighter lending conditions and a weakening economy will keep capital markets activity subdued and reduce leasing demand in the short to medium term. Amid this uncertain and dynamic environment, investment market performance will be uneven across property types.

## EXTRAORDINARY ASSUMPTIONS

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions." <sup>1</sup>

- None noted.

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<sup>1</sup> The Appraisal Foundation, USPAP, 2020-2021 (Effective January 1, 2021 through December 31, 2023)

## HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.”<sup>2</sup>

- None noted.

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<sup>2</sup> The Appraisal Foundation, USPAP, 2020-2021 (Effective January 1, 2021 through December 31, 2023)

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## Introduction

### INTENDED USE OF REPORT

This Report is to be used in support of an application being prepared by the Client for a Transformational Brownfield Plan for The New Amsterdam Project. No other use of this report is permitted.

### CLIENT

The Client is Palace Sports and Entertainment, LLC.

### INTENDED USER OF REPORT

This appraisal is to be used by the Client, Palace Sports and Entertainment, LLC, MEDC (Michigan Economic Development Corporation), DEGC (Detroit Economic Growth Corporation) and Henry Ford Health and no other user may rely on our report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.<sup>3</sup>

### RELIANCE LANGUAGE

Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

### SCOPE OF WORK

This Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is

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<sup>3</sup> Appraisal Institute, The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020), 50.

conducted, data is gathered and analysis is applied. CBRE, Inc. completed the following steps for this assignment:

### **Data Resources Utilized**

CBRE reviewed the following:

- Market and submarket statistics report by Costar and CBRE.
- Property specific information reported by the Client.
- Demographic information provided by ESRI.
- Direct market observation.

# Project Description

The New Amsterdam Project is a 6-block area in the New Center Neighborhood. Proposed uses in The New Amsterdam Project include multifamily, retail and research office space. A map outlining the New Amsterdam project and the proposed uses are summarized below.

## East Campus

Building	GSF	Units
<b>One Ford Place</b>	626,953	403
<b>R2 New Residential</b>	159,204	154
<b>R3 New Residential (TBD)</b>	112,395	105 Units
<b>Research</b>	335,000	
<b>Parking</b>		800 spaces



The project(s) identified in the map above identify the New Amsterdam project analyzed in this report. A summary of the size and use components are presented below.

	CONSOLIDATED	Research Building	Parking Deck	One Ford Place	R2 New Residential	R3 New Residential
<b>Development Scope</b>						
<b>Gross SF</b>	<b>1,554,251</b>	<b>335,699</b>	<b>320,000</b>	<b>626,953</b>	<b>159,204</b>	<b>112,395</b>
<b>Residential - # of Units</b>	<b>662</b>	-	-	<b>403</b>	<b>154</b>	<b>105</b>
Affordable - # of Units	133	-	-	133	-	-
Market-Rate - # of Units	529	-	-	270	154	105
<b>Net Rentable SF</b>						
Residential NRSF	451,365	-	-	277,389	104,431	69,545
Retail NRSF	31,348	-	-	17,060	8,015	6,273
Office NRSF	335,699	335,699	-	-	-	-
<b>Total NRSF</b>	<b>818,412</b>	<b>335,699</b>	-	<b>294,449</b>	<b>112,446</b>	<b>75,818</b>
	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
<b>Uses (in 000s)</b>						
Acquisition Costs	\$7,300	-	-	\$7,300	-	-
Hard Cost	\$501,745	\$251,500	\$24,000	\$129,850	\$57,468	\$38,927
Soft Cost	\$261,312	\$141,759	\$25,886	\$53,967	\$23,231	\$16,468
<b>Total Uses</b>	<b>\$770,357</b>	<b>\$393,259</b>	<b>\$49,886</b>	<b>\$191,117</b>	<b>\$80,700</b>	<b>\$55,395</b>

The project summarized above will include 1.554 million square feet (gross) of parking, office, retail and residential space. The components are summarized below.

**Retail** - Many of the buildings will be developed as mixed-use properties. A retail component will be on the first floor of three of the five buildings.

**Office** – One building will be strictly a research office building and will represent the second largest use with 335,699 square feet (NRA). Office will include general and laboratory uses.

**Multifamily** - Multifamily represents the largest use. Multifamily will be a component of three buildings. The buildings will include 662 units, of which about 20% will affordable units and 80% will be market rate. This analysis will focus of the market-rate units.

## Market Overview

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of demand to help determine financial feasibility for the proposed projects. In this section, we consider various factors affecting the supply and demand components of the various property sectors being considered, and the subject's potential, in particular. The one, three and five-mile rings are drawn around The New Amsterdam Project site.

## DEMOGRAPHIC ANALYSIS

Demand for all properties is impacted by demographic characteristics and trends. While the potential benefit of the proposed projects is only marginally captured by demographic forecasts at this time, a presentation of the current, historic and forecasted demographic trends is provided below.

### Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject neighborhood. Area trends are best represented by the demographics in a one-mile radius around the stadium.

<b>SELECTED NEIGHBORHOOD DEMOGRAPHICS</b>				
6201 2nd Avenue Detroit, MI 48202	1 Mile Radius	3 Mile Radius	5 Mile Radius	Detroit-Warren- Dearborn, MI Metropolitan Statistical Area
<b>Population</b>				
2028 Total Population	19,120	127,928	301,758	4,375,903
2023 Total Population	18,371	127,182	302,901	4,391,572
2010 Total Population	16,445	133,822	340,249	4,296,250
2000 Total Population	20,729	177,108	455,635	4,452,571
Annual Growth 2023 - 2028	0.80%	0.12%	-0.08%	-0.07%
Annual Growth 2010 - 2023	0.86%	-0.39%	-0.89%	0.17%
Annual Growth 2000 - 2010	-2.29%	-2.76%	-2.88%	-0.36%
<b>Households</b>				
2028 Total Households	9,491	56,837	125,568	1,787,073
2023 Total Households	9,025	55,608	124,224	1,773,619
2010 Total Households	7,870	55,972	131,654	1,682,111
2000 Total Households	9,192	68,865	166,212	1,696,948
Annual Growth 2023 - 2028	1.01%	0.44%	0.22%	0.15%
Annual Growth 2010 - 2023	1.06%	-0.05%	-0.45%	0.41%
Annual Growth 2000 - 2010	-1.54%	-2.05%	-2.30%	-0.09%
<b>Income</b>				
2023 Median Household Income	\$30,042	\$32,920	\$34,201	\$69,898
2023 Average Household Income	\$53,485	\$55,533	\$54,297	\$102,117
2023 Per Capita Income	\$27,408	\$24,626	\$22,414	\$41,276
2023 Pop 25+ College Graduates	4,824	23,630	43,835	1,089,454
Age 25+ Percent College Graduates - 2023	42.2%	27.6%	22.0%	34.9%

Source: ESRI

As shown, the subject's neighborhood shows slightly increasing trends in both population and households. The potential future benefit of the area projects are not entirely reflected in the demographics. Nonetheless growth in the one-mile ring is greater than the overall metro area.

### Income Distributions

Household income available for expenditure on housing and other consumer items is a primary factor in determining the price/rent level of housing demand in a market area. In the case of this study, projections of household income, particularly for renters, identifies in gross terms the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

<b>HOUSEHOLD INCOME DISTRIBUTION</b>				
	1 Mile Radius	3 Mile Radius	5 Mile Radius	Detroit-Warren- Dearborn, MI Metropolitan Statistical Area
Households by Income Distribution (2023)				
<\$15,000	29.53%	26.88%	25.51%	9.85%
\$15,000 - \$24,999	12.53%	12.78%	13.09%	6.95%
\$25,000 - \$34,999	13.65%	12.37%	12.14%	7.53%
\$35,000 - \$49,999	11.12%	12.12%	13.99%	11.70%
\$50,000 - \$74,999	11.57%	13.10%	14.06%	16.48%
\$75,000 - \$99,999	7.45%	8.81%	8.34%	12.81%
\$100,000 - \$149,999	7.98%	8.36%	7.86%	16.75%
\$150,000 - \$199,999	3.86%	3.11%	2.81%	8.80%
\$200,000+	2.25%	2.43%	2.18%	9.12%

Source: ESRI

The following table illustrates the median and average household income levels for the subject neighborhood.

<b>HOUSEHOLD INCOME LEVELS</b>				
	1 Mile Radius	3 Mile Radius	5 Mile Radius	Detroit-Warren- Dearborn, MI Metropolitan Statistical Area
Income				
2023 Median Household Income	\$30,042	\$32,920	\$34,201	\$69,898
2023 Average Household Income	\$53,485	\$55,533	\$54,297	\$102,117
2023 Per Capita Income	\$27,408	\$24,626	\$22,414	\$41,276

Source: ESRI

An analysis of the income data indicates that the submarket is generally comprised of low to middle-income economic cohort group.

### Employment

An employment breakdown typically indicates the working-class characteristics for a given market area. The specific employment population within the indicated radii of the subject is as follows:

**EMPLOYMENT BY INDUSTRY**

Occupation (2023)	1 Mile Radius	3 Mile Radius	5 Mile Radius	Detroit-Warren- Dearborn, MI Metropolitan Statistical Area
Agric/Forestry/Fishing/Hunting	0.21%	0.24%	0.34%	0.24%
Construction	2.04%	3.07%	4.70%	5.75%
Manufacturing	10.59%	15.40%	16.04%	19.77%
Wholesale Trade	0.72%	1.03%	1.07%	1.57%
Retail Trade	7.38%	9.03%	9.41%	10.43%
Transportation/Warehousing	2.74%	5.69%	6.04%	4.98%
Information	1.85%	1.33%	1.54%	1.26%
Finance/Insurance	6.82%	6.44%	4.64%	5.83%
Prof/Scientific/Tech Services	7.97%	7.66%	5.75%	8.18%
Mgmt of Companies/Enterprises	0.00%	0.08%	0.08%	0.15%
Admin/Support/Waste Mgmt Svcs	4.07%	5.71%	7.75%	4.63%
Educational Services	23.26%	10.71%	8.10%	7.04%
Health Care/Social Assistance	16.41%	13.78%	14.30%	13.89%
Arts/Entertainment/Recreation	2.34%	2.97%	2.81%	2.00%
Accommodation/Food Services	7.73%	8.21%	8.28%	6.50%
Other Services (excl Publ Adm)	4.19%	5.51%	5.47%	4.46%
Public Administration	1.68%	3.14%	3.67%	3.31%

Source: ESRI

The previous table illustrates the employment character of the submarket, indicating a predominantly middle-income employment profile, with the majority of the population holding educational services, healthcare and manufacturing related jobs.

**CONCLUSION**

The data in the previous tables are useful to examine the current demographics in the area surrounding the neighborhood. However, they do not reflect the anticipated changes the proposed development in the area will affect, as well as developments occurring elsewhere in the nearby Detroit neighborhoods. Future population levels and household formations are concluded to be understated.

## Multifamily Market Analysis

### Recent Performance

The following table summarizes historical and projected performance for the overall metropolitan Detroit - MI apartment market, as reported by CoStar.

DETROIT - MI APARTMENT MARKET								
Year Ending	Inventory (Units)	Completions (Units)	Occupied Stock (Units)	Occupancy	Asking Rent (\$/Unit / Mo.)	Asking Rent Change	Net Absorption (Units)	Transaction Price Per Area (Units)
2013	210,911	-15	198,247	94.0%	\$862	2.12%	514	\$40,750
2014	211,501	520	198,866	94.0%	\$881	2.18%	550	\$35,431
2015	211,239	-192	199,730	94.6%	\$915	3.94%	936	\$38,698
2016	213,908	2,669	201,701	94.3%	\$950	3.77%	1,972	\$40,896
2017	216,134	2,226	203,413	94.1%	\$976	2.76%	1,722	\$61,338
2018	216,270	136	203,606	94.1%	\$1,004	2.88%	196	\$74,050
2019	218,737	2,467	204,878	93.7%	\$1,033	2.89%	1,279	\$54,634
2020	221,354	2,617	209,759	94.8%	\$1,074	3.92%	4,885	\$47,353
2021	224,567	3,213	214,181	95.4%	\$1,161	8.15%	4,435	\$132,249
Q1 2022	224,972	405	214,682	95.4%	\$1,189	2.37%	503	\$76,274
Q2 2022	225,623	651	214,323	95.0%	\$1,221	2.74%	-359	\$120,462
Q3 2022	225,952	329	212,595	94.1%	\$1,214	-0.58%	-1,731	\$125,711
Q4 2022	226,365	413	211,267	93.3%	\$1,200	-1.21%	-1,329	\$113,272
2022	226,365	1,798	211,267	93.3%	\$1,200	3.30%	-2,916	\$113,272
Q1 2023	227,090	725	211,553	93.2%	\$1,209	0.79%	286	\$0
Q2 2023	227,739	649	211,754	93.0%	\$1,223	1.17%	201	\$0
Q3 2023*	228,386	647	211,726	92.7%	\$1,222	-0.14%	-28	\$0
Q4 2023*	228,919	533	211,608	92.4%	\$1,215	-0.52%	-118	\$0
2023*	228,919	2,554	211,608	92.4%	\$1,215	1.30%	341	\$0
2024*	231,214	2,295	211,585	91.5%	\$1,238	1.88%	-24	\$0
2025*	231,912	698	213,491	92.1%	\$1,266	2.29%	1,905	\$0
2026*	233,102	1,190	215,341	92.4%	\$1,304	2.99%	1,850	\$0
2027*	234,532	1,430	216,812	92.5%	\$1,336	2.47%	1,472	\$0
2028*	235,983	1,451	218,208	92.5%	\$1,365	2.13%	1,396	\$0

\* Future Projected Data according to CoStar

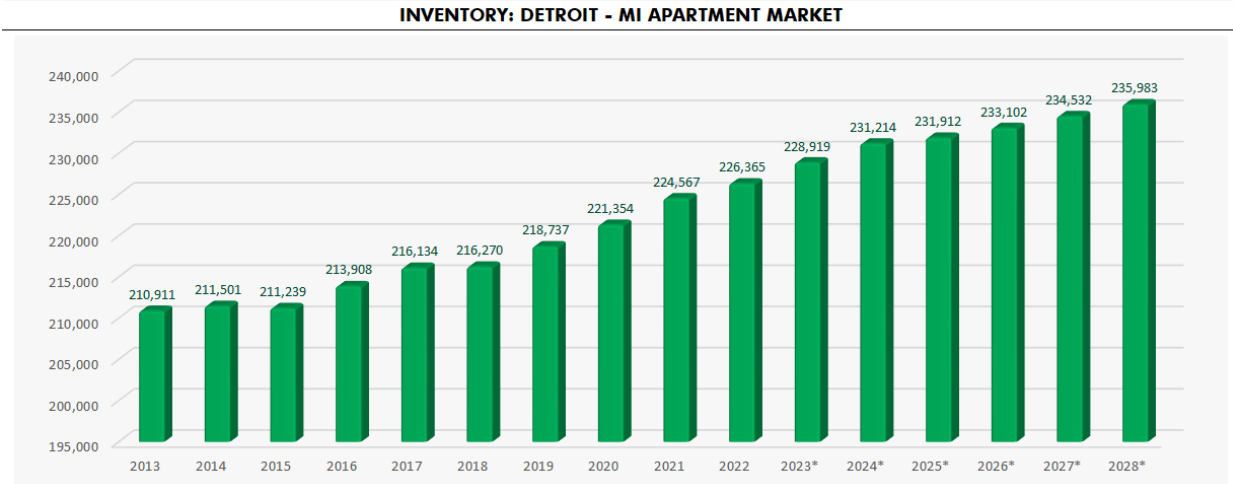
Source: CoStar, 2nd Quarter 2023

The Detroit - MI apartment market consists of approximately 227,739 units of apartment space. The following observations are noted from the table above:

- As of 2nd Quarter 2023, there were approximately 211,754 units of occupied apartment space, resulting in an occupancy rate of 93.0% for the metro area. This reflects a small decrease from the previous quarter's occupancy of 93.2%, and a small decrease from an occupancy rate of 93.3% from last year.
- The area experienced positive 201 units of net absorption for the current quarter. This indicates a decline from the previous quarter's positive 286 units of net absorption, and an improvement from the negative 2,916 units of net absorption from last year.
- The area had completions of positive 649 units for the current quarter, which indicates a decrease from the previous quarter's completions of positive 725 units, and indicates a decline from completions of positive 1,798 units from last year.

- The area achieved average asking rent of \$1,223 per unit, which indicates an increase from the previous quarter’s asking rent of \$1,209 per unit, and an increase from the asking rent of \$1,200 per unit from last year.

### Historical Inventory – Market

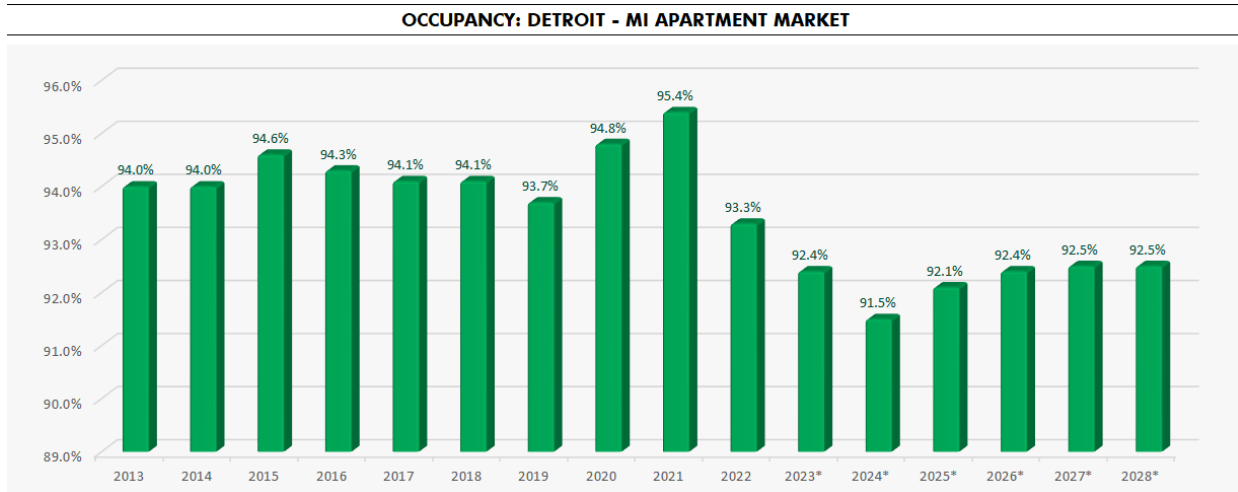


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Inventory is projected to be 228,919 units at the end of the current year, which represents an increase from the previous year’s inventory of 226,365 units. Inventory for next year is projected to be 231,214 units, reflecting an increase from the current year.

### Historical Occupancy - Market

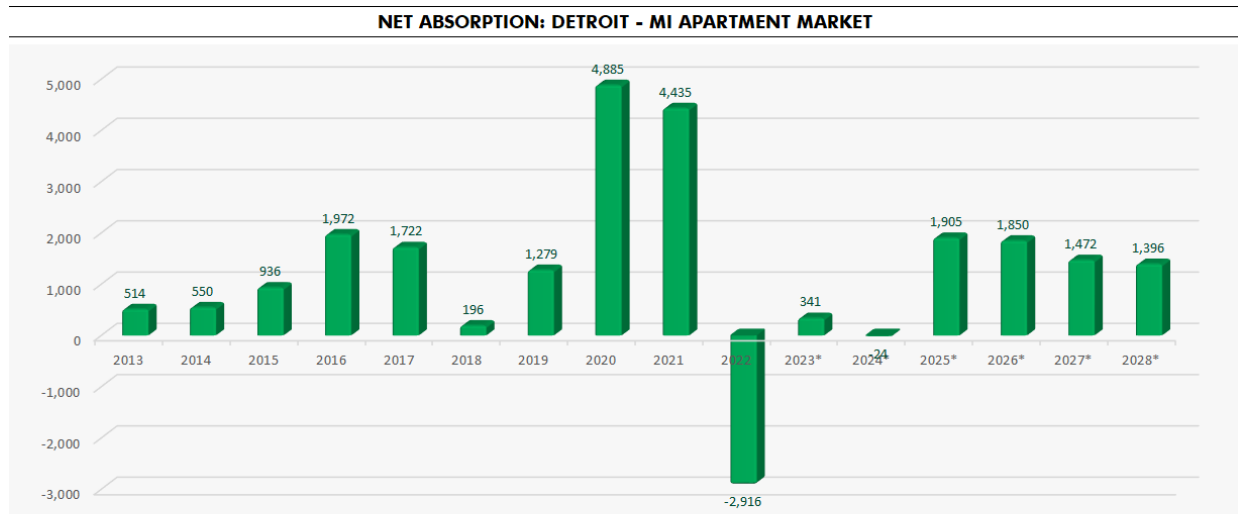


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

At the end of the current year, the occupancy rate is projected to be 92.4%, which reflects a decrease from the 93.3% occupancy rate at the end of last year. Occupancy for next year is projected to be 91.5%, reflecting a decrease from the current year.

### Historical Net Absorption - Market

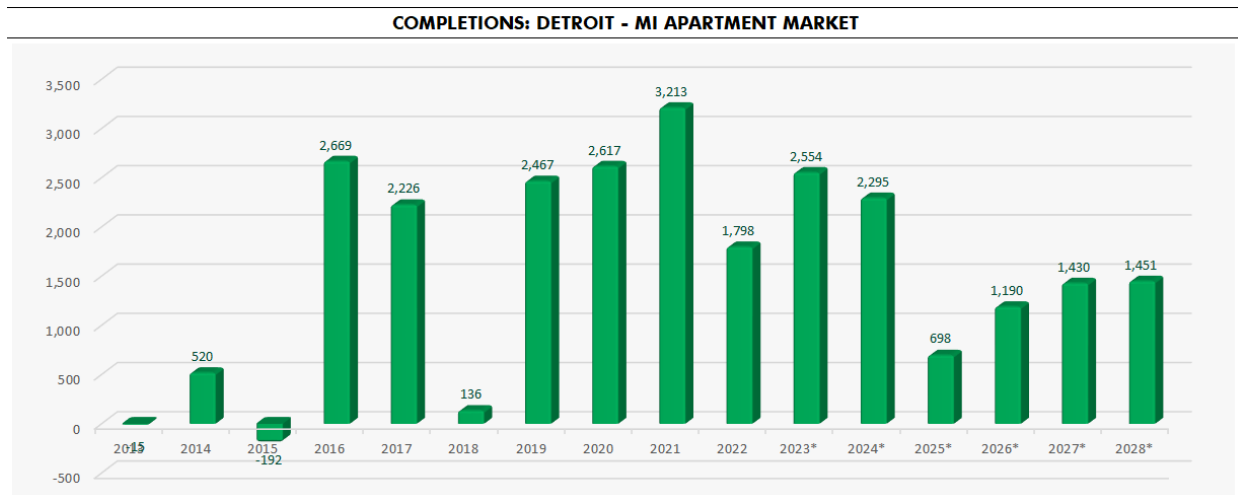


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

At the end of the current year, the area is projected to experience positive 341 units of net absorption, which indicates an improvement from the negative 2,916 units of net absorption for the previous year. The area is projected to experience negative 24 units of net absorption as of the end of next year, which indicates a decline from the current year.

### Historical Completions - Market

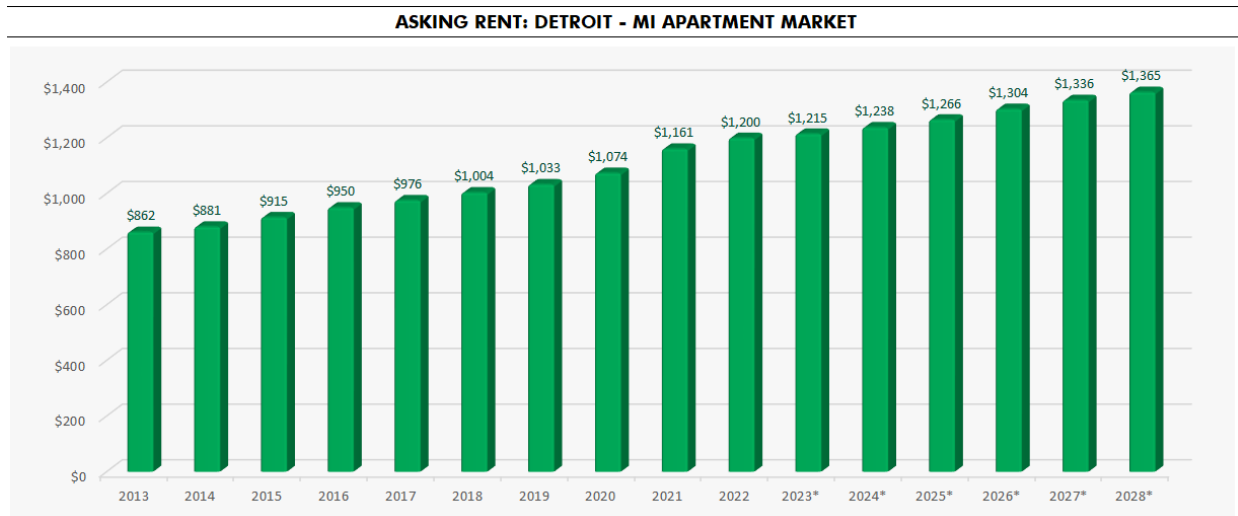


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The area is projected to achieve completions of positive 2,554 units for the current year, which indicates an improvement from the previous year's completions of positive 1,798 units. The area is projected to experience completions of positive 2,295 units as of the end of next year, which indicates a decline from the current year.

Historical Asking Rent - Market



\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The area is projected to achieve average asking rent of \$1,215 per unit at the end of the current year, which indicates an increase from the previous year’s asking rent of \$1,200 per unit. The area is projected to achieve asking rent of \$1,238 per unit by the end of next year, indicating an increase from the current year.

**SUBMARKET SNAPSHOT**

The following table summarizes the supply of apartment units for each submarket within the Detroit - MI market as of 2nd Quarter 2023.

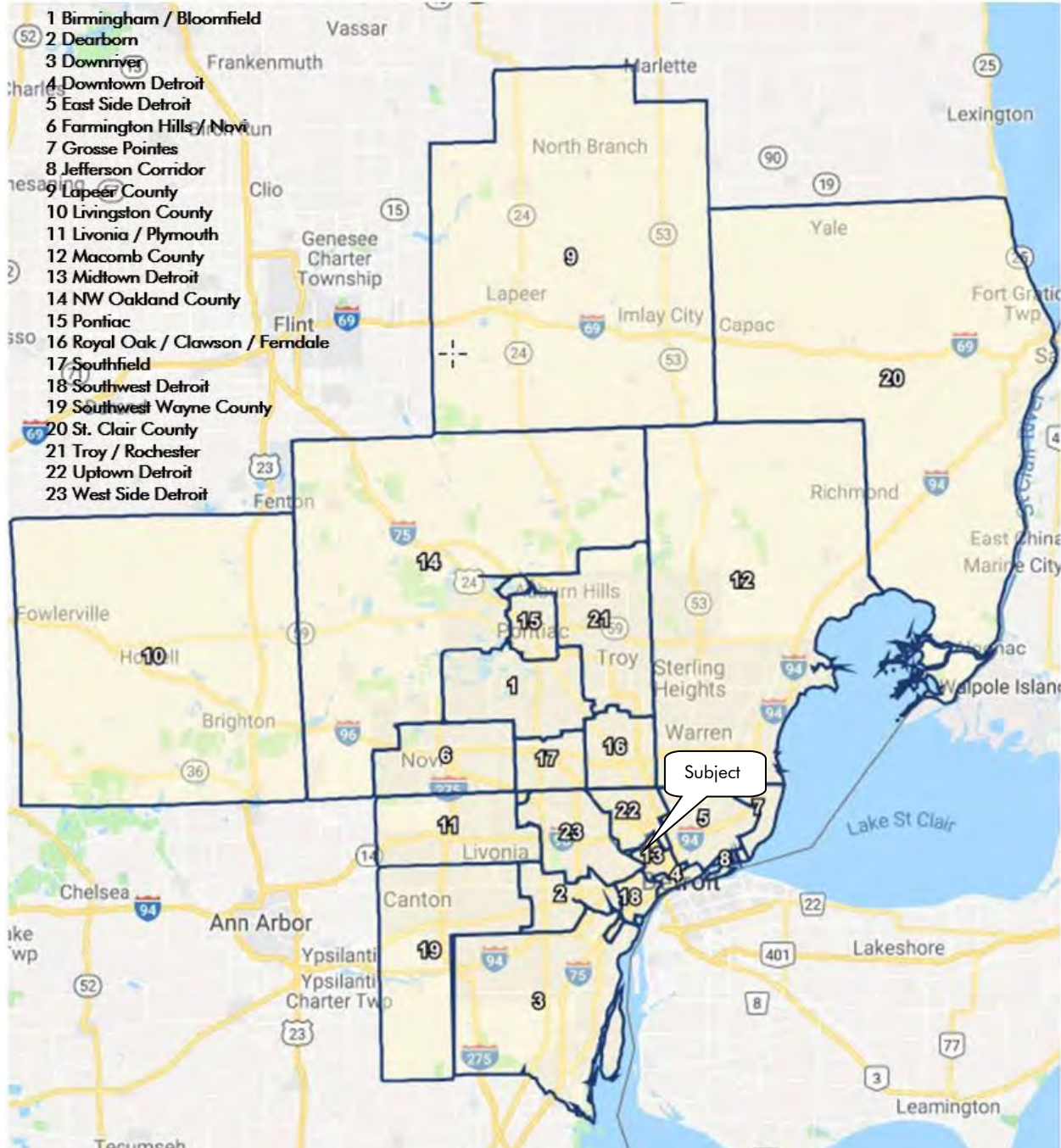
<b>SUBMARKET SNAPSHOT</b>				
<b>Submarket</b>	<b>Inventory (Units)</b>	<b>Completions* (Units)</b>	<b>Asking Rent (\$/Unit / Mo.)</b>	<b>Occupancy</b>
Birmingham/Bloomfield	4,449	58	\$1,806	93.9%
Dearborn	4,992	0	\$1,419	90.0%
Downriver	16,186	0	\$1,013	93.4%
Downtown Detroit	9,000	0	\$1,470	91.9%
East Side Detroit	4,462	95	\$791	93.4%
Farmington Hills/Novi	17,273	0	\$1,404	95.3%
Grosse Pointe	750	0	\$1,123	92.9%
Jefferson	1,043	0	\$1,245	83.5%
Lapeer County	1,234	0	\$897	97.3%
Livingston County	4,223	0	\$1,294	96.7%
Livonia/Plymouth	6,098	0	\$1,256	95.5%
Macomb County	42,523	105	\$1,120	95.8%
Midtown Detroit	9,823	566	\$1,134	87.5%
NW Oakland County	15,883	544	\$1,220	93.1%
Pontiac	4,724	-44	\$1,065	95.8%
Royal Oak/Clawson/Ferndale	13,288	78	\$1,228	95.4%
Southfield	12,240	144	\$1,249	91.8%
Southwest Detroit	1,506	0	\$751	94.2%
Southwest Wayne County	22,581	114	\$1,130	92.7%
St Clair County	2,010	0	\$887	95.4%
Troy/Rochester	17,863	265	\$1,430	93.6%
Uptown Detroit	6,220	-127	\$791	82.1%
West Side Detroit	7,994	0	\$725	90.6%

\*Completions include trailing 4 quarters

Source: CoStar, 2nd Quarter 2023

**SUBMARKET SUMMARY**

A map outlining the sub-markets appears below.



**Midtown Detroit Submarket**

Important characteristics of the Midtown Detroit apartment market are summarized below:

MIDTOWN DETROIT APARTMENT SUBMARKET							
Year Ending	Inventory (Units)	Completions (Units)	Occupied Stock (Units)	Occupancy	Asking Rent (\$/Unit / Mo.)	Asking Rent Change	Net Absorption (Units)
2013	7,835	-6	6,844	87.4%	\$923	2.36%	14
2014	7,897	62	6,896	87.3%	\$935	1.22%	51
2015	7,878	-19	6,909	87.7%	\$957	2.44%	13
2016	8,294	416	7,147	86.2%	\$992	3.63%	240
2017	8,422	128	7,208	85.6%	\$1,027	3.49%	61
2018	8,404	-18	7,285	86.7%	\$1,061	3.30%	77
2019	8,658	254	7,493	86.5%	\$1,089	2.71%	208
2020	8,693	35	7,531	86.6%	\$1,089	-0.04%	38
2021	9,258	565	8,164	88.2%	\$1,118	2.71%	634
Q1 2022	9,464	206	8,381	88.6%	\$1,130	1.01%	217
Q2 2022	9,503	39	8,456	89.0%	\$1,145	1.38%	75
Q3 2022	9,717	214	8,618	88.7%	\$1,138	-0.60%	162
Q4 2022	9,828	111	8,630	87.8%	\$1,135	-0.27%	12
2022	9,828	570	8,630	87.8%	\$1,135	1.51%	466
Q1 2023	9,828	0	8,622	87.7%	\$1,138	0.20%	-8
Q2 2023	10,128	300	8,612	85.0%	\$1,140	0.22%	-10
Q3 2023*	10,126	-2	8,598	84.9%	\$1,138	-0.20%	-15
Q4 2023*	10,125	-1	8,588	84.8%	\$1,134	-0.31%	-10
2023*	10,125	297	8,588	84.8%	\$1,134	-0.09%	-43
2024*	10,285	160	8,702	84.6%	\$1,148	1.18%	114
2025*	10,310	25	8,844	85.8%	\$1,177	2.57%	141
2026*	10,332	22	8,918	86.3%	\$1,213	3.04%	73
2027*	10,420	88	9,007	86.4%	\$1,247	2.84%	90
2028*	10,545	125	9,130	86.6%	\$1,280	2.63%	123

\*Future Projected Data according to CoStar

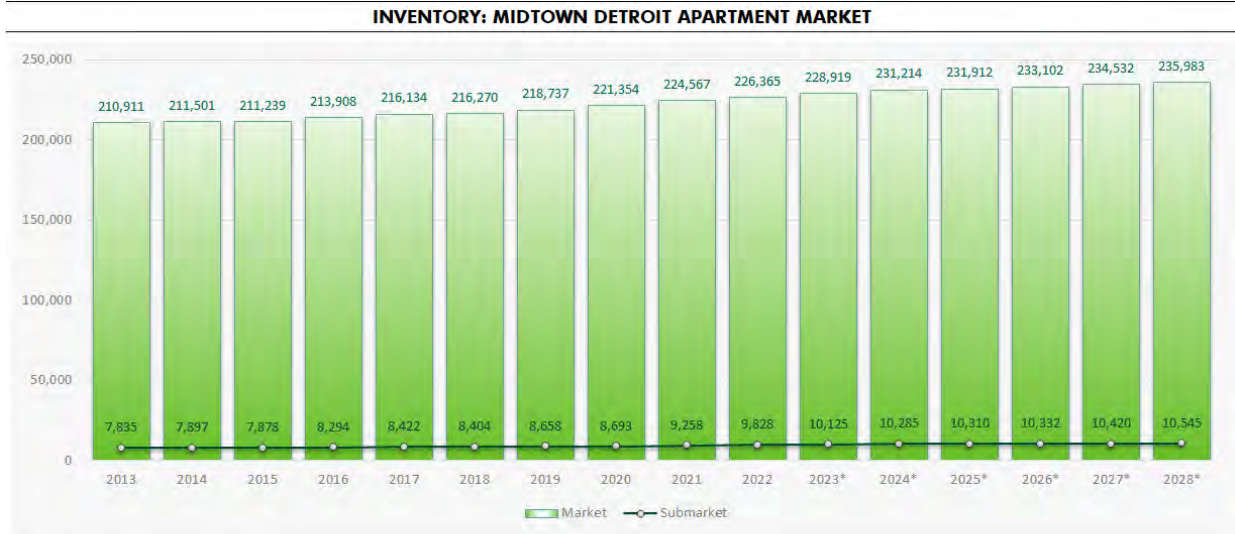
Source: CoStar, 2nd Quarter 2023

The Midtown Detroit apartment submarket consists of approximately 10,128 units of apartment space. The current submarket inventory represents approximately 4.4% of the overall market inventory. The following observations were noted from the table above:

- As of 2nd Quarter 2023, there were approximately 8,612 units of occupied apartment space, resulting in an occupancy rate of 85.0% for the submarket. This reflects a decrease from the previous quarter’s occupancy of 87.7%, and a decrease from an occupancy rate of 87.8% from last year. The submarket occupancy is below the 93.0% market occupancy.
- The submarket experienced negative 10 units of net absorption for the current quarter. This indicates a decline from the previous quarter’s negative 8 units of net absorption, and a decline from the positive 466 units of net absorption from a year ago. Overall, the submarket has experienced negative 18 units of net absorption for the current year-to-date period. The submarket’s current net absorption of negative 10 units is below the overall market net absorption of positive 201 units.
- The submarket had completions of positive 300 units for the current quarter, which indicates an increase from the previous quarter’s zero completions, and an increase from the completions of positive 39 units from last year.
- The submarket achieved average asking rent of \$1,140 per unit, which indicates an increase from the previous quarter’s asking rent of \$1,138 per unit, and an increase from the asking

rent of \$1,135 per unit from last year. The submarket’s current asking rent of \$1,140 per unit is below the overall market asking rent of \$1,223 per unit.

### Historical Inventory - Submarket

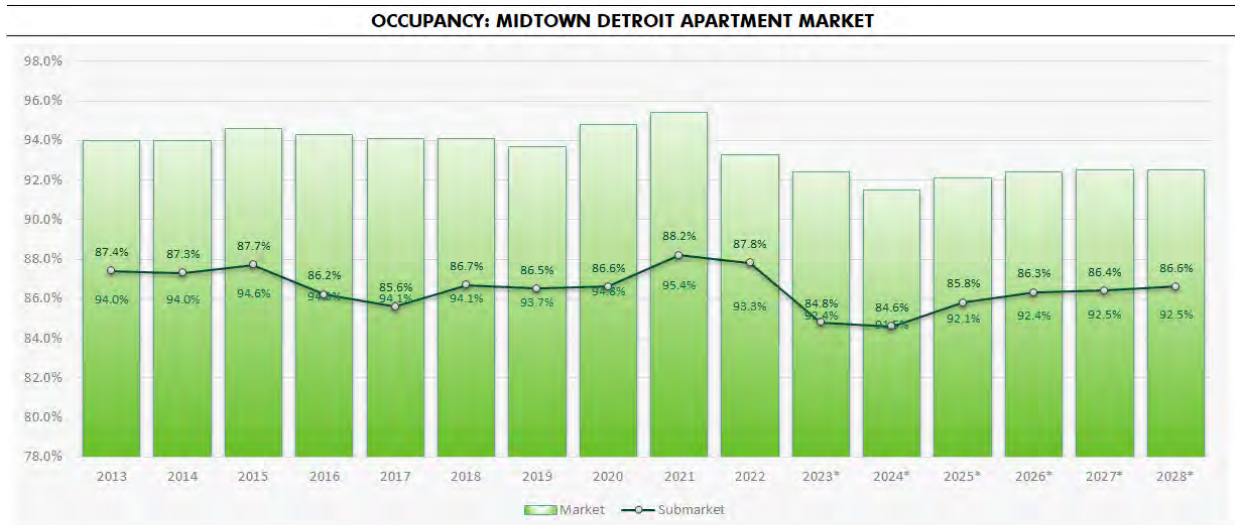


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Submarket Inventory is projected to be 10,125 units at the end of the current year, which represents a small increase from the previous year’s submarket inventory of 9,828 units. Inventory for next year is projected to be 10,285 units, reflecting a small increase from the current year.

### Historical Occupancy - Submarket

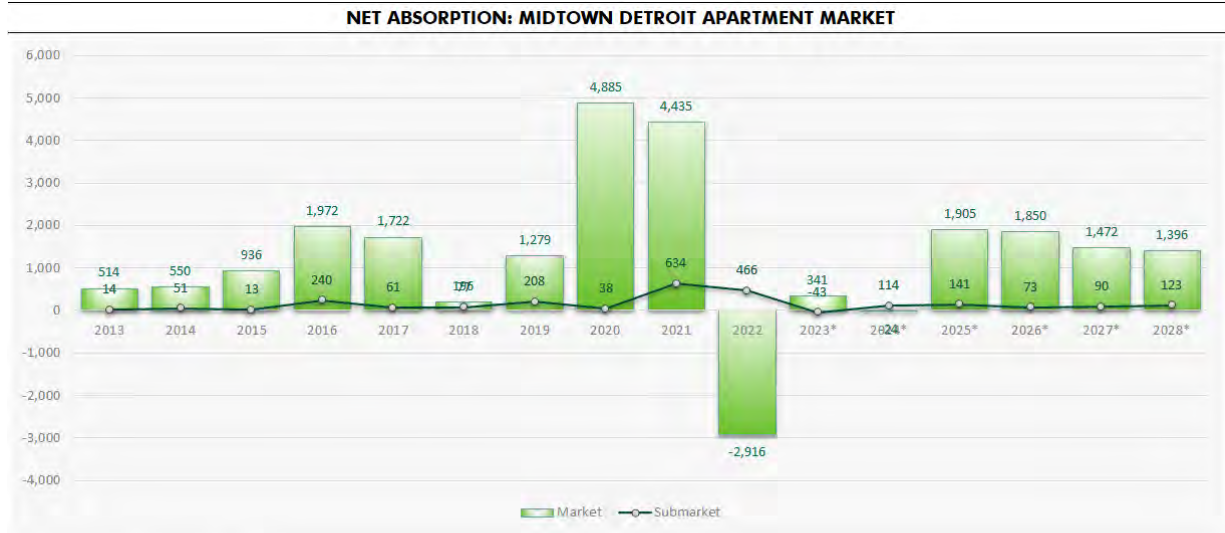


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Submarket occupancy is projected to be 84.8% at the end of the current year, which represents a decrease from the previous year’s submarket occupancy of 87.8%. Submarket occupancy for next year is projected to be 84.6%, reflecting a small decrease from the current year.

### Historical Net Absorption - Submarket



\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Net absorption in the submarket is projected to be negative 43 units at the end of the current year, reflecting a decline from the previous year’s net absorption of positive 466 units. Net absorption for next year is projected to be positive 114 units, indicating an improvement from the current year.

### Historical Completions - Submarket

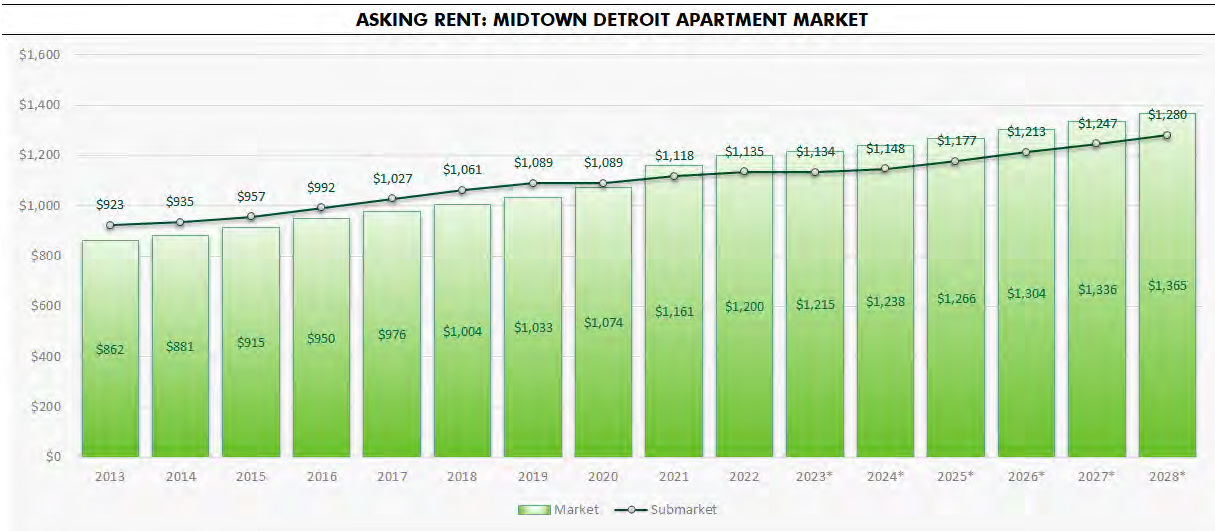


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The submarket is projected to achieve completions of positive 297 units at the end of the current year, which indicates a decline from the previous year’s completions of positive 570 units. The submarket is projecting completions of positive 160 units for next year, which indicates a decline from the current year.

### Historical Asking Rent - Submarket



\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The submarket is projected to achieve average asking of \$1,134 per unit at the end of the current year, which represents a decrease from the previous year’s asking rent of \$1,135 per unit. The submarket is projected to achieve average asking rent of \$1,148 per unit, reflecting an increase from the current year.

### DETROIT 7.2

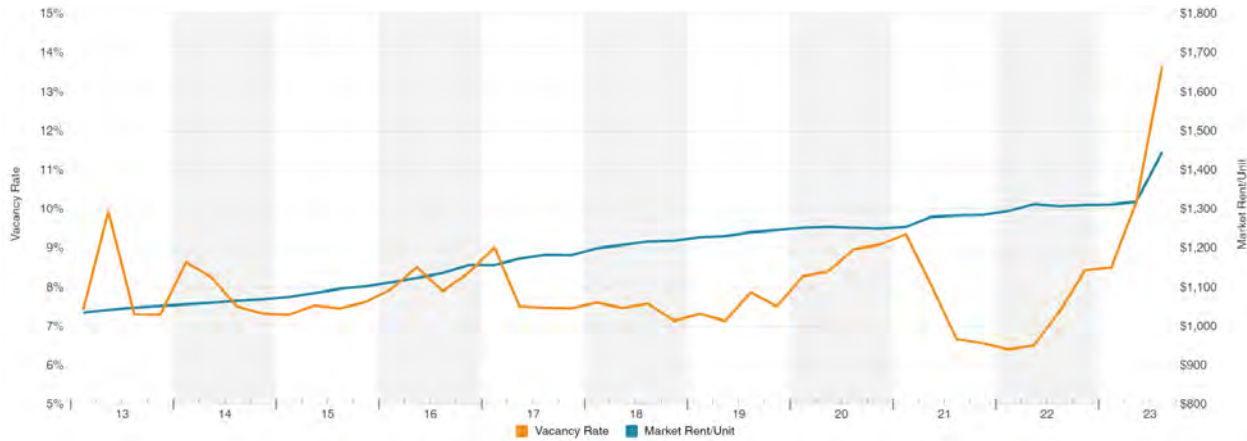
The market area is defined as the Detroit 7.2, or the 7.2 square miles in the greater downtown area. The boundaries of the 7.2 are identified in the map below.



Costar provides the ability to custom define a market. According to Costar, there are 22,316 units located inside the Detroit 7.2. Presently 93.5% of these units are occupied, according to Costar. Statistics from the defined area are presented below.

INVENTORY UNITS	UNDER CONSTRUCTION UNITS	12 MO ABSORPTION UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT	MARKET CAP RATE
23,523 <span style="color: green;">+3.3%</span>	3,184 <span style="color: green;">+5.5%</span>	(72) <span style="color: red;">-112.1%</span>	10.1% <span style="color: red;">+3.3%</span>	\$1,319 <span style="color: green;">+0.7%</span>	\$92.7K <span style="color: red;">-4.1%</span>	6.9% <span style="color: green;">+0.7%</span>
<small>Prior Period 22,775</small>	<small>Prior Period 3,017</small>	<small>Prior Period 596</small>	<small>Prior Period 6.8%</small>	<small>Prior Period \$1,310</small>	<small>Prior Period \$96.7K</small>	<small>Prior Period 6.2%</small>

The historic, current and forecasted rental and vacancy statistics for the ten previous years and forecasted five years are summarized in the table below.



Vacancy has ranged from from 6% to 10% over the past few years, and is trending up as new projects are delivered ahead of absorption. Rental rates have trended up rather consistently since 2009. The most current rents are showing continued increases, due to two factors; the higher price point of the new product and macro trends in the market.

### RENT COMPARABLES

A sample of existing projects have been surveyed in detail to estimate market rent for the various subject units. These projects represent a mix of new construction and recently and significantly renovated buildings. Locations are in New Center or the Midtown market.

SUMMARY OF COMPARABLE MULTIFAMILY RENTALS				
Comp. No.	Name	Location	Distance from Subject	Occupancy
1	The Boulevard	2911 West Grand Boulevard, Detroit, MI	0.3 Miles	93%
2	The Albert Kahn Building	7430 Second Avenue, Detroit, MI	0.4 Miles	90%
3	Six Two Nine	629 W. Milwaukee, Detroit, MI	0.1 Miles	94%
4	Fisher 21 Lofts	6051 Hastings Street, Detroit, MI	0.7 Miles	0%
5	The Scott at Brush Park	3150 Woodward Ave., Detroit, MI	1.7 Miles	88%
6	The EddyStone	2701 Park Avenue, Detroit, MI	1.9 Miles	97%
7	Woodward West	3439 Woodward Avenue, Detroit, MI	1.6 Miles	93%
8	City Club Apartments	313 Park Avenue, Detroit, MI	2.4 Miles	97%
Subject	New Amsterdam	6201 2nd Avenue, Detroit, Michigan		0%

Compiled by CBRE

More detail on the above projects will be presented in the forthcoming rental analysis section.

### CURRENT OCCUPANCY CONCLUSION

The table above summarizes the market indications considered for estimating market occupancy as well as the conclusion.

<b>MULTIFAMILY OCCUPANCY CONCLUSIONS</b>	
Detroit Area	93.0%
Midtown Detroit	85.0%
Downtown Submarket	87.4%
Detroit 7.2	89.9%
Rent Comparables	92.8%
Subject's Stabilized Occupancy	92.0%
Compiled by CBRE	

It should be noted, Class A assets to continue to outperform Class B/C in the city of Detroit.

### NEW SUPPLY – DETROIT 7.2

CBRE inventories new projects in the development pipeline in the city. The table below summarizes the announced multifamily projects in the city.

New Developments Under Construction & Proposed Developments - Downtown Detroit 2023-2028							
Project Name	Address	Neighborhood	Status	Property Type	# of Units	Completion Date	Column 1
2250 Woodward	2250 Woodward Ave, Detroit	CBD	Proposed	Mixed-Use	287	Dec 2026	2026
4401 Rosa Parks	4401 Rosa Parks Blvd, Detroit	Woodbridge	Proposed	Multi-Family	60	Dec 2024	2024
Bagley Street Site	2100-2124 Bagley St, Detroit	Corktown	Proposed	Multi-Family	10	Jan 2026	2026
Book Tower	1265 Washington Blvd, Detroit	CBD	Under Development	Multi-Family	229	Oct 2023	2023
Brush Park Apartments	2515 Brush St, Detroit	Midtown	Proposed	Multi-Family	53	Dec 2025	2025
Brush Park Condominiums	2827 John R St, Detroit	Midtown	Under Development	Multi-Family	10	Dec 2023	2023
City Club Apartments Midtown	3540 Woodward Ave, Detroit	Midtown	Proposed	Multi-Family	350	Dec 2025	2025
Clement Kern Gardens	1601 Bagley St, Detroit	Corktown	Proposed	Multi-Family	350	Jun 2026	2026
DCI Residential	2205 Cass Ave, Detroit	CBD	Proposed	Multi-Family	261	Feb 2026	2026
Detroit Center for Innovation - Student Housing	2115 Cass Ave, Detroit	CBD	Proposed	Multi-Family	300	Dec 2025	2025
Detroit Life Residential	2210 Park Ave, Detroit	CBD	Proposed	Multi-Family	16	Dec 2025	2025
Elementa Brush Park	287 Watson St, Detroit	Midtown	Proposed	Multi-Family	16	Dec 2025	2025
Greystone Senior Living	440 Martin Luther King Blvd, Detroit	Midtown	Under Development	Multi-Family	49	Dec 2024	2024
Hastings Place	1468 Randolph St, Detroit	CBD	Proposed	Mixed-Use	90	Dec 2025	2025
Henry Street Redevelopment	Henry St, Detroit	Midtown	Under Development	Multi-Family	170	Dec 2024	2024
Hudson's Site	1208 Woodward Ave, Detroit	CBD	Under Development	Mixed-Use	100	Dec 2024	2024
John R Palmer Mixed-Use Development	5710 John R St, Detroit	Midtown	Proposed	Mixed-Use	250	Dec 2025	2025
La Joya Gardens	4052 W Vernor Hwy, Detroit	Mexicantown	Under Development	Multi-Family	53	Dec 2024	2024
Lafayette West	900 Anselm Ave, Detroit	Lafayette	Under Development	Multi-Family	318	Oct 2023	2023
Left Field	West Fisher Service Dr, Detroit	Corktown	Under Development	Multi-Family	120	Jun 2024	2024
Fisher 21 Lofts (f.k.a. Fisher Body No. 21 Plant)	6051 Hastings St, Detroit	New Center	Proposed	Mixed-Use	433	Dec 2025	2025
Lofts on Broadway	1322-1338 Broadway St, Detroit	CBD	Proposed	Mixed-Use	80	Apr 2025	2025
Midtown West - Phase II	3730 4th St, Detroit	Midtown	Under Development	Multi-Family	177	Dec 2025	2025
MIX on 2nd	3515 Second Ave, Detroit	Midtown	Under Development	Multi-Family	33	Jun 2024	2024
Park Avenue Building	2001 Park Ave, Detroit	CBD	Under Development	Mixed-Use	78	Dec 2024	2024
Perennial Corktown Apartments	1611 Michigan Avenue, Detroit	Corktown	Under Development	Mixed-Use	195	Dec 2023	2023
Preserve on Ash	Ash & 16th St, Detroit	Corktown	Proposed	Multi-Family	160	Jan 2025	2025
Residences at Water Square	222 Third Ave, Detroit	CBD	Under Development	Multi-Family	496	Feb 2024	2024
Stuebaker Site Redevelopment	411 Piquette St, Detroit	New Center	Proposed	Multi-Family	162	Dec 2025	2025
The American Residential	408 Temple Ave, Detroit	Midtown	Proposed	Multi-Family	131	Jul 2028	2028
The Beaumont	503 Horton St, Detroit	New Center	Under Development	Mixed-Use	24	Dec 2024	2024
The Brooke	2420 Bagley St, Detroit	Corktown	Proposed	Mixed-Use	78	Mar 2024	2024
The Development at Cadillac Square	1025 Farmer St & 118 Monroe Ave, Detroit	CBD	Proposed	Mixed-Use	280	Dec 2023	2023
The Exchange	Gratiot Ave & Brush Street, Detroit	CBD	Under Development	Multi-Family	165	Dec 2023	2023
The Residences @ 150 Bagley	150 Bagley St, Detroit	CBD	Under Development	Multi-Family	148	Dec 2025	2025

### New Supply Delivery Schedule

Neighborhood	Multi-Family Delivering 2023	Multi-Family Delivering 2024	Multi-Family Delivering 2025	Multi-Family Delivering 2026	Total
CBD	674	674	634	548	2,530
Midtown	10	252	846	-	1,108
New Center	-	24	595	-	619
Woodbridge	-	60	-	-	60
Corktown	195	198	160	360	913
Lafayette	318	-	-	-	318
Mexicantown	-	53	-	-	53
<b>Total</b>	<b>1,197</b>	<b>1,261</b>	<b>2,235</b>	<b>908</b>	<b>5,601</b>

Around 4,780 new residential units have been delivered between 2021 and 2022 with an additional 5,601 units expected to be delivered between 2023 and 2026.

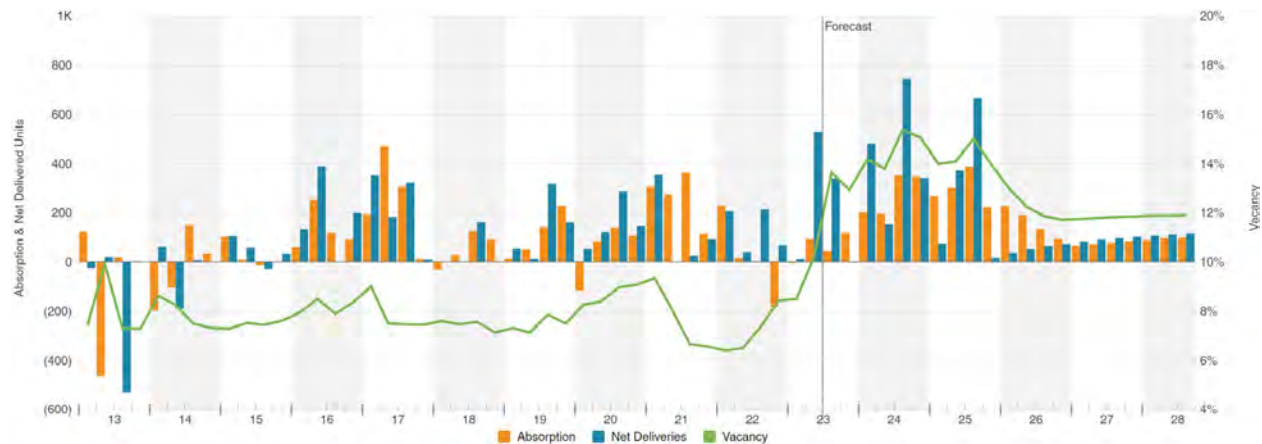
## DEMAND

Historic and current demand levels are presented, and projected demand levels are presented below and used to project the future supply/demand mix.

## HISTORIC AND PROJECTED DEMAND

The table below shows historic absorption over the past five-year period. The data is tracked by Costar.

## ABSORPTION, NET DELIVERIES AND VACANCY



The table reflects the activity in the Detroit 7.2-mile district. Both historic absorption and projected absorption are considered to estimate future absorption/demand.

A review of the historical data above reveals a couple of noteworthy trends:

- For 2017 through 2022 the average annual absorption rate of 398 units has not kept up with the average annual deliveries of 463 units, falling short by 65 units annually;
- In the past absorption appeared to be limited by the amount of new inventory added to the market, but 2022 did not follow suit with absorption falling well below deliveries;
- With supply outpacing demand during this period, occupancy continued to decline as deliveries continue to increase.

Costar also provides estimates for new inventory to be delivered to the market. Demand (absorption) estimates are also provided. Future forecasts are also analyzed.

- Costar is estimating 4,383 new units over the next five years, which is less the 5,601 units inventoried by CBRE expected to be delivered between 2023 and 2026;
- CBRE does expect some of the proposed pipeline to not move forward which is considered in our analysis;
- Average annual absorption is projected to increase over the next five years relative to the previous four years, however, absorption is not projected to keep up with the new supply being delivered. Net deliveries are expected to exceed absorption by an average of 191 units annually.

## DEMOGRAPHIC BASED DEMAND

Demand can be estimated based on population and household changes. Reviewing the demographics presented previously indicated an estimated household increase from 9,025 to 9,491 from 2023 through 2028 in a one-mile radius around the subject. This forecast suggests 93 new households will be formed annually over the next five years, and assuming 80%+/- of the demand is for rental units (typical urban ratio), then 75 units will be demanded annually. This estimate increases to 196 units annually based on the three-mile radius around the subject.

As a check to the potential accuracy of the estimate, annual demand from 2010 through 2023 was examined. Applying the same 80%+/- renter mix, 71 units annually are indicated in the one-mile ring. The historic demographic indications understate what has occurred in the market over the previous ten-year period. The forecasted estimates are also considered understated. It's not uncommon for demographic estimates to lag and/or understate observed market dynamics in a market that's rapidly changing. Therefore, demographic based demand is not considered reliable in this study.

## DEMAND CONCLUSIONS

Current market occupancy was concluded at 92%, which indicated demand for 20,531 rental units based on the current Costar inventory inside the Detroit 7.2.

Future demand is based on a combination observed recent absorption levels and future costar forecasts. In the past five years absorption has ranged from 67 (2022) to about 1,058 (2021) units per year. 2021 represented the highest level of absorbed units (1,058) while 2020 represented the highest level of added units (607). Until 2022 historic absorption was increasing proportionately with added inventory. That trend reversed in 2022 when new supply far exceeded demand 67 units absorbed versus 527 units delivered.

Forecasted absorption ranges from a low of 250 units per year to 1,131 units per year. Within the Costar forecasts, there is a direct correlation between the new inventory added each year and the annual absorption projections; as inventory increases so does absorption. Given this correlation, there is a potential limiting factor impacting the reliability of the Costar data; Costar is understating the amount of inventory coming to the market. If the demand is adjusted based on increase added supply, annual absorption estimate would range from about 500 to over 2,000 units per year. We take into consideration the variance between our estimated deliveries and the costar survey in our absorption conclusions.

Demand is anticipated to pick up in 2024 with almost 1,200 new deliveries in the pipeline in the 7.2. Modest absorption is forecasted in 2023 (250 unit year to date) with an uptick in 2024 through 2028. It should also be noted that many new jobs will be created in the New Center market as a direct result of the Henry Ford Campus expansion, and the new research/lab building. This has been considered in our absorption conclusions for 2027 and 2028.

## MARKET SUPPLY / DEMAND BALANCE

Based on the foregoing analysis, the following table illustrates the supply / demand balance.

<b>MULTIFAMILY SUPPLY / DEMAND BALANCE</b>						
<b>Year</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Current Supply (units)</b>	23,523	24,720	25,981	28,216	29,124	29,278
<b>New Supply - Non New Amsterdam</b>	1,197	1,261	2,235	908	-	-
<b>New Supply - New Amsterdam</b>	-	-	-	-	154	508
<b>Total Supply</b>	24,720	25,981	28,216	29,124	29,278	29,786
<b>Current Demand (units)</b>	21,147	21,647	22,647	24,147	25,397	26,397
<b>New Demand (units)</b>	500	1,000	1,500	1,250	1,000	750
<b>Total Demand</b>	21,647	22,647	24,147	25,397	26,397	27,147
<b>Vacant Supply (Excess Demand)</b>	3,073	3,334	4,069	3,727	2,881	2,639
<b>Indicated Occupancy</b>	88%	87%	86%	87%	90%	91%

**Source: CBRE & Costar**

An annual demand estimate of 500 to 1,500 new units is concluded during the period. Annual new demand of units is concluded for the supply / demand balance calculation. Based on the analysis, the proposed inventory indicates an over-supply situation for next several years, then a gradual return toward market equilibrium as the New Amsterdam units are being delivered around 2027-2028. It also possible as vacancy peaks in the market over the next two years and even fewer of the proposed developments move forward and projections could be overstating vacancy.

There are a couple of limitations to this analysis. First, it's possible the New Amsterdam project could capture greater than (or less than) its fair share. Also, and possibly more importantly, other projects planned in the market are typically announced on more of a near-term timeline, and some of the projects currently in the planning phase could be delayed, adjusted or cancelled. The reliability of planned market-wide new supply decreases after 2023-24+/- . Nonetheless, this analysis, with the indicated excess supply, suggests the subject market could accommodate the proposed subject supply, however lease-up could take longer relative to more recent examples of downtown projects.

## ABSORPTION COMPARABLES

CBRE maintains absorption data on multifamily projects in the market area. The comparables represent a mix of projects, including a few recently completed projects, some absorption budgets from proposed development and some turn-around projects. The data is summarized in the following table.

ABSORPTION COMPARABLES						
Property Name	City	Reason for Absorption	Months	Absorption Ending	No. Units	Units / Month
Town Apartments	Detroit	Pre Rehab Budget	15	Dec-15	315	21.0
618 S. Main	Ann Arbor	New Construction Lease Up	11	Dec-15	164	15.0
Centerra Pointe	Ann Arbor	New Construction Lease Up	16	Feb-16	192	7.5
Detroit Savings Bank Lofts	Detroit	Actual Full Rehab	10	Jun-16	56	5.6
Redwood Macomb Phase I	Washington Township	Pre Construction Budget	18	Jun-16	120	6.7
Redwood Shelby Phase I	Shelby Township	New Construction Lease Up	11	Sep-16	63	5.7
Abby Ridge	Oxford	Pre Construction Budget	17	Nov-16	140	8.2
First Street	Rochester Hills	New Construction Lease Up	5	Dec-16	47	9.8
Oakcliff Apartments	Ann Arbor	New Construction Lease Up	11	Dec-16	217	19.7
Enclave at Brownstone	Canton	New Construction Lease Up	9	Dec-16	83	9.8
Briggs Houze	Detroit	New Construction Lease Up	12	Dec-16	116	9.8
Forest Arms	Detroit	New Construction Lease Up	7	Dec-16	71	9.7
Moon at Merchants Row	Detroit	New Construction Lease Up	4	Dec-16	42	9.8
Regis Houze	Detroit	New Construction Lease Up	6	Dec-16	58	9.8
Straithmore Apartments	Detroit	New Construction Lease Up	13	Dec-16	129	9.8
Water's Edge at Harbortown	Detroit	New Construction Lease Up	14	Dec-16	134	9.8
Harvard Square	Rochester Hills	New Construction Lease Up	17	Dec-16	168	9.8
Eight 55 South Main Apts.	Royal Oak	New Construction Lease Up	5	Dec-16	48	9.8
The Harrison Phase I	Royal Oak	New Construction Lease Up	8	Dec-16	75	9.7
Preserves Phase V	Sterling Heights	New Construction Lease Up	5	Dec-16	52	9.8
Redwood Wolverine Lake Phase I	Wolverine Lake	New Construction Lease Up	11	Dec-16	108	9.8
Lakeside Blvd Townhomes	Shelby Township	New Construction Lease Up	6	Jan-17	88	14.7
Nautica Pointe	Ypsilanti Township	Pre Construction Budget	24	Jun-17	142	5.9
Parkways of Auburn Hills	Auburn Hills	New Construction Lease Up	15	Aug-17	118	7.9
Statler City Club	Detroit	Pre Construction Budget	20	Aug-17	288	14.4
The Loop on Greenfield	Oak Park	Actual - Full Rehab	23	Oct-17	717	31.2
Uptown II	Canton	New Construction Lease Up	25	Nov-17	216	8.6
ShearWater	Commerce Twp	New Construction Lease Up	8	Dec-17	203	25.4
Peninsula Ridge	Brownstown Twp	New Construction Lease Up	9	Dec-17	92	9.8
DuCharme Place*	Detroit	New Construction Lease Up	19	Dec-17	185	9.8
Orleans Landing	Detroit	New Construction Lease Up	28	Dec-17	274	9.8
The Plaza	Detroit	New Construction Lease Up	7	Dec-17	72	9.7
The Scott at Brush Park	Detroit	New Construction Lease Up	20	Dec-17	200	9.8
Brooks Estates Apartments	Midland	New Construction Lease Up	14	Dec-17	137	9.8
Clearpointe Landing*	Midland	New Construction Lease Up	11	Dec-17	110	9.8
Starkweather Lofts	Plymouth	New Construction Lease Up	10	Dec-17	93	9.8
Harvard Place	Rochester Hills	New Construction Lease Up	14	Feb-18	168	12.0
Montclair at Partridge Creek Phase I	Clinton Township	New Construction Lease Up	17	Apr-18	240	14.1
Blossom Creek	Oakland Township	Pre Construction Budget	11	Apr-18	84	7.6
Ferndalehaus	Ferndale	Pre Construction Budget	9	May-18	106	11.8
Five Points Apartments	Auburn Hills	New Construction Lease Up	18	Dec-18	178	9.8
Stoney Brook Village *	Brownstown Twp	New Construction Lease Up	7	Dec-18	70	9.9
Hickory Way (Section 8/LIHTC)	Ann Arbor	Pre Construction Budget	4	Feb-19	34	8.1
Urbane on Harrison	Royal Oak	Pre Construction Budget	10	Mar-19	77	7.7
Marketplace Apartments, Phase I	Lansing	Actual - Lease Up Phase	8.1	May-19	79	9.8
Marketplace Apartments, Phase II	Lansing	Actual - Lease Up Phase	8.1	May-19	79	9.8
Abbey Ridge	Oxford	New Construction Lease Up	25	Jul-19	140	5.6
The Farwell	Detroit	Actual - Lease Up Phase	3	Aug-19	82	27.3
Cedar Valley	Rochester Hills	New Construction Lease Up	5	Jan-20	99	19.8
Oliver Estates	Bedford	New Construction Lease Up	18	Jun-20	144	8.0
Icon on Main	Royal Oak	New Construction Lease Up	6.0	Jun-20	78	13.0
The Boulevard	Detroit	Rehab - Lease Up In Process	11	Jul-20	99	9.0
The Assembly	Detroit	Rehab - Lease Up In Process	3	Jul-20	32	9.8
439 Selden	Detroit	Rehab - Lease Up	8.0	Jul-20	49	6.1
Encore at Manchester	Novi	New Construction Lease Up	20	Aug-20	172	8.6
Northgate of Canton	Canton	New Construction Lease Up	10	Sep-20	90	9.0
Encore at Deerhill Villas	Clarkston	New Construction Lease Up	21	Sep-20	92	4.4
Urbane of Manderson	Detroit	Rehab - Lease Up	10	Sep-20	34	3.4
Urbane of Shelbourne	Detroit	Rehab - Lease Up	10	Sep-20	18	1.8
Huntley Manor	Novi	New Construction Lease Up	24	Mar-21	191	8.0
Redwood Holt	Delhi Township	Actual - Lease Up Phase	20	May-21	117	5.9
Uptown of Ann Arbor	Pittsfield Twp	New Construction Lease Up	18	May-21	197	11.0
Beekman on Broadway	Ann Arbor	New Construction Lease Up	8	Aug-21	254	31.8
The Jordan	Auburn Hills	New Construction Lease Up	6	Sep-21	48	8.0
Elevation Okemos II	Okemos	New Construction Lease Up	11	Sep-21	117	10.6
Town Court Apartments	West Bloomfield	New Construction Lease Up	12	Apr-22	192	15.2
4 Corners	White Lake	New Construction Lease Up	5	Oct-21	43	8.6
North Oaks Condos	Ann Arbor	New Construction Lease Up	48	Dec-21	470	9.8
Pittsfield Glen	Pittsfield Twp	New Construction Lease Up	22	Dec-21	59	2.7
Temple Apartments	Lansing	Pre Construction Budget	9.0	Jan-22	31	3.4
Hoover & Greene	Ann Arbor	New Construction Partial Lease Up	7	Feb-22	125	17.9
Oakview Apartments	Fraser	Raise Rents to Market Budget	12	Mar-23	38	3.2
The Brunswick	Auburn Hills	Pre Construction Budget	3	May-23	18	6.0
Shoreline Apartments	Sterling Heights	Raise Rents to Market Budget	12	May-23	48	4.0
The Bond	Novi	Pre Construction Budget	18	Jun-23	169	9.4
The Grove	Pittsfield Twp	Pre Construction Budget	11	Jul-23	250	22.7
Brookwood	Taylor	Pre Construction Budget	17	Oct-23	60	3.5
Clark Road Family	Ypsilanti	Pre Construction Budget	17	Feb-24	156	9.2
Clark Road Seniors	Ypsilanti	Pre Construction Budget	18	Feb-24	152	8.4
Riverview Crossings	Riverview	Rehab - Lease Up Budget	24	May-24	276	11.5
Townes at Trail Apartments	West Bloomfield	Pre Construction Budget	13	Jul-24	103	7.9
Vista at Uptown Brighton	Brighton	Pre Construction Budget	26	Nov-24	223	8.6
The Pearl	Birmingham	New Construction Lease Up	4	Dec-20	26	6.5
Billings Place	Royal Oak	New Construction Lease Up	65	Jun-21	62	20.7
The Fountain Circle of Auburn Hills	Auburn Hills	New Construction Partial Lease Up	12	Aug-22	235	19.6
Insignia	Clarkston	New Construction Partial Lease Up	3	Sep-22	53	17.7
West Valley & Lake Pointe	White Lake	Pre Construction Budget	18	Apr-25	138	7.7
City Club Midtown	Detroit	Pre Construction Budget	8	Sep-25	339	45.2
Royal Park Hotel Conversion	Detroit	Pre Construction Budget	13	Jan-25	170	13.1
The Kahn	Detroit	Rehab-Lease Up	10	May-22	206	20.6
Woodward West	Detroit	New Construction Lease Up	10	Dec-22	204	20.4
Cadillac Place Lofts	Detroit	Pre-Construction Lease Up	7	Jan-25	92	13.1
Fisher 21 Lofts	Detroit	Pre-Construction Lease Up	21	Jun-27	433	20.6
Hawthorne Suites Conversion	Detroit	Rehab-Lease Up	9	Jun-24	128	14.2
The Westington	Troy	New Construction Lease Up	2	Jun-23	30	15.0
<b>Totals/Averages</b>			<b>13.5</b>		<b>114.1</b>	<b>11.4</b>

The data above has been collected over the past several years and includes 120+ projects in the metro area. They indicate absorption rates from 1.8 to 45.2 units per month, and the average of the projects is equal to 11.4 units per month.

30+ projects considered the most representative to the subject, based on their locations within the 7.2, are in the table above. These developments are primarily repositioning projects and represent a mix of actual absorption as well as pre-construction absorption budgets provided by the developer. They display absorption rates of 1.8 to 45.2 units per month, with an average of 13.3 units per month.

At 13.3 units per month the average absorption rate achieved in Detroit outpaces the average rate achieved in the overall metro, at 11.4 unit per month by 17%. This data further speaks to the demand in the city of Detroit.

## Multifamily Rental Estimates

The following summarizes general property criteria for the proposed buildings. Subject property descriptions, including sizes, unit mixes and finishes were provided by agents of ownership and compared to examples in the market.

### Subject Unit Mix

The unit mix is summarized in the following table. Market rent will be estimated for the market rate units. The unit mix in the table below represents the market rate units only.

UNIT MIX					
Unit Mix/Type	Location	No. Units	Percent of Total	Unit Size (SF)	NRA (SF)
Studio	One Ford Place	181	27.3%	564-565	102,084
1 Bedroom	One Ford Place	179	27.0%	717-781	129,059
2 Bedroom	One Ford Place	43	6.5%	1,064-1,073	46,010
Micro Studio	R2 New Residential	15	2.3%	421	6,315
Studio	R2 New Residential	60	9.1%	537	32,220
1 Bedroom	R2 New Residential	69	10.4%	793	54,717
2 Bedroom	R2 New Residential	10	1.5%	1,117	11,170
Micro Studio	R3 New Residential	10	1.5%	390	3,900
Studio	R3 New Residential	45	6.8%	516	23,220
1 Bedroom	R3 New Residential	40	6.0%	796	31,840
2 Bedroom	R3 New Residential	10	1.5%	1,060	10,600
Total/Average:		662	100.0%	681	451,135

Source: Various sources compiled by CBRE

**Unit Mix** – Studio, and one-bedroom units comprise over 84.5% of the proposed units, with 9.5% representing two-bedroom units. This mix/balance does line up with other newer or renovated multifamily properties in the 7.2 in regard to studio's and one-bedroom units. Typically two-bedroom units make up less than 20% of the inventory, with the majority of projects below 10% as indicated by the rent comparables.

**Unit Sizes** – Subject property unit sizes display a weighted average of 681 SF from a range of 390 SF to 1,117 SF.

**Parking** – Ample parking will be available proximate to the various buildings. Parking will be at an additional fee.

**Finishes** – Modern finishes have been generally consistent of late. The following summarizes other newer or renovated multifamily properties in the market.

- Kitchen and bathroom countertops are often solid surface rather than laminate;
- Kitchen appliances are a mid to high-grade stainless package;

- Brushed nickel plumbing and lighting fixtures are common;
- Bathroom floors are ceramic/luxury vinyl plank;
- Luxury vinyl, and to a lesser extent, wood-looking ceramic is replacing real hardwood and wood laminate flooring.
- Carpet is often provided in the bedrooms;
- New construction units are typically provided with a balcony area;
- Full size in-unit laundry is expected at the upper price points.

**Unit Pricing** - Unit price conclusions are also based on the area comparables. More detail will be provided on the following pages. The rental comparables analyzed average \$2.15 to \$2.96 PSF.

**Utility Charges** – Virtually all new construction projects are metered for gas and electric usage, and residents pay these charges directly. At this (new construction or significant rehab) quality level, most operators also charge/recover costs for water/sewer and sometimes trash. Charging or recovering all utility costs is anticipated at the subject properties.

## RENTAL COMPARABLES

Properties considered most competitive to the subject are examined for amenities, finishes, pricing, sizing, etc.

A detailed description of each property is included in the addenda.

SUMMARY OF COMPARABLE MULTIFAMILY RENTALS											
No.	Property Name	Location	YOC / Reno'd	Property Subtype	Occ.	No. Units	Distance from Project	Average Unit Size	No. Stories	Avg. Rent Per Unit	Avg. Rent Per Unit
1	The Boulevard	2911 West Grand Detroit, MI 48202	2019	Multi-unit Mid / High Rise	93%	231	0.3 Miles	823	2	\$1,773	\$2.15
2	The Albert Kahn Building	7430 Second Avenue Detroit, MI 48202	1932 / 2021	Multi-unit Lofts	90%	206	0.4 Miles	683	3	\$2,021	\$2.96
3	Six Two Nine	629 W. Milwaukee Detroit, MI 48202	1933 / 2021	Multi-unit Garden	94%	35	0.1 Miles	357	11	\$980	\$2.66
4	Fisher 21 Lofts	6051 Hastings Street Detroit, MI 48211	1923 / 2023	Multi-unit Lofts	0%	433	0.7 Miles	748	4	\$1,757	\$2.90
5	The Scott at Brush Park	3150 Woodward Ave. Detroit, MI 48201	2016	Multi-unit Mid / High Rise	88%	199	1.7 Miles	923	3	\$2,538	\$2.75
6	The EddyStone	2701 Park Avenue Detroit, MI 48201	2021	Multi-unit Mid / High Rise	97%	92	1.9 Miles	570	5	\$1,517	\$2.66
7	Woodward West	3439 Woodward Avenue Detroit, MI 48201	2022	Multi-unit Mid / High Rise	93%	204	1.6 Miles	621	6	\$1,669	\$2.71
8	City Club Apartments	313 Park Avenue Detroit, MI 48226	2018	Multi-unit Mid / High Rise	97%	288	2.4 Miles	726	3	\$2,069	\$2.72
Subj.	New Amsterdam	6201 2nd Avenue, Detroit, Michigan	2022- 2028			831		724		---	---

Compiled by CBRE

### Rent Comparable One

The comparable is a 231-unit multi-family mid-rise project with ground-floor retail known as The Boulevard. The Boulevard is at 2905 West Grand Boulevard, at the corner with Third, in the New Center neighborhood of Detroit, Michigan. The property consists of a single building with basement and mezzanine parking, ground floor retail with additional sub-building parking, and five-stories of apartment units. Development began in late 2017 and the first units delivered summer 2019. The project is situated on a 1.517-acre site. There is also 117,425 SF of first

floor retail space and 343 parking spaces provided on one basement and two above-ground levels. Units range in size from 534 to 1,185 square feet. Tenants pay electric; units are served exclusively by electric. Tenants pay water/sewer/trash via RUBS. Sub-building parking spots are available for rent from \$130 per month. Units are finished with contemporary luxury finishes including a full stainless-steel appliance package, stackable washer/dryer, vinyl plank flooring, and ceramic tile flooring bathrooms, some units will have balconies or patios. Project amenities include a club room, lounge room, BBQ terrace, and interior courtyard included in rent; attached parking, bike storage and repair, and storage lockers available for rent. The development was completed the last week of November 2019 and absorption has been 9.0 unit per month from summer 2019 through October 2020 - larger units absorbed slower in relation to smaller units. The development is offering free covered parking for six months with new leases.

### Rent Comparable Two

This comparable represents a renovated loft-style mixed use apartment project located at 7430 2nd Avenue in the New Center area of Detroit, MI. The building has been renovated into 206 loft units with first floor retail and second floor office. The building is eleven stories tall and high end interior finishes with Quartz countertops, stainless steel appliances, brass fixtures and more. Amenities include a 24-hour fitness center, yoga lounge, game/multi-media room, roof top deck, co-working space, dog run and pet wash and more. The building was originally built in 1932 with renovations circa 2020-2021. The lofts range in size from 511 to 1,397 square feet and have rates from approximately \$1,520 to \$4,500 per month; there are studio, one-bedroom, two-bedroom and three-bedroom loft units. Rent includes water/sewer, gas, and trash. Resident parking is available in the Fisher Garage at a rate of \$165/month. The property is currently in lease up and is 90% occupied as of the survey date.

### Rent Comparable Three

The comparable is a 35 unit apartment complex with surface parking located at 629 W. Milwaukee in Detroit, Wayne County, MI. The comparable was constructed in 1933 and was substantially renovated in 2021. The comparable underwent a \$1,200,000 full head-to-toe renovation throughout the interiors of apartments, common areas, utility rooms, and exterior brick restoration. The overall development is in good overall condition. The building features 35 fully renovated apartments, currently fully occupied ranging in size from 270 - 650 square feet and rents ranging from \$820 to \$1,130 a month. Each residence have been finished with modern finishes including contrasting bright white and dark kitchens featuring subway tile backsplashes, butcher-block countertop, and a mix of marble, granite & quartz, stainless steel appliances. The bathrooms have been fully renovated with bright white tile and vanities featuring walk-in and bathtubs. Rents are currently \$821 for studios and \$1,131 for 1 Bedroom units. Tenants reimburse the landlord for water and electric while gas is handled by the landlord. Tenants pay for parking at \$125/month.

### Rent Comparable Four

The comparable is a proposed 433 unit mixed use, multi-family loft apartment property located at 6051 Hastings Street in Detroit, Wayne County, Michigan. The property was originally constructed in 1923 as the Fisher Body Plant no. 21 manufacturing facility and is currently being redeveloped as a mixed-use, apartment/retail/office (co-working) property. The improvements are situated on a 8.68-acre site, which is an assemblage of 3 parcels, one on which the improvements are situated, and two vacant parcels which will be utilized for parking. The comparable is located in southern portion of the Milwaukee Junction neighborhood, just east of the New Center. The immediate area surrounding the comparable is known as the Piquette Avenue Historical District, which was listed on the National Register of Historic Places in 2004. The unit mix will be comprised of, 185-studio units, 16-Penthouse loft units, 216-1BR/1BA units, 15-2BR/1BA units and 1-3BR/2BA unit. In addition to the 433 apartment units, the comparable will offer 26,711 square feet of ground floor retail space and 17,685 square feet of office (co-working) space, along with residential amenities including a fitness center, yoga studio, year round swimming pool with locker rooms, a terrace with seating, grills, outdoor fireplaces, and a walking track. The clubhouse will have a kitchen, and a business center, common areas will include a reception/elevator lobby, leasing office, bike storage and package storage/mail area. The project will include 671 parking spaces, 136 structured spaces and 535 surface spaces available for lease at \$100 and \$130 per space. The development is scheduled for completion in January of 2026.

### Rent Comparable Five

The Scott at Brush Park is a five-story apartment building built in 2016 and located along Woodward. The project includes 199 apartment units in studio, one, two, and three-bedroom configuration ranging from 450 to 1,126 square feet with asking rents ranging from \$1,053 to \$3,256 per month, including trash removal. The first floor of the development contains commercial space. Unit amenities include wood vinyl and carpet flooring, full size stacked washer/dryer, private balconies/terraces, glass showers, quartz countertops and porcelain tiled floors in bathrooms, stainless steel kitchen appliances (refrigerator, microwave, dishwasher, range) and granite countertops. Complex amenities include a pool on the second floor outdoor deck, clubhouse, covered parking, fitness room and yoga studio, common rooms, rooftop terrace, secure package pickup, second floor resident kitchen with lounge / fireplace / games, pet grooming salon, bike storage, private library, private and secure storage, and onsite maintenance and management. Underground parking is available for \$175 per month. The first units were delivered late 2016. The development is currently 88% occupied with various concessions being offered.

### Rent Comparable Six

This comparable represents a recently completed 92 unit residential development known as the Eddystone located at 2701 Park Avenue in Detroit, Wayne County, MI. The comparable was

constructed in 2021 and is in very good condition, and is class-A construction. The property includes 52 Studio Units, 36 - 1BR/1BA units and 4 - 2BR/2BA units. Additionally, the property was developed with an OPRA which requires 20% of the unit mix to be leased at 80% of AMI. The property was delivered in 2021 and is nearly fully occupied at 97% occupancy with 4 units currently available for lease. Non utilities are included in rent.

### **Rent Comparable Seven**

This comparable represents a recently completed 204 unit mixed use residential/retail development known as Woodward West located at 3439 Woodward Avenue in Detroit, Wayne County, MI. The comparable was constructed in 2022, is class-A construction and is in very good condition. The property includes 70 Studio Units, 114 - 1BR/1BA units and 20 - 2BR/2BA units. Additionally, the property was developed with an NEZ which requires 20% of the unit mix to be leased at 80% of AMI. The property was delivered in September of 2022 and is nearly fully occupied at 93% occupancy with 15 units currently available for lease. Utilities included in rent are Trash Removal.

### **Rent Comparable Eight**

Statler City Club is a new development located along Park west of Woodward in Detroit at 313 Park Avenue. The six story building is proposed includes 288 units averaging 750 SF each with some first floor retail and two levels of below-grade parking. First floor commercial rents are estimated around \$20 PSF, NNN with a \$40 TI allowance. As of the survey date, the property was complete and 96.5% occupied. There are 53 affordable studio units with the remainder market rate. Rental rates range between about \$1,265 to \$4,399 per month.

## **COMPARABLE ANALYSIS**

The subject conclusions are based primarily on the comparable data. The conclusions are sorted in the following tables to show the subject's conclusions within the competitive market.

Market rent for each is estimated and discussed below.

## Studio Units

<b>SUMMARY OF COMPARABLE RENTALS</b>				
<b>EFFICIENCY/STUDIO UNITS</b>				
<b>Comparable</b>	<b>Plan Type</b>	<b>Size (SF)</b>	<b>Rental Rates</b>	
			<b>\$/Mo.</b>	<b>\$/SF</b>
Six Two Nine	Studio	270 SF	\$821	\$3.04
The Scott at Brush Park	Studio - Affordable	450-591	\$1,053	\$2.02
The EddyStone	Studio	388 SF	\$1,086	\$2.80
The EddyStone	Studio (80% AMI)	395 SF	\$1,106	\$2.80
The Boulevard	Studio-80%AMI	534-572	\$1,120	\$2.03
Woodward West	Studio Affordable	426-505	\$1,175	\$2.52
The EddyStone	Studio	426 SF	\$1,193	\$2.80
Fisher 21 Lofts	Studio - 80% AMI	400-475	\$1,250	\$2.86
City Club Apartments	Studio	408-530	\$1,264 - \$1,485	\$2.93
City Club Apartments	Studio Affordable	498 SF	\$1,277	\$2.56
Woodward West	Studio	426-518	\$1,405 - \$1,475	\$3.05
<b>Subject (Avg. Quoted)</b>	<b>Micro Studio</b>	<b>390 SF</b>	<b>\$1,482</b>	<b>\$3.80</b>
The EddyStone	Studio	592 SF	\$1,521	\$2.57
The Albert Kahn Building	Studio	572 SF	\$1,535 - \$1,710	\$2.84
The Boulevard	Studio	534-572	\$1,538	\$2.78
<b>Subject (Avg. Quoted)</b>	<b>Micro Studio</b>	<b>421 SF</b>	<b>\$1,601</b>	<b>\$3.80</b>
Fisher 21 Lofts	Studio	400-565	\$1,610	\$3.34
The EddyStone	Studio	595 SF	\$1,654	\$2.78
<b>Subject (Avg. Quoted)</b>	<b>Studio</b>	<b>564-565</b>	<b>\$1,665</b>	<b>\$2.95</b>
<b>Subject (Avg. Quoted)</b>	<b>Studio</b>	<b>516 SF</b>	<b>\$1,804</b>	<b>\$3.50</b>
<b>Subject (Avg. Quoted)</b>	<b>Studio</b>	<b>537 SF</b>	<b>\$1,881</b>	<b>\$3.50</b>

Compiled by CBRE

Rents range from \$2.02 and \$3.34 PSF in the comparable data set. However, micro studio's throughout downtown often reach up to and around \$4.00/SF. Utility structures are generally consistent in the market, with the tenant paying directly (or reimbursing for) most / all utilities. Subject rents, as if built today, should command rental rates toward the upper portion of demonstrated rental rates. Market rent of \$2.90 to \$3.40 PSF is concluded for the studio units depending quality and other factors. Rent for Micro Studio's is concluded between \$3.25 and \$4.00 per square foot.

## One-Bedroom Units

<b>SUMMARY OF COMPARABLE RENTALS</b>					
<b>ONE BEDROOM UNITS</b>					
<b>Comparable</b>	<b>Plan Type</b>	<b>Size (SF)</b>	<b>Rental Rates</b>		
			<b>\$/Mo.</b>	<b>\$/SF</b>	
Six Two Nine	1BR/1BA	400 SF		\$1,130	\$2.83
Woodward West	1BR/1BA Affordable	491-648	\$1,175 - \$1,225		\$2.11
The EddyStone	1BR/1BA (80% AMI)	541 SF		\$1,200	\$2.22
Fisher 21 Lofts	1BR/1BA - 80% AMI	665-710		\$1,340	\$1.95
The Boulevard	1BR/1BA-80%AMI	687-733		\$1,343	\$1.89
Woodward West	1BR/1BA	491 SF	\$1,395 - \$1,475		\$2.92
The EddyStone	1BR/1BA	565 SF		\$1,495	\$2.65
The Albert Kahn Building	1BR/1BA	511-674	\$1,520 - \$2,075		\$3.03
The Boulevard	1BR/1BA	687-793	\$1,576 - \$1,685		\$2.20
The Albert Kahn Building	1BR/1BA	715-857	\$1,680 - \$2,020		\$2.35
The Scott at Brush Park	1BR/1/2BA	661-992	\$1,700 - \$2,753		\$2.69
City Club Apartments	1BR/1BA	663-839	\$1,715 - \$2,445		\$2.77
The EddyStone	1BR/1BA	676 SF		\$1,737	\$2.57
Woodward West	1BR/1BA	648-740	\$1,755 - \$1,895		\$2.63
The Boulevard	1BR/1BA+Den	883-945		\$1,860	\$2.04
The Boulevard	1BR/1BA+Den	827-898	\$1,865 - \$1,891		\$2.18
The EddyStone	1BR/1BA	732 SF		\$1,881	\$2.57
Fisher 21 Lofts	1BR/1BA	710-790		\$1,890	\$2.52
The Albert Kahn Building	1BR/1BA (80% AMI)	1,188 SF		\$1,910	\$1.61
The EddyStone	1BR/1BA	755 SF		\$1,940	\$2.57
<b>Subject (Avg. Quoted)</b>	<b>1 Bedroom</b>	<b>717-781</b>		<b>\$1,971</b>	<b>\$2.73</b>
The Albert Kahn Building	1BR/1BA	926-994	\$2,010 - \$2,725		\$2.47
City Club Apartments	1BR/1.5BA	730-970	\$2,286 - \$2,433		\$2.78
<b>Subject (Avg. Quoted)</b>	<b>1 Bedroom</b>	<b>793 SF</b>		<b>\$2,537</b>	<b>\$3.20</b>
<b>Subject (Avg. Quoted)</b>	<b>1 Bedroom</b>	<b>796 SF</b>		<b>\$2,548</b>	<b>\$3.20</b>

Compiled by CBRE

Rents range from \$1.89 and \$3.03 PSF. Utility structures are generally consistent in the market, with the tenant paying directly (or reimbursing for) most / all utilities. Subject rents, as if built today, should command rental rates toward the upper portion of demonstrated rental rates. Market rent of \$2.50 to \$3.10 PSF is concluded for the one-bedroom units depending on quality and other factors.

## Two-Bedroom Units

SUMMARY OF COMPARABLE RENTALS TWO BEDROOM UNITS				
Comparable	Plan Type	Size (SF)	Rental Rates	
			\$/Mo.	\$/SF
Fisher 21 Lofts	2BR/1BA - 50% AMI	920 SF	\$1,009	\$1.10
Fisher 21 Lofts	2BR/1BA - 80% AMI	920 SF	\$1,600	\$1.74
The Boulevard	2BR/1BA-80%AMI	913 SF	\$1,612	\$1.77
The Boulevard	2BR/1BA	913 SF	\$1,871	\$2.05
The Albert Kahn Building	2BR/1BA Penthouse	575 SF	\$2,025	\$3.52
The Albert Kahn Building	2BR/2BA	890-1,183	\$2,250 - \$2,910	\$2.49
Woodward West	2BR/2BA	868-1,312	\$2,265 - \$3,225	\$2.52
The Boulevard	2BR/2BA	1,121-1,169	\$2,273 - \$2,526	\$2.10
The Scott at Brush Park	2BR/2BA	927-1,034	\$2,405 - \$3,136	\$2.83
City Club Apartments	2BR/2BA	953-1,371	\$2,409 - \$3,865	\$2.70
The Albert Kahn Building	2BR/2BA (80% AMI)	1,397 SF	\$2,435	\$1.74
<b>Subject (Avg. Quoted)</b>	<b>2 Bedroom</b>	<b>1,064-1,073</b>	<b>\$2,469</b>	<b>\$2.31</b>
City Club Apartments	2BR/1BA	905-937	\$2,507 - \$3,125	\$3.06
The EddyStone	2BR/1BA	1,016 SF	\$2,625	\$2.58
Fisher 21 Lofts	2BR/1BA	920-1,145	\$2,650	\$2.57
The Boulevard	2BR/2BA	1,185 SF	\$2,835	\$2.39
<b>Subject (Avg. Quoted)</b>	<b>2 Bedroom</b>	<b>1,060 SF</b>	<b>\$2,967</b>	<b>\$2.80</b>
The Albert Kahn Building	2BR/2BA Penthouse	980-1,181	\$3,055 - \$4,500	\$3.50
<b>Subject (Avg. Quoted)</b>	<b>2 Bedroom</b>	<b>1,117 SF</b>	<b>\$3,126</b>	<b>\$2.80</b>

Compiled by CBRE

Rents range from \$1.74 and \$3.50 PSF. Utility structures are generally consistent in the market, with the tenant paying directly (or reimbursing for) most / all utilities. Subject rents, as if built today, should command rental rates toward the upper portion of demonstrated rental rates. Market rent of \$2.30 to \$2.80 PSF is concluded for the two-bedroom units depending on, quality and other factors.

### RENT GROWTH ASSUMPTIONS

Multifamily rental rates have realized substantial increases in the past five years. The table below illustrates the average annual asking rate, per Costar, over the previous five-year period. The data displayed in the table above represents the weighted average of all properties in the 7.2 Mile Market.



The data is converted to annual percentage changes in the table below.

MULTIFAMILY HISTORICAL RENT GROWTH							
Year	2022	2023	2024	2025	2026	2027	2028
<b>Average Rent</b>	\$1,376	\$1,441	\$1,507	\$1,578	\$1,660	\$1,737	\$1,805
<b>YOY Rent Growth</b>	13.0%	4.7%	4.6%	4.7%	5.2%	4.6%	3.9%
<b>Market Occupancy</b>	92.3%	87.6%	87.2%	85.6%	87.2%	90.2%	91.1%

Source: Costar

Market occupancy during the same time period is presented to examine how rent growth and market occupancy affect one another. Rent substantially increased in 2020, 2021 and 2022. Costar anticipates continued strong rent growth over the next five years.

### Rent Growth Conclusions

Historic increases are relied on to forecast future growth assumptions. The table below presents the conclusions on an annual basis and are adjusted based on the level of inventory to be added to the market.

MULTIFAMILY RENT GROWTH ASSUMPTIONS						
Year	2023	2024	2025	2026	2027	2028
<b>Rent Growth Low</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Rent Growth High</b>	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
<b>Vacant Supply (Excess Demand)</b>	3,073	3,334	4,069	3,727	2,881	2,639
<b>Indicated Occupancy</b>	88%	87%	86%	87%	90%	91%
<b>Rent Growth Conclusion</b>	1.5%	2.5%	3.0%	3.0%	3.0%	3.0%

Source: CBRE

Costar is forecasting stable growth despite the amount of new inventory coming online. Modest assumptions for both are considered reasonable and reflected in the table above.

## Multifamily Operating Expense Comparables

EXPENSE COMPARABLES														
Comparable Number	1		2		3		4		5		6		7	
Building Type	Midrise		Midrise		Highrise		Midrise		Midrise		Midrise		Midrise	
Stories	4		6		27		N/A		6		8		5	
Number of Units	83		87		411		250		36		82		50	
Average Unit Size	526 SF		625 SF		1,030 SF		890 SF		690 SF		943 SF		535 SF	
Year Built/Renovated	1918 / 2023		2017		1962 / 2020		1980's		1923 / 2015		1915 / 2016		1924 / 2022-2023	
Utilities Metered for	Gas & Electric		Gas & Electric		Electric		Gas & Electric		Gas & Electric		All		None	
Expense Year	2023 Budget		2020		2022 Budget		2021		2/22 T-12		Budget		2023 Budget	
Revenues	\$/Unit	\$/SF NRA	\$/Unit	\$/SF NRA	\$/Unit	\$/SF NRA	\$/Unit	\$/SF NRA	\$/Unit	\$/SF NRA	\$/Unit	\$/SF NRA	\$/Unit	\$/SF NRA
Effective Gross Income	\$20,597	\$39.16	\$21,630	\$34.61	\$16,249	\$15.78	\$11,131	\$12.51	\$20,959	\$30.38	\$23,893	\$25.34	\$15,170	\$28.36
Expenses														
Real Estate Taxes	\$3,626	\$6.89	\$3,888	\$6.22	\$4,161	\$4.04	\$1,236	\$1.39	\$4,945	\$7.17	\$1,511	\$1.60	\$4,468	\$8.35
Property Insurance	841	1.60	408	0.65	307	0.30	237	0.27	254	0.37	502	0.53	240	0.45
Utilities	282	0.54	526	0.84	867	0.84	263	0.30	760	1.10	782	0.83	250	0.47
Water & Sewer	381	0.72	390	0.62	100	0.10	350	0.39	386	0.56	411	0.44	450	0.84
Administrative & General	103	0.20	459	0.73	258	0.25	339	0.38	360	0.52	477	0.51	320	0.60
Maintenance & Turns	562	1.07	454	0.73	909	0.88	654	0.73	695	1.01	1,493	1.58	300	0.56
Grounds	129	0.25	279	0.45	734	0.71	215	0.24	103	0.15	278	0.29	175	0.33
Management	832	1.58	897	1.44	370	0.36	376	0.42	734	1.06	1,030	1.09	455	0.85
Payroll	1,160	2.21	1,317	2.11	1,223	1.19	1,250	1.40	1,132	1.64	722	0.77	1,100	2.06
Advertising & Promotion	264	0.50	217	0.35	214	0.21	112	0.13	77	0.11	180	0.19	75	0.14
Reserves for Replacement	272	0.52	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	\$8,452	\$16.07	\$8,835	\$14.14	\$10,278	\$9.98	\$5,032	\$5.65	\$10,581	\$15.33	\$8,521	\$9.04	\$8,968	\$16.76
Operating Expense Ratio	41.0%		40.8%		63.3%		45.2%		50.5%		35.7%		59.1%	
Mgmt Fee (% of EGI)	4.0%		4.1%		2.3%		3.4%		3.5%		4.3%		3.0%	

Compiled by CBRE

The table above represents operating statements from seven multifamily buildings operating in the 7.2-mile market.

## Office Market Analysis

### METROPOLITAN DETROIT - MI OFFICE MARKET OVERVIEW

#### Recent Performance

The following table summarizes historical and projected performance for the overall metropolitan Detroit - MI office market, as reported by CoStar.

DETROIT - MI OFFICE MARKET								
Year Ending	Inventory (SF)	Completions (SF)	Occupied Stock (SF)	Occupancy	Asking Rent (\$/SF Gross)	Asking Rent Change	Net Absorption (SF)	Transaction Price Per Area (SF)
2013	198,856,877	-827,028	167,313,104	84.1%	\$17.28	1.76%	879,123	\$54.15
2014	198,461,844	-395,033	169,093,040	85.2%	\$17.78	2.89%	1,774,990	\$79.47
2015	198,657,614	195,770	171,471,248	86.3%	\$18.34	3.15%	2,378,710	\$78.57
2016	198,606,595	-51,019	175,218,560	88.2%	\$19.14	4.36%	3,778,515	\$68.55
2017	198,904,330	287,911	177,791,008	89.4%	\$19.81	3.50%	2,560,818	\$66.28
2018	199,015,626	111,296	179,842,288	90.4%	\$20.12	1.57%	2,051,278	\$59.68
2019	199,069,161	30,124	180,258,672	90.6%	\$20.78	3.32%	385,862	\$111.91
2020	199,603,405	399,846	178,962,016	89.7%	\$21.23	2.16%	-1,423,942	\$82.80
2021	199,936,536	333,131	177,925,504	89.0%	\$21.21	-0.09%	-1,036,504	\$121.47
Q1 2022	199,792,559	-143,977	177,685,408	88.9%	\$21.42	0.96%	-240,107	\$138.44
Q2 2022	199,880,128	87,569	177,994,416	89.1%	\$21.44	0.11%	309,015	\$96.71
Q3 2022	200,447,175	567,047	177,993,488	88.8%	\$21.54	0.48%	-933	\$147.46
Q4 2022	200,385,797	-61,378	176,464,192	88.1%	\$21.51	-0.15%	-1,529,289	\$83.29
2022	200,385,797	449,261	176,464,192	88.1%	\$21.51	1.41%	-1,461,314	\$83.29
Q1 2023	200,428,584	42,787	175,934,832	87.8%	\$21.52	0.05%	-529,361	\$110.24
Q2 2023	200,547,224	118,640	175,355,168	87.4%	\$21.45	-0.35%	-579,574	\$104.26
Q3 2023*	200,982,908	435,684	174,329,872	86.7%	\$21.29	-0.71%	-1,022,905	-
Q4 2023*	200,881,159	-101,749	173,352,496	86.3%	\$21.10	-0.89%	-973,231	-
2023*	200,881,159	495,362	173,352,496	86.3%	\$21.10	-1.89%	-3,105,071	-
2024*	201,259,652	378,493	172,879,920	85.9%	\$20.68	-1.99%	-457,801	-
2025*	200,851,648	-408,004	173,233,472	86.2%	\$20.87	0.88%	367,719	-
2026*	200,490,281	-361,367	173,579,840	86.6%	\$21.20	1.61%	360,282	-
2027*	200,378,106	-112,175	173,837,440	86.8%	\$21.47	1.27%	267,880	-
2028*	200,468,672	90,566	174,212,080	86.9%	\$21.69	1.00%	387,942	-

\* Future Projected Data according to CoStar

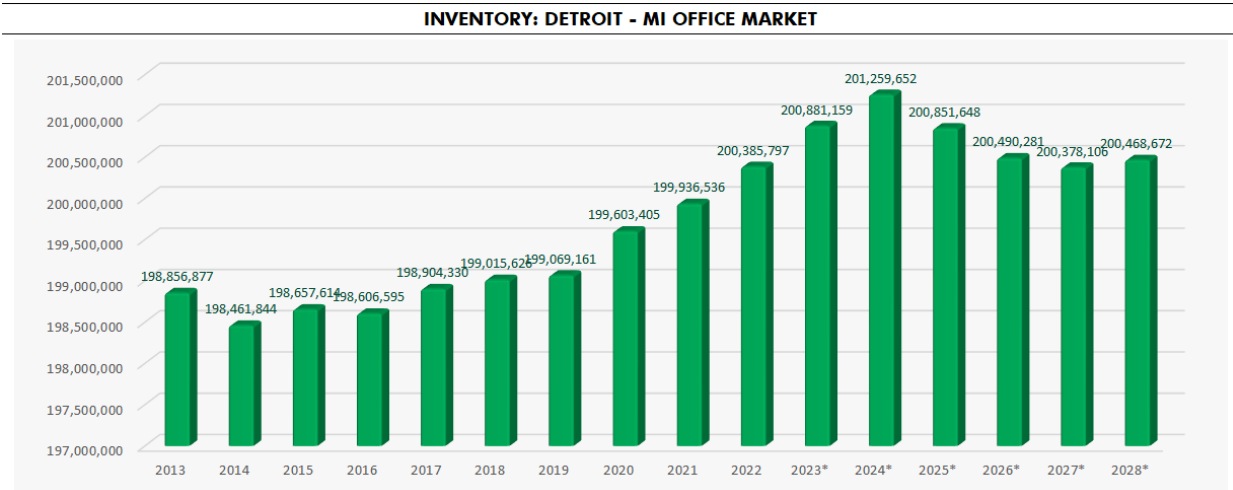
Source: CoStar, 2nd Quarter 2023

The Detroit - MI office market consists of approximately 200,547,224 square feet of office space. The following observations are noted from the table above:

- As of 2nd Quarter 2023, there was approximately 175,355,168 square feet of occupied office space (including sublet space), resulting in an occupancy rate of 87.4% for the metro area. This reflects a decrease from the previous quarter's occupancy of 87.8%, and a decrease from an occupancy rate of 88.1% from last year.
- The area experienced negative 579,574 square feet of net absorption for the current quarter. This indicates a decline from the previous quarter's negative 529,361 square feet of net absorption, and an improvement from the negative 1,461,314 square feet of net absorption from last year.
- The area had completions of positive 118,640 square feet for the current quarter, which indicates an increase from the previous quarter's completions of positive 42,787 square feet, and indicates a decline from completions of positive 449,261 square feet from last year.

- The area achieved average asking rent of \$21.45 per square foot, which indicates a decrease from the previous quarter’s asking rent of \$21.52 per square foot, and a decrease from the asking rent of \$21.51 per square foot from last year.

### Historical Inventory – Market

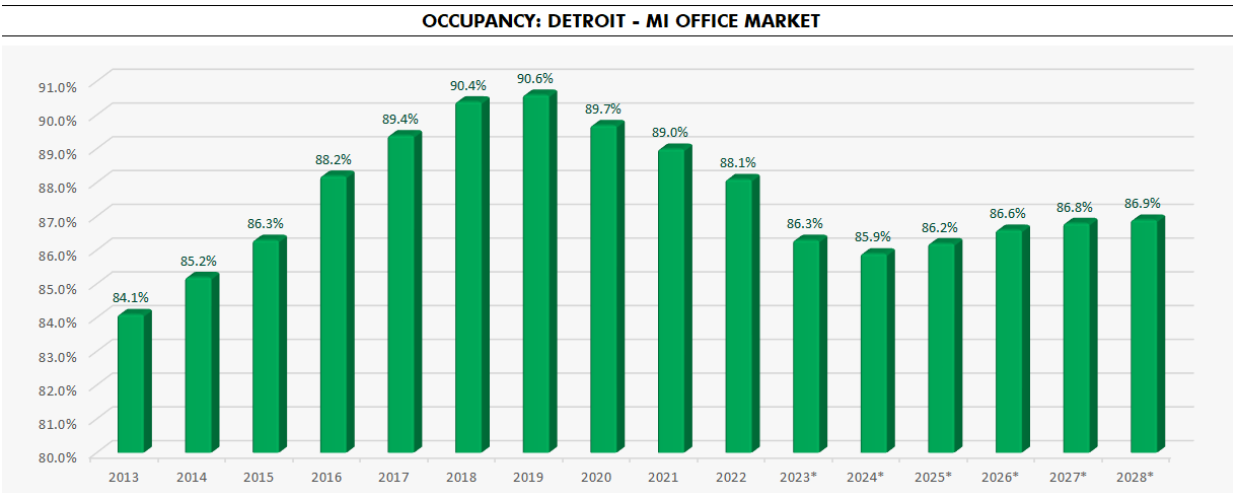


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Inventory is projected to be 200,881,159 square feet at the end of the current year, which represents an increase from the previous year’s inventory of 200,385,797 square feet. Inventory for next year is projected to be 201,259,652 square feet, reflecting an increase from the current year.

### Historical Occupancy - Market

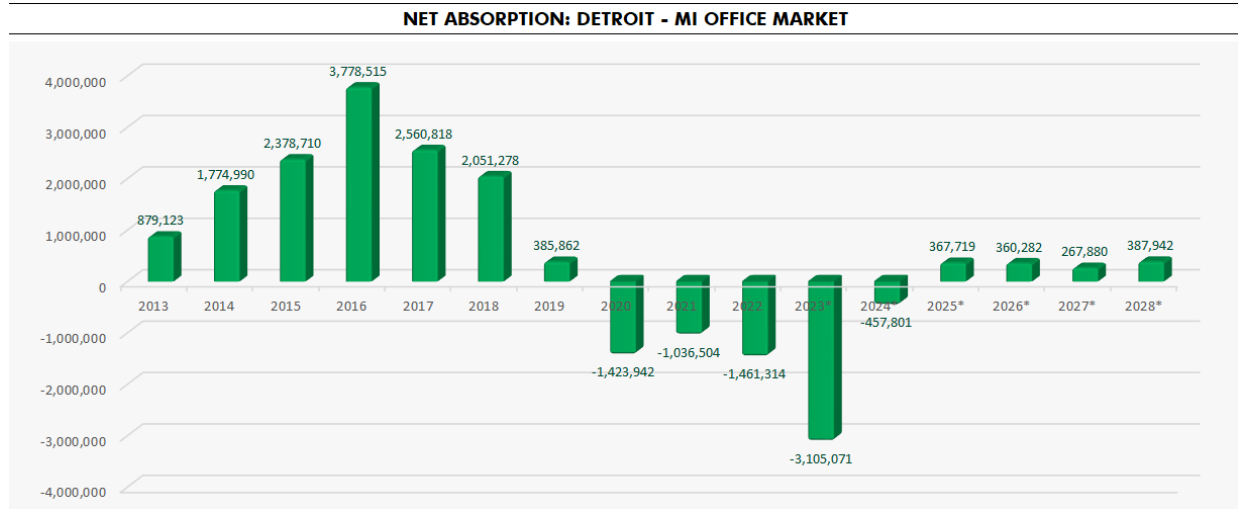


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

At the end of the current year, the occupancy rate is projected to be 86.3%, which reflects a decrease from the 88.1% occupancy rate at the end of last year. Occupancy for next year is projected to be 85.9%, reflecting a decrease from the current year.

### Historical Net Absorption - Market

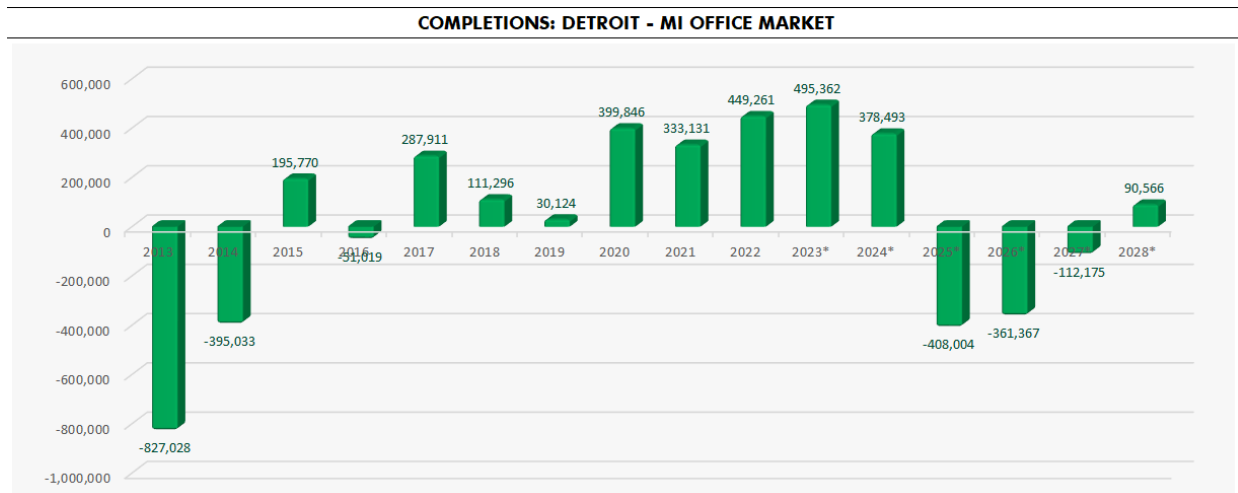


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

At the end of the current year, the area is projected to experience negative 3,105,071 square feet of net absorption, which indicates a decline from the negative 1,461,314 square feet of net absorption for the previous year. The area is projected to experience negative 457,801 square feet of net absorption as of the end of next year, which indicates an improvement from the current year.

### Historical Completions - Market

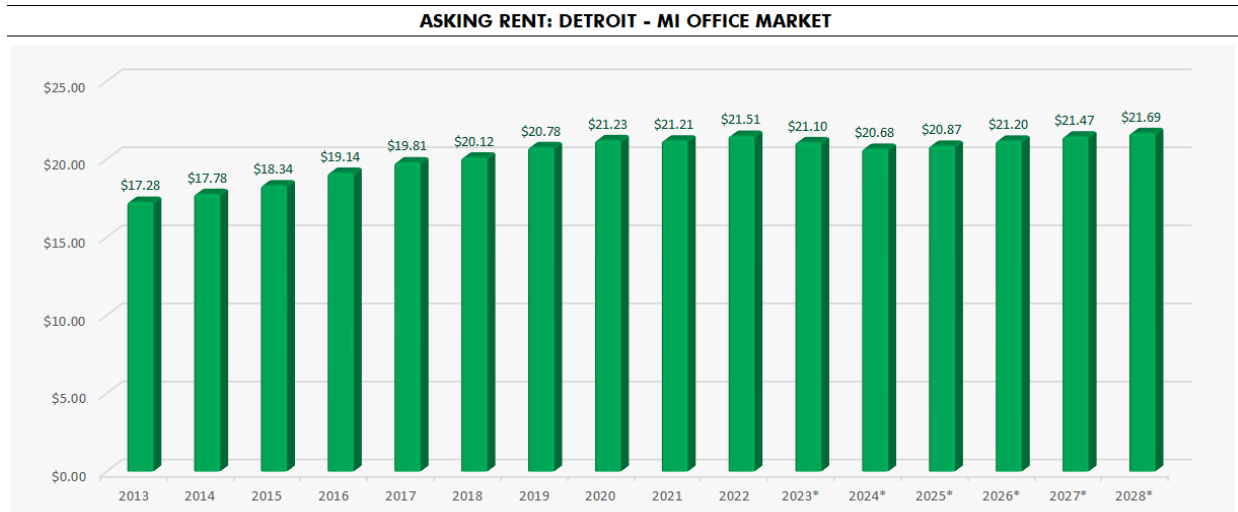


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The area is projected to achieve completions of positive 495,362 square feet for the current year, which indicates an improvement from the previous year's completions of positive 449,261 square feet. The area is projected to experience completions of positive 378,493 square feet as of the end of next year, which indicates a decline from the current year.

### Historical Asking Rent - Market



\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The area is projected to achieve average asking rent of \$21.10 per square foot at the end of the current year, which indicates a decrease from the previous year's asking rent of \$21.51 per square foot. The area is projected to achieve asking rent of \$20.68 per square foot by the end of next year, indicating a decrease from the current year.

## SUBMARKET SNAPSHOT

The following table summarizes the supply of office square footage for each submarket within the Detroit - MI market as of 2nd Quarter 2023.

SUBMARKET SNAPSHOT				
Submarket	Inventory (SF)	Completions* (SF)	Asking Rent (\$/SF Gross)	Occupancy
Airport District	3,123,078	0	\$19.06	94.2%
Auburn Hills	9,746,900	-5,080	\$22.62	90.3%
Birmingham	4,614,834	-3,673	\$28.82	94.2%
Bloomfield	2,057,293	75,000	\$26.55	85.1%
Bloomfield West	1,206,624	0	\$23.29	85.2%
CBD	27,485,259	422,437	\$24.68	90.5%
Central I-96 Corridor	6,271,355	48,842	\$24.03	87.9%
Dearborn	11,618,777	0	\$21.06	89.1%
Detroit E of Woodward	5,953,705	-6,339	\$22.85	82.9%
Detroit-New Center	8,818,756	0	\$23.82	96.7%
Detroit W of Woodward	4,915,003	0	\$21.64	94.6%
Downriver North	799,037	0	\$17.35	91.4%
Downriver South	2,904,867	0	\$17.81	92.4%
Farmington/Farm Hills	9,784,288	-23,990	\$20.91	85.3%
Lakes Area	2,432,277	0	\$20.18	92.5%
Livingston County	3,021,463	0	\$20.71	95.5%
Macomb East	8,592,752	65,137	\$18.23	91.5%
Macomb West	9,645,291	13,010	\$17.98	92.8%
Pontiac	6,386,865	0	\$20.50	88.0%
Rochester	2,801,393	13,600	\$23.32	91.0%
Royal Oak	5,728,334	190,000	\$21.43	89.1%
Southern I-275 Corridor	12,721,003	15,000	\$19.97	86.1%
Southfield	23,495,177	-180,176	\$19.21	79.4%
St Clair & Lapeer Counties	6,152,832	12,257	\$19.90	95.4%
The Pointes/Harper Woods	1,414,667	0	\$24.01	93.3%
Troy North	5,710,493	0	\$21.06	82.9%
Troy South	13,026,261	0	\$21.22	74.7%

\*Completions include trailing 4 quarters

Source: CoStar, 2nd Quarter 2023

### CBD Submarket

Important characteristics of the CBD office market are summarized below:

CBD OFFICE SUBMARKET							
Year Ending	Inventory (SF)	Completions (SF)	Occupied Stock (SF)	Occupancy	Asking Rent (\$/SF Gross)	Asking Rent Change	Net Absorption (SF)
2013	28,434,270	-474,006	24,200,408	85.1%	\$17.91	2.27%	273,809
2014	28,374,270	-60,000	24,571,038	86.6%	\$19.32	7.88%	370,630
2015	28,267,270	-107,000	24,744,748	87.5%	\$20.46	5.89%	173,711
2016	28,187,692	-79,578	24,938,820	88.5%	\$21.39	4.59%	194,070
2017	27,780,854	-406,838	25,496,072	91.8%	\$21.60	0.95%	557,253
2018	27,309,332	-471,522	25,203,964	92.3%	\$22.20	2.79%	-292,108
2019	27,436,822	127,490	25,384,916	92.5%	\$23.61	6.37%	180,952
2020	27,366,822	-70,000	25,712,728	94.0%	\$24.92	5.52%	327,813
2021	27,366,822	0	25,149,740	91.9%	\$24.53	-1.56%	-562,989
Q1 2022	27,062,822	-304,000	25,214,202	93.2%	\$24.75	0.90%	64,462
Q2 2022	27,062,822	0	25,259,148	93.3%	\$24.60	-0.61%	44,946
Q3 2022	27,485,259	422,437	25,460,236	92.6%	\$24.71	0.47%	201,088
Q4 2022	27,485,259	0	25,476,688	92.7%	\$24.67	-0.17%	16,452
2022	27,485,259	118,437	25,476,688	92.7%	\$24.67	0.57%	326,948
Q1 2023	27,485,259	0	24,865,818	90.5%	\$24.68	0.03%	-610,870
Q2 2023	27,485,259	0	24,739,872	90.0%	\$24.59	-0.35%	-125,939
Q3 2023*	27,470,455	-14,804	24,539,684	89.3%	\$24.42	-0.69%	-200,160
Q4 2023*	27,455,591	-14,864	24,385,004	88.8%	\$24.21	-0.87%	-154,653
2023*	27,455,591	-29,668	24,385,004	88.8%	\$24.21	-1.86%	-1,091,622
2024*	27,953,985	498,394	24,545,606	87.8%	\$23.75	-1.91%	160,711
2025*	27,894,379	-59,606	24,763,836	88.8%	\$23.98	1.00%	218,359
2026*	27,847,331	-47,048	24,802,364	89.1%	\$24.40	1.73%	38,662
2027*	27,867,801	20,470	24,853,748	89.2%	\$24.74	1.38%	51,305
2028*	27,943,233	75,432	24,944,552	89.3%	\$25.01	1.09%	90,827

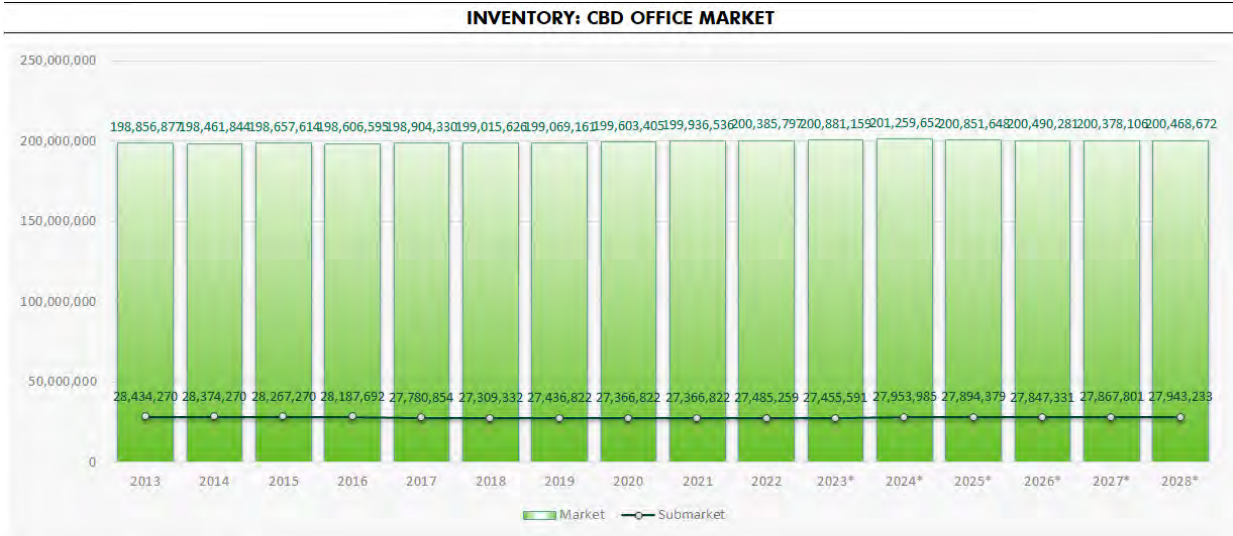
\*Future Projected Data according to CoStar  
Source: CoStar, 2nd Quarter 2023

The CBD office submarket consists of approximately 27,485,259 square feet of office space. The current submarket inventory represents approximately 13.7% of the overall market inventory. The following observations were noted from the table above:

- As of 2nd Quarter 2023, there was approximately 24,739,872 square feet of occupied office space (including sublet space), resulting in an occupancy rate of 90.0% for the submarket. This reflects a decrease from the previous quarter's occupancy of 90.5%, and a decrease from an occupancy rate of 92.7% from last year. The submarket occupancy is above the 87.4% market occupancy.
- The submarket experienced negative 125,939 square feet of net absorption for the current quarter. This indicates an improvement from the previous quarter's negative 610,870 square feet of net absorption, and a decline from the positive 326,948 square feet of net absorption from a year ago. Overall, the submarket has experienced negative 736,809 square feet of net absorption for the current year-to-date period. The submarket's current net absorption of negative 125,939 square feet compares favorably with the overall market net absorption of negative 579,574 square feet.
- The submarket had zero completions for the current quarter, which indicates no change from the previous quarter's zero completions, and no change from the zero completions from last year.

- The submarket achieved average asking rent of \$24.59 per square foot, which indicates a decrease from the previous quarter’s asking rent of \$24.68 per square foot, and a decrease from the asking rent of \$24.67 per square foot from last year. The submarket’s current asking rent of \$24.59 per square foot compares favorably with the overall market asking rent of \$21.45 per square foot.

### Historical Inventory - Submarket

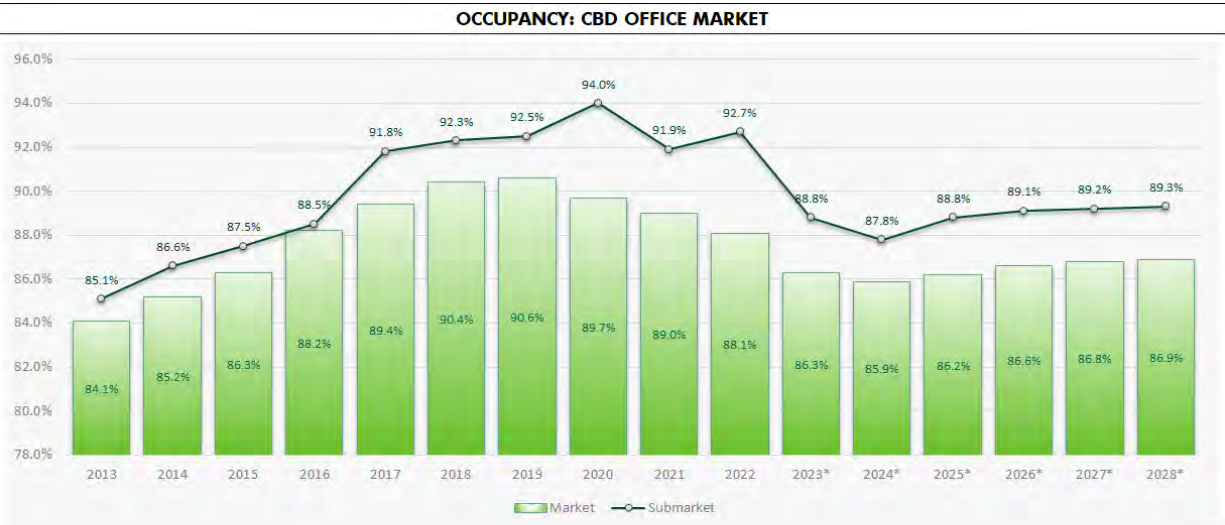


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Submarket Inventory is projected to be 27,455,591 square feet at the end of the current year, which represents a small decrease from the previous year’s submarket inventory of 27,485,259 square feet. Inventory for next year is projected to be 27,953,985 square feet, reflecting a small increase from the current year.

## Historical Occupancy - Submarket

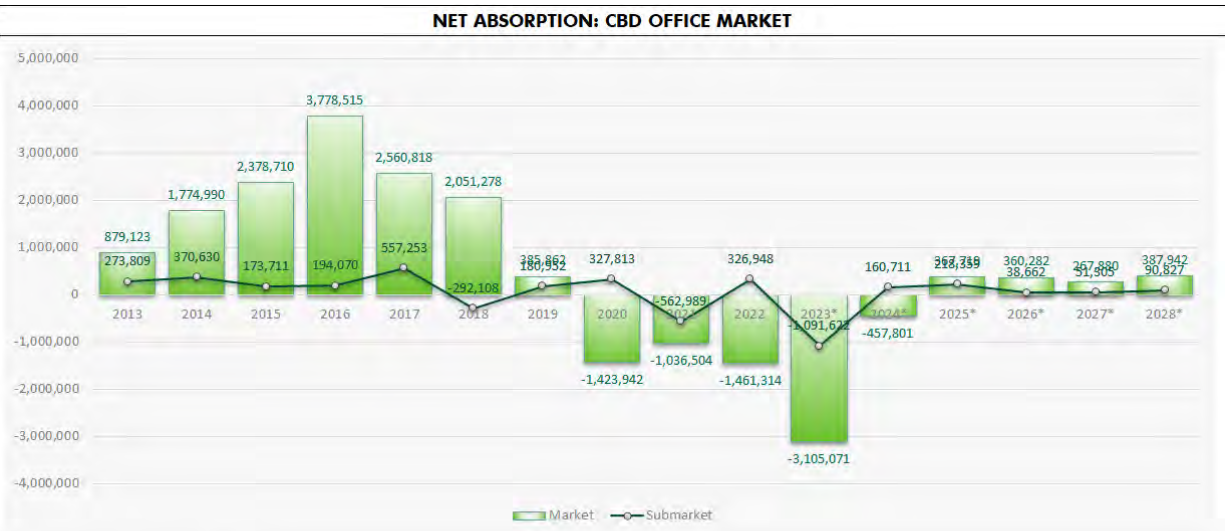


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Submarket occupancy is projected to be 88.8% at the end of the current year, which represents a decrease from the previous year's submarket occupancy of 92.7%. Submarket occupancy for next year is projected to be 87.8%, reflecting a decrease from the current year.

## Historical Net Absorption - Submarket

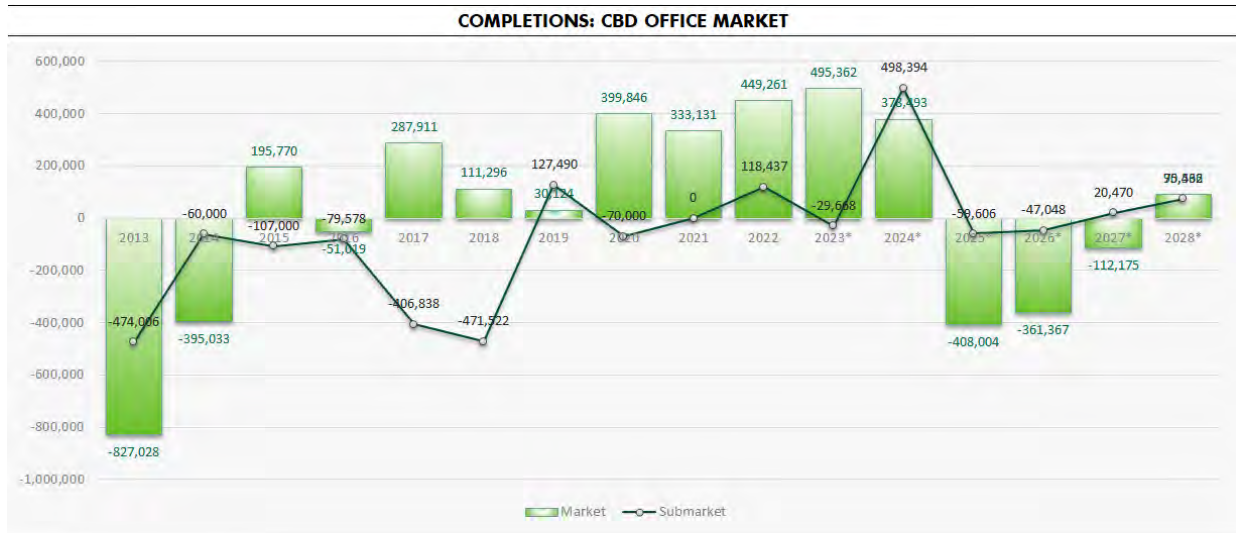


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Net absorption in the submarket is projected to be negative 1,091,622 square feet at the end of the current year, reflecting a decline from the previous year's net absorption of positive 326,948 square feet. Net absorption for next year is projected to be positive 160,711 square feet, indicating an improvement from the current year.

### Historical Completions - Submarket

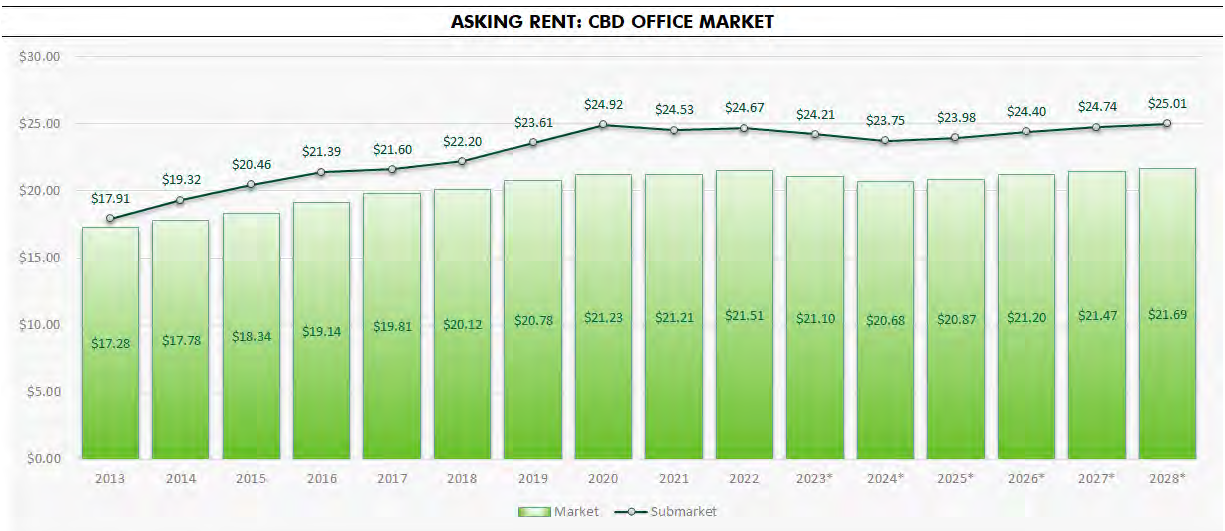


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The submarket is projected to achieve completions of negative 29,668 square feet at the end of the current year, which indicates a decline from the previous year’s completions of positive 118,437 square feet. The submarket is projecting completions of positive 498,394 square feet for next year, which indicates an improvement from the current year.

### Historical Asking Rent - Submarket



\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The submarket is projected to achieve average asking of \$24.21 per square foot at the end of the current year, which represents a decrease from the previous year’s asking rent of \$24.67 per square foot. The submarket is projected to achieve average asking rent of \$23.75 per square foot, reflecting a decrease from the current year.

### COSTAR STATISTICS

Costar provides the ability to custom define a market. The area defined in the 7.2, or the 7.2 square miles in the greater downtown area. The city’s urban neighborhoods are identified in the map below.



According to Costar, there is 40.2 million SF of multi-tenant office space contained in the Detroit 7.2. Presently 90.6% of this space is occupied, according to Costar. The current statistics are summarized in the table below.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE	MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
40.2M <span style="color: green;">+0.7%</span>	1.2M <span style="color: red;">-16.9%</span>	(351K) <span style="color: red;">-418.2%</span>	9.4% <span style="color: red;">+1.5%</span>	\$24.62 <span style="color: red;">-0.1%</span>	\$133 <span style="color: green;">+1.1%</span>	9.9% <span style="color: green;">+0.4%</span>
Prior Period 40M	Prior Period 1.5M	Prior Period (67.8K)	Prior Period 7.9%	Prior Period \$24.65	Prior Period \$132	Prior Period 9.5%

## CURRENT OCCUPANCY CONCLUSION

The table above summarizes the market indications considered for estimating market occupancy as well as the conclusion.

<b>OFFICE OCCUPANCY CONCLUSION</b>	
Metro Detroit - CBRE	87.4%
Downtown - CBRE	83.6%
Detroit 7.2 - Costar	90.6%
<b>Market Occupancy Conclusion</b>	<b>90.0%</b>
<b>Compiled by CBRE</b>	

It should be noted the subject will include only research/lab space, not traditional general office space.

## NEW SUPPLY

CBRE inventories new projects in the development pipeline in the city.

New Developments Under Construction & Proposed Developments - Downtown Detroit 2023-2028								
Project Name	Address	Neighborhood	Status	Property Type	New or Conversion	Total Sq. Ft.	Office SF	Completion Date
Hudson's Block and Tower	1206 Woodward Ave, Detroit	CBD	Under Development	Mixed Use	New	1,424,000	400,000	December-24
Monroe Block	1025 Farmer St & 118 Monroe Ave.	CBD	Proposed	Mixed Use	New	1,400,000	400,000	December-26
Selden Innovation Center (f.k.a. Thomas Jefferson Intermediate School)	950 Selden St, Detroit	Midtown	Under Development	Office	Conversion	120,000	120,000	December-23
Detroit Center for Innovation Academic and Research Center	2121 Cass Ave, Detroit	CBD	Under Development	Mixed Use	New	200,000	200,000	December-25
Detroit Center for Innovation Office	2115 Cass Ave, Detroit	CBD	Proposed	Office	New	450,000	450,000	December-25
2529 Orleans St	2529 Orleans St, Detroit	Eastern Market	Under Development	Mixed Use	Conversion	68,500	55,000	December-24
1201 Washington Street	1201 Washington St, Detroit	CBD	Under Development	Mixed Use	Conversion	30,000	15,000	June-24
2200 Woodward Ave	2200 Woodward Ave	CBD	Under Development	Mixed Use	New	702,600	495,000	December-25
2300 Woodward Ave	2300 Woodward Ave	CBD	Proposed	Mixed Use	New	150,000	132,000	October-26
DCI Business Incubator	2115 Cass Ave, Detroit	CBD	Proposed	Mixed Use	New	95,000	84,000	July-26

The table above summarizes the announced office projects in the city.

## New Supply Delivery Schedule

Neighborhood	Office Delivering 2023	Office Delivering 2024	Office Delivering 2025	Office Delivering 2026	Total
Midtown	120,000	-	-	-	120,000
CBD	-	415,000	1,145,000	616,000	2,176,000
Eastern Market	-	55,000	-	-	55,000
<b>Total</b>	<b>120,000</b>	<b>470,000</b>	<b>1,145,000</b>	<b>616,000</b>	<b>2,351,000</b>

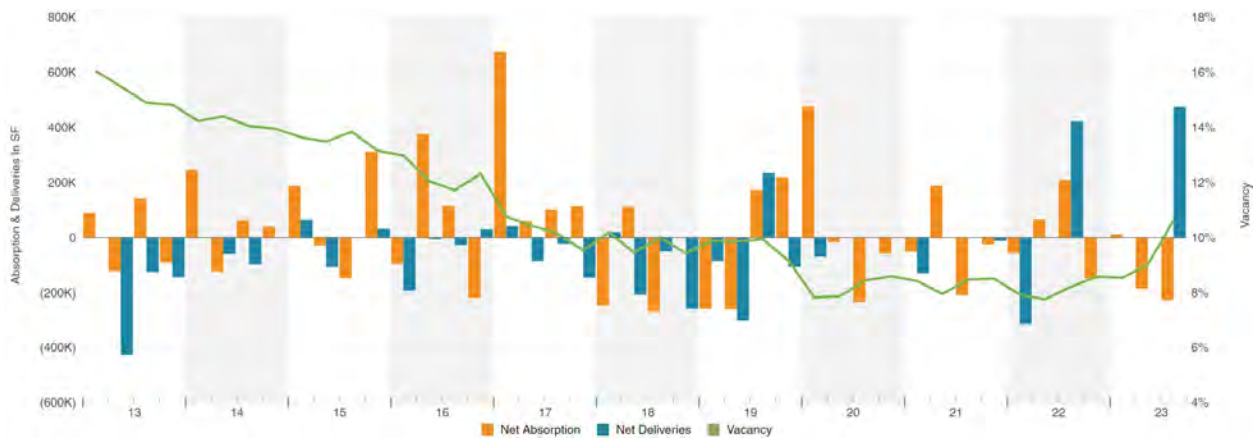
The table shows a total of 2,351,000 SF of new or renovated office space to be delivered between 2023 and 2026, exclusive of the New Amsterdam space. On top of the 2,351,000 SF, New Amsterdam will add another 335,699 SF of space in 2026+/-.

## DEMAND

Historic and current demand levels are presented, and projected demand levels are presented below and used to project the future supply/demand mix.

### Historic Demand

The table below shows historic absorption over the past ten-year period. The data is tracked by Costar.



The table reflects the activity in the Detroit 7.2-mile district. Historic absorption in the market represents the best method to estimate future absorption/demand. A review of the data above reveals a couple of noteworthy trends:

- Vacancy in the market has decreased from 14.8% in 2013 to 9.4% today;
- The market was not dramatically impacted by Covid-19 as the market remained well occupied;
- Around 2.2 million square feet of office space has been retrofitted for alternative use within the market over the past 10 years while 2 million square feet of positive absorption has occurred;
- 2017 represented the highest single year, with over 940,000 SF absorbed;
- The second strongest year of positive absorption was in 2022 with 280,000+ SF absorbed;
- New product delivery has been nominal;
- Vacancy is increasing and will likely increase more rapidly as new projects are delivered.

### Absorption

CBRE and Costar provided annual absorption indications for the market. The results for each are summarized in the following table.

OFFICE ABSORPTION							
Year	2017	2018	2019	2020	2021	2022	2023
<b>Detroit CBRE</b>	500,696	(471,643)	230,706	350,880	(37,591)	58,807	(198,304)
<b>7.2 Costar</b>	939,624	(539,671)	(127,538)	242,081	(22,000)	285,000	(227,208)

Source: Costar

Differences in the results from the two sources are attributed to the defined market area. CBRE tracks only the “downtown” market, whereas the Costar defined market is the 7.2-mile area.

### DEMAND CONCLUSIONS

Prior to inflationary pressures forcing interest rate increases the office market in the state of Michigan, more specifically in southeastern Michigan was already struggling due to the covid-19 pandemic. The Detroit CBD was not as impacted by Covid-19 with only a modest decrease in occupancy. Vacancy in the market increased from around 9.6% in 2019 to 11.3% in 2021. Rental rates increased over that same time period by slightly less than 1%. Many larger office tenants either downsized or signed short term renewals waiting for more clarity on in office work

and the economy; smaller tenants remained active in most Michigan markets. After, conditions started to normalize inflation forced aggressive interest rate increases. This has resulted in even more uncertainty in the local office market. Vacancy has increased to 12.3% while rental rates have increased to \$21.23/SF, up from \$21.07 in 2021. Local broker's continue to report a flight to quality for local office tenants.

Current market occupancy was concluded at 90%, which indicated demand for 36,765,189 SF based on the current inventory inside the 7.2 plus the scheduled 2023 deliveries.

Future demand is estimated from recent absorption levels. Absorption in 2022 was strong with over 280,000 SF absorbed. This is notable as market participants indicate hesitancy remains for office tenants within the overall market area. Absorption in the past seven years has ranged from -540,000 SF in 2018 to over 930,000 SF in 2017 per year. The average absorption from 2017 through 2023 reported by Costar reported an average of 78,600 SF annually.

Historic absorption has increased and decreased over the past six years. Demand in both the CBD and suburbs is anticipated to continue decreasing in 2023 with uncertain market conditions, fears of a recession and further inflationary pressures. Office brokers active in the CBD remain active but at a far slower pace. Deal structures are becoming heavily influenced by TI's and free rent to keep face (effective) rates in line with and above historical levels. When concluding to an office absorption rate we have considered negative absorption in 2023, flat absorption in 2024 and a rate slightly above the historic average for 2025-2028.

## MARKET SUPPLY / DEMAND BALANCE

Based on the foregoing analysis, the following table illustrates the supply / demand balance.

OFFICE SUPPLY / DEMAND BALANCE						
Year	2023	2024	2025	2026	2027	2028
<b>Current Supply</b>	40,226,545	40,346,545	40,816,545	41,961,545	42,913,244	42,913,244
<b>New Supply - Non New Amsterdam</b>	120,000	470,000	1,145,000	616,000	-	-
<b>New Supply - New Amsterdam</b>	-	-	-	335,699	-	-
<b>Total Supply</b>	40,346,545	40,816,545	41,961,545	42,913,244	42,913,244	42,913,244
<b>Annual Demand (90% occupancy)</b>	36,320,000	36,070,000	36,070,000	36,170,000	36,270,000	36,370,000
<b>New Demand</b>	(250,000)	-	100,000	100,000	100,000	100,000
<b>Total Demand</b>	36,070,000	36,070,000	36,170,000	36,270,000	36,370,000	36,470,000
<b>Vacant Supply (Excess Supply)</b>	4,276,545	4,746,545	5,791,545	6,643,244	6,543,244	6,443,244
<b>Indicated Market Occupancy</b>	89.4%	88.4%	86.2%	84.5%	84.8%	85.0%

Source: CBRE

Based on the analysis, the current and proposed inventory is suggesting overall market occupancy will dip to about 84.5% when large amounts of new spaces are delivered. Some consideration must be made when viewing the market on a macro level:

- There is some older and less functional space that will never directly compete with the Class A and B space in the market;

- Some of the new space under construction is being constructed on a to suit basis and is not competing for tenants;
- Some of the space is owner-user space; and
- Some of the proposed developments may not be delivered. There is also the potential risk new projects are announced during the analysis period. However, given current market conditions it is unlikely new office projects are planned.

At this level of demand, compared to the proposed supply additions, occupancy remains near, or recovers to, a stabilized level in a reasonable timeframe. The reliability of the estimate of planned market-wide new supply decreases after 2025 and beyond. Nonetheless, this analysis, similar to the analysis in the previous table, indicates demand for the subject should accommodate the proposed supply when considering the subject will represent specialized lab/research space, not typical general office space.

## Office Rental Rates

### RENT ESTIMATES

Surveyed data by Costar and CBRE are examined and presented, as well as actual examples in the marketplace.

### CBRE Surveyed Data

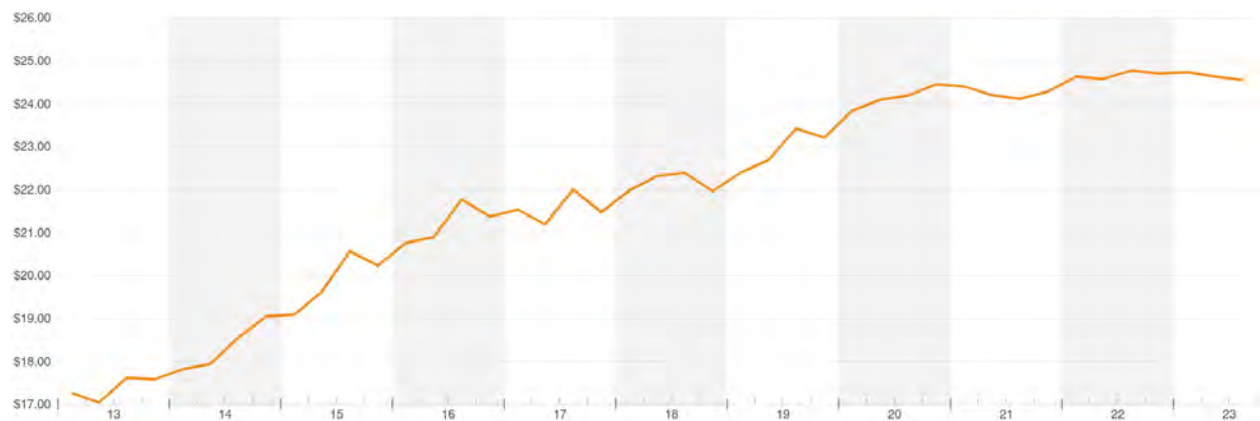
CBRE publishes quarterly market surveys. Below are the results of the historic and most recent downtown office market survey, with average rents presented by building class.

DETROIT SUBMARKET OFFICE RENTS							
Year	2017	2018	2019	2020	2021	2022	2023
<b>Class A</b>	\$22.21	\$22.29	\$25.61	\$25.55	\$27.34	\$26.41	\$26.88
<b>Class B</b>	\$19.67	\$17.63	\$22.71	\$22.89	\$23.53	\$22.75	\$22.54
<b>Class C</b>	\$15.74	\$14.94	\$20.08	\$20.80	\$21.04	\$21.00	\$24.14
<b>Downtown Average</b>	<b>\$19.21</b>	<b>\$18.29</b>	<b>\$22.80</b>	<b>\$23.08</b>	<b>\$23.97</b>	<b>\$23.39</b>	<b>\$24.52</b>

Source: CBRE

The table above is expressed in terms of rent per square foot of gross leasable area. Rental rate terms vary from building to building, and often multiple lease structures occur within the same building, however the terms in the table above (and the forthcoming Costar indications) are expressed as Modified Gross. Modified Gross is typically plus electric and often with a base year operating expense increase.

### Costar Surveyed Data



The table above reflects average annual office asking rates for the 7.2 Mile market area. The current average rate in the table above is approximately \$24.62 PSF modified gross. The data combines all property classes. The subject space will be specialized research/laboratory space that will demand a rate well above average market rates. Additionally, good class-A general office space is demanding rates in the mid \$20's to low \$30's per square foot on a NNN basis in the Detroit CBD. General office rates are not presented in the analysis.

## Laboratory/Research Rental Comparables

Examples of completed research/lab office leases are illustrated below.

SUMMARY OF COMPARABLE RENTALS														
Comp. No.	Property Name and Location	YOC / Reno'd	Property Subtype	Occ.	Distance from Subj	Tenant Name	Lease Area (\$F)	Lease Date	Lease Term	Base Rent	Tenant Improvements	Reimbursements	Escalations	Free Rent
9	Landmark Three 3 Van De Graaff Drive, Burlington, MA 01803	1975 / 1998	Office	86%	605 Miles	Confidential	78,000	Nov-23	10.7 Yrs.	\$65.00 PSF	\$200.00 PSF	NNN	3.0% pa	8 Months
10	Alamar BioSciences Headquarters 47071 Bayside Parkway, Fremont, CA 94538	1990 / 2022	Office	0%	2,069 Miles	Confidential	88,900	Apr-22	12.0 Yrs.	\$49.80 PSF	\$35.00 PSF	NNN	3% per Year	6 Months
11	Torrey View 11202-11220 El Camino Real, San Diego, CA 92130	2023	Office	50%	1,964 Miles	Confidential	12,966	Sep-23	12.0 Yrs.	\$85.80 PSF	\$290.00 PSF	NNN	3%/yr	6 Months
12	Palo Alto Office/Lab 3160 Porter Drive, Palo Alto, CA 94304	1999 / 2022	Office	0%	2,081 Miles	Confidential	28,452	Jul-22	1.5 Yrs.	\$87.00 PSF	\$0.00 PSF	NNN	3% per Year	0 Months
13	Hayden Research Campus 65 Hayden Avenue, Lexington, MA 02421	1971 / 2010	Office	100%	603 Miles	Confidential	23,901 54,468	Apr-20 Mar-20	5.3 Yrs. 10.0 Yrs.	\$62.50 PSF \$54.08 PSF	\$160.00 PSF \$70.00 PSF	NNN NNN	3.0% pa 3.0% pa	3 Months 0 Months
14	9 Laboratory Drive 9 Laboratory Drive, Durham, NC 27709	2021	Office	96%	501 Miles	Confidential Confidential	15,866 46,905	Jun-21 Jun-21	11.5 Yrs. 11.5 Yrs.	\$47.00 PSF \$34.00 PSF	\$25.00 PSF \$155.00 PSF	NNN NNN	3.00% 3.00%	12 Months 12 Months
15	HCP Britannia Modular Labs III 233 Grand Avenue E, South San Francisco, CA 94080	2023	Office	0%	2,088 Miles	Confidential Confidential	85,165 63,843	Sep-23 Sep-22	10.0 Yrs. 10.0 Yrs.	\$82.80 PSF \$81.00 PSF	\$175.00 PSF \$170.00 PSF	NNN NNN	3.5% per Year 3% per Year	6 Months 3 Months
16	16 Tech Innovation Building One 1210 Waterway Boulevard, Indianapolis, IN 46202	2020	Office	100%	241 Miles	Confidential	11,904	Sep-20	7.1 Yrs.	\$29.00 PSF	\$0.00 PSF	NNN	1.50%/YR	0 Months

Subj: New Amsterdam  
6201 2nd Avenue,  
Detroit, Michigan

Compiled by CBRE

## Laboratory/Research Market Rent Conclusion

Given the lack of a life sciences/research market within the state of Michigan comparables from outside the state were analyzed. The sample above shows a wide rental rate range from \$29.00 to \$87.00 PSF, all on NNN terms. The most similar comparables indicate a range from around \$29.00 PSF to \$47.00 PSF. The comparables indicate annual escalations from 1.50% to 3.50% with a tendency around 3.00% per year. TI's vary greatly from \$0.00 to around \$30.48 PSF, per lease year. The overall average indicates an allowance of around \$12.13 PSF, per lease year.

## RENT GROWTH

The CBRE surveyed rental data was used to examine rent changes over the previous five-year period. The data is presented below.

OFFICE MARKET RENT GROWTH BY CLASS							
	2017	2018	2019	2020	2021	2022	2023
Class A	\$22.21	\$22.29	\$25.61	\$25.55	\$27.34	\$26.41	\$26.88
Annual % Change	6.0%	0.4%	14.9%	-0.2%	7.0%	-3.4%	1.8%
Class B	\$19.67	\$17.63	\$22.71	\$22.89	\$23.53	\$22.75	\$22.54
Annual % Change	-1.2%	-10.4%	28.8%	0.8%	2.8%	-3.3%	-0.9%
Class C	\$15.74	\$14.94	\$20.08	\$20.80	\$21.04	\$21.00	\$24.14
Annual % Change	-24.8%	-5.1%	34.4%	3.6%	1.2%	-0.2%	15.0%
<b>Downtown Avg</b>	<b>\$19.21</b>	<b>\$18.29</b>	<b>\$22.80</b>	<b>\$23.08</b>	<b>\$23.97</b>	<b>\$23.39</b>	<b>\$24.52</b>
<b>Annual % Change</b>	<b>-6.7%</b>	<b>-4.8%</b>	<b>24.7%</b>	<b>1.2%</b>	<b>3.9%</b>	<b>-2.4%</b>	<b>4.8%</b>

Source: Costar

Average rent changes have been inconsistent in recent years. Some years showed an increase while others a decrease. The Costar graph two pages previous also display an inconsistent (or lack of a) pattern. Average annual changes in the table above ranged from -6.7% to 24.7%. The market wide average annual change from 2016 to 2022 is 3.0% annually with a general increasing trend.

## Rent Growth Conclusions

Historic increases have been inconsistent. The average annual change from 2016 through 2023 is 3.0% annually, with a general improving trend. However, rents are forecasted to decrease over the near term. Annual rent increases of 2.5% are concluded over the next five years.

## OFFICE MARKET CONCLUSIONS

The previously discussed office market statistics and conclusions are summarized in the table below.

<b>LABORATORY/RESEARCH RENT CONCLUSIONS</b>		
<b>Office</b>	<b>Low</b>	<b>High</b>
Market Rent (NNN)	\$30.00	\$45.00
1st Gen TIs PSF (from white box)	\$65.00	\$85.00
Leasing Commissions - New	4%-7.5%	4%-7.5%
Leasing Commissions - Renewal	2-3%	2-3%
Direct Lease (no tenant rep)	2-5%	2-5%
Free Rent (months per lease year)	0-1	0-1
Reimbursements	NNN	
Annual Market Rent Growth	2.5%	
Stabilized Occupancy	90%	
Compiled by CBRE		

Determining exact rental rates for office are difficult given the contributing factors associated with rental rates. Factors include lease term, tenant improvements, the location of the building, the space location within the building, parking allowances, and other considerations.

# Retail Market Analysis

## METROPOLITAN DETROIT - MI RETAIL MARKET OVERVIEW

### Recent Performance

The following table summarizes historical and projected performance for the overall metropolitan Detroit - MI retail market, as reported by CoStar.

DETROIT - MI RETAIL MARKET								
Year Ending	Inventory (SF)	Completions (SF)	Occupied Stock (SF)	Occupancy	Asking Rent (\$/SF NNN)	Asking Rent Change	Net Absorption (SF)	Transaction Price Per Area (SF)
2013	260,120,810	1,104,276	236,532,224	90.9%	\$13.83	2.50%	2,164,224	\$57.87
2014	260,754,360	633,550	238,760,080	91.6%	\$13.88	0.38%	2,255,844	\$124.58
2015	262,143,479	1,389,119	241,582,400	92.2%	\$14.16	1.96%	2,822,323	\$68.27
2016	263,179,401	1,035,922	245,670,192	93.3%	\$14.74	4.11%	4,087,791	\$98.62
2017	263,937,351	750,180	247,072,592	93.6%	\$15.38	4.32%	1,396,212	\$130.23
2018	264,368,279	429,907	247,838,208	93.7%	\$15.86	3.14%	766,384	\$99.16
2019	263,672,684	-698,999	248,565,504	94.3%	\$16.25	2.45%	711,754	\$57.51
2020	263,670,355	-3,477	246,599,088	93.5%	\$16.64	2.42%	-1,965,267	\$86.85
2021	262,162,784	-1,507,571	248,772,176	94.9%	\$17.32	4.08%	2,168,914	\$124.04
Q1 2022	262,110,360	-52,424	248,331,328	94.7%	\$17.48	0.90%	-436,678	\$131.49
Q2 2022	261,562,186	-548,174	248,360,512	95.0%	\$17.68	1.16%	29,181	\$121.87
Q3 2022	261,660,238	98,052	248,554,352	95.0%	\$17.75	0.42%	188,681	\$157.16
Q4 2022	261,755,599	95,361	248,760,208	95.0%	\$17.91	0.86%	205,855	\$157.38
2022	261,755,599	-407,185	248,760,208	95.0%	\$17.91	3.38%	-12,961	\$157.38
Q1 2023	261,841,468	85,869	248,592,864	94.9%	\$18.01	0.56%	-167,336	\$124.30
Q2 2023	261,869,493	28,025	248,560,208	94.9%	\$18.05	0.23%	21,744	\$42.60
Q3 2023*	261,978,362	108,869	248,172,336	94.7%	\$18.15	0.57%	-384,602	-
Q4 2023*	262,077,292	98,930	247,736,048	94.5%	\$18.23	0.40%	-421,180	-
2023*	262,077,292	321,693	247,736,048	94.5%	\$18.23	1.78%	-951,374	-
2024*	262,409,418	332,126	248,218,496	94.6%	\$18.41	1.03%	498,202	-
2025*	263,161,487	752,069	248,938,592	94.6%	\$18.73	1.70%	671,434	-
2026*	264,188,200	1,026,713	249,638,096	94.5%	\$19.01	1.53%	647,604	-
2027*	265,337,868	1,149,668	250,377,824	94.4%	\$19.23	1.16%	687,892	-
2028*	266,512,331	1,174,463	251,205,216	94.3%	\$19.42	0.99%	775,829	-

\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The Detroit - MI retail market consists of approximately 261,869,493 square feet of retail space. The following observations are noted from the table above:

- As of 2nd Quarter 2023, there was approximately 248,560,208 square feet of occupied retail space (including sublet space), resulting in an occupancy rate of 94.9% for the metro area. This reflects no change from the previous quarter's occupancy of 94.9%, and a small decrease from an occupancy rate of 95.0% from last year.
- The area experienced positive 21,744 square feet of net absorption for the current quarter. This indicates an improvement from the previous quarter's negative 167,336 square feet of net absorption, and an improvement from the negative 12,961 square feet of net absorption from last year.
- The area had completions of positive 28,025 square feet for the current quarter, which indicates a decrease from the previous quarter's completions of positive 85,869 square feet,

and indicates an improvement from completions of negative 407,185 square feet from last year.

- The area achieved average asking rent of \$18.05 per square foot, which indicates a small increase from the previous quarter’s asking rent of \$18.01 per square foot, and an increase from the asking rent of \$17.91 per square foot from last year.

### Historical Inventory – Market

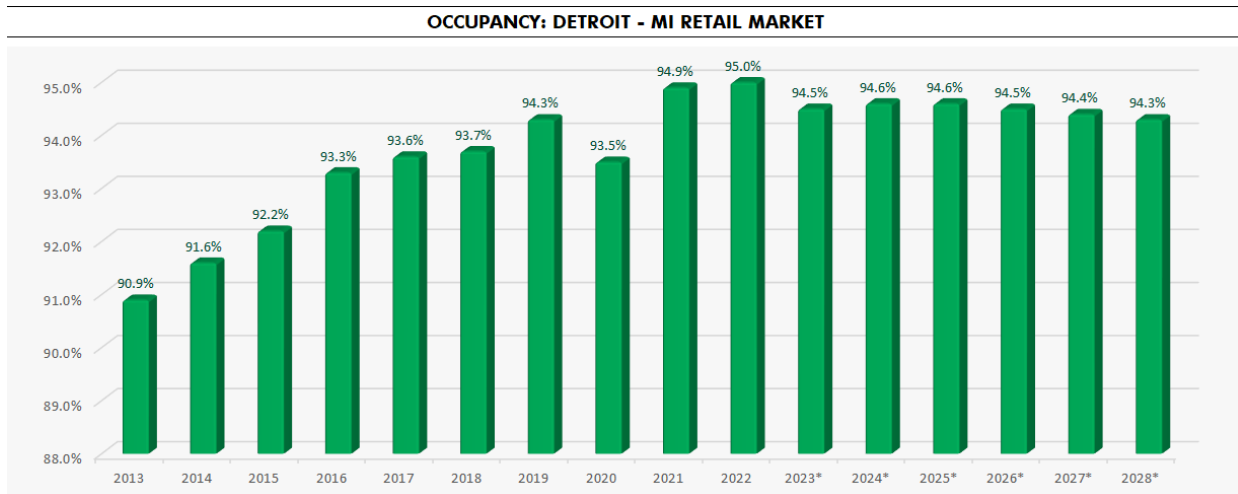


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Inventory is projected to be 262,077,292 square feet at the end of the current year, which represents an increase from the previous year’s inventory of 261,755,599 square feet. Inventory for next year is projected to be 262,409,418 square feet, reflecting an increase from the current year.

### Historical Occupancy - Market

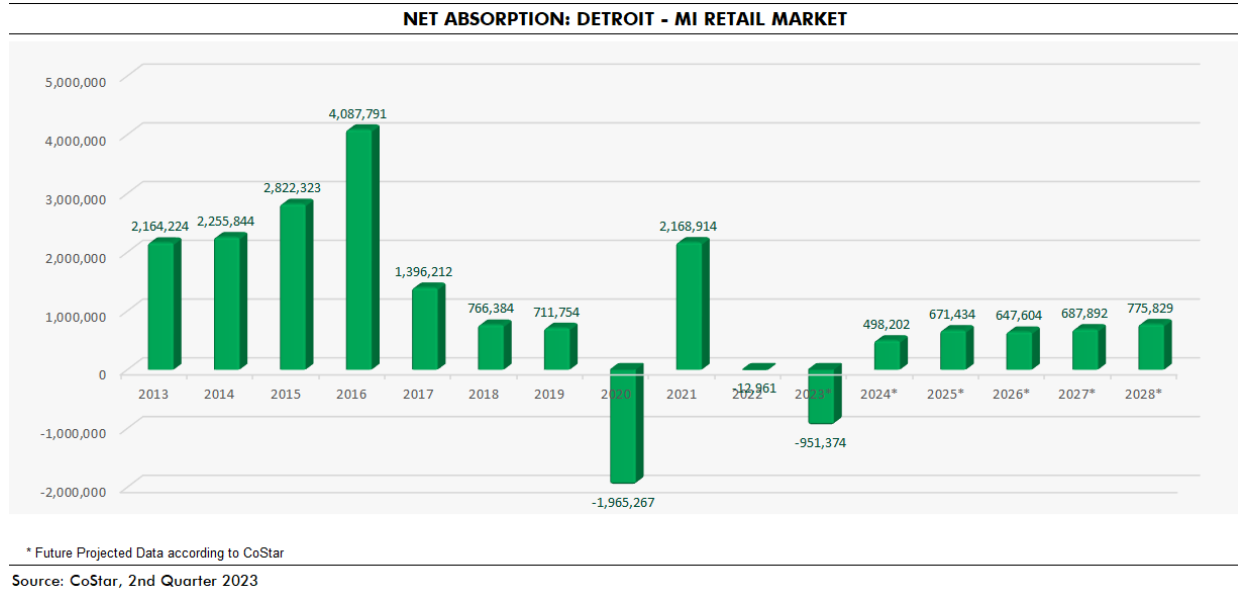


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

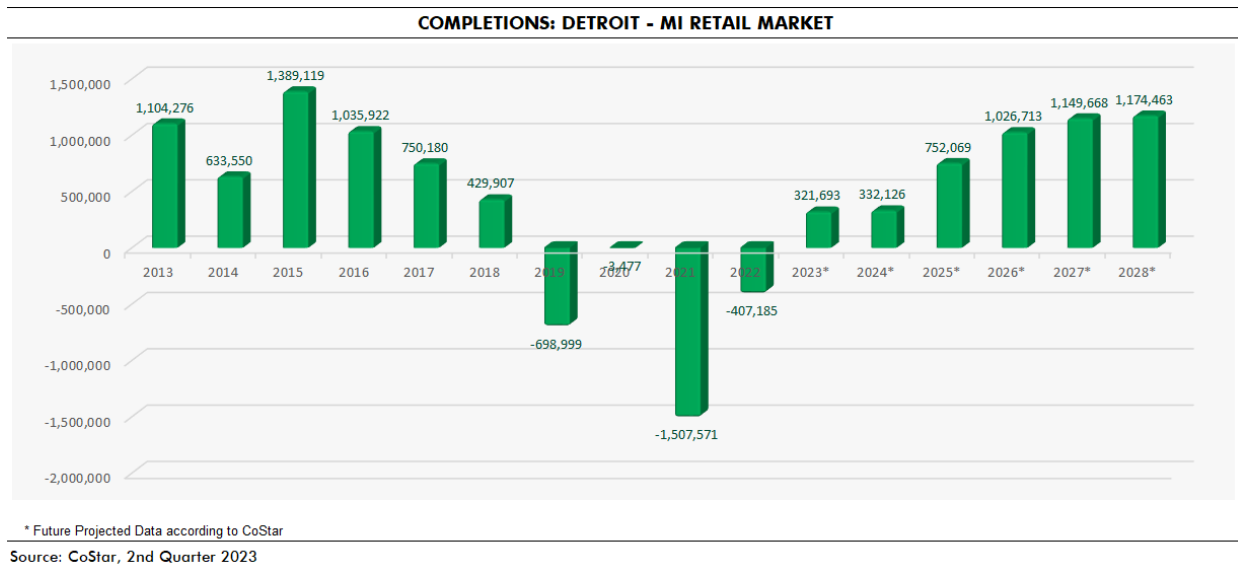
At the end of the current year, the occupancy rate is projected to be 94.5%, which reflects a decrease from the 95.0% occupancy rate at the end of last year. Occupancy for next year is projected to be 94.6%, reflecting a small increase from the current year.

### Historical Net Absorption - Market



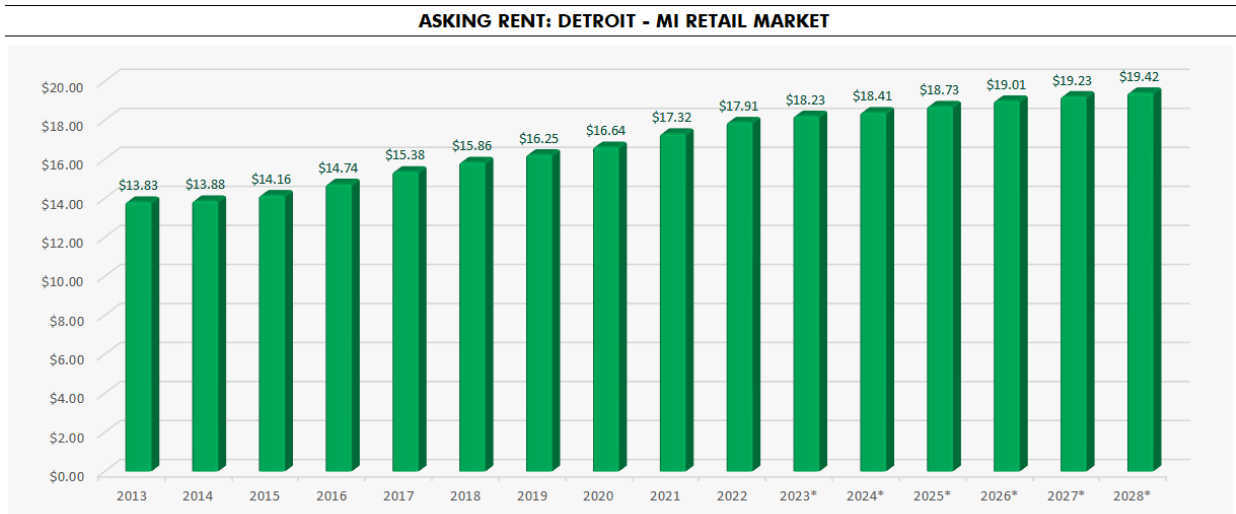
At the end of the current year, the area is projected to experience negative 951,374 square feet of net absorption, which indicates a decline from the negative 12,961 square feet of net absorption for the previous year. The area is projected to experience positive 498,202 square feet of net absorption as of the end of next year, which indicates an improvement from the current year.

### Historical Completions - Market



The area is projected to achieve completions of positive 321,693 square feet for the current year, which indicates an improvement from the previous year’s completions of negative 407,185 square feet. The area is projected to experience completions of positive 332,126 square feet as of the end of next year, which indicates an improvement from the current year.

### Historical Asking Rent - Market



\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The area is projected to achieve average asking rent of \$18.23 per square foot at the end of the current year, which indicates an increase from the previous year’s asking rent of \$17.91 per square foot. The area is projected to achieve asking rent of \$18.41 per square foot by the end of next year, indicating an increase from the current year.

### SUBMARKET SNAPSHOT

The following table summarizes the supply of retail square footage for each submarket within the Detroit - MI market as of 2nd Quarter 2023.

<b>SUBMARKET SNAPSHOT</b>				
<b>Submarket</b>	<b>Inventory (SF)</b>	<b>Completions* (SF)</b>	<b>Asking Rent (\$/SF NNN)</b>	<b>Occupancy</b>
Airport District	8,239,027	10,331	\$14.96	94.3%
Auburn Hills	1,570,543	0	\$24.76	95.4%
Birmingham	3,186,027	-12,778	\$31.76	96.3%
Bloomfield	320,725	0	\$28.37	92.9%
Bloomfield West	1,862,908	4,201	\$26.29	93.6%
CBD	1,282,482	0	\$17.77	97.3%
Central I-96 Corridor	14,167,853	74,731	\$22.90	95.3%
Dearborn	12,559,302	31,821	\$19.22	95.5%
Detroit E of Woodward	11,963,348	8,000	\$14.18	96.2%
Detroit-New Center	2,130,532	0	\$18.64	95.7%
Detroit W of Woodward	15,342,560	-2,500	\$13.07	94.1%
Downriver North	2,161,206	0	\$13.70	96.4%
Downriver South	13,697,180	17,207	\$15.68	94.9%
Farmington/Farm Hills	5,320,174	0	\$18.46	95.2%
Lakes Area	8,490,619	38,993	\$14.43	92.1%
Livingston County	10,256,134	8,580	\$17.46	95.6%
Macomb East	25,629,759	26,208	\$15.91	92.7%
Macomb West	27,318,379	72,488	\$18.72	93.9%
Pontiac	8,182,692	0	\$18.30	96.6%
Rochester	5,628,827	-1,407	\$24.89	96.2%
Royal Oak	12,168,897	31,908	\$18.67	95.9%
Southern I-275 Corridor	28,039,003	21,920	\$17.84	94.5%
Southfield	6,249,810	2,200	\$21.03	93.2%
St Clair & Lapeer Counties	24,885,357	22,871	\$14.50	97.0%
The Pointes/Harper Woods	2,293,330	-631,995	\$19.61	97.3%
Troy North	1,175,828	0	\$22.32	93.5%
Troy South	7,718,966	8,329	\$32.36	97.3%

\*Completions include trailing 4 quarters

Source: CoStar, 2nd Quarter 2023

## CBD Submarket

Important characteristics of the CBD retail market are summarized below:

<b>CBD RETAIL SUBMARKET</b>							
<b>Year Ending</b>	<b>Inventory (SF)</b>	<b>Completions (SF)</b>	<b>Occupied Stock (SF)</b>	<b>Occupancy</b>	<b>Asking Rent (\$/SF NNN)</b>	<b>Asking Rent Change</b>	<b>Net Absorption (SF)</b>
Q1 2022	1,282,482	0	1,214,837	94.7%	\$17.16	0.76%	-11,669
Q2 2022	1,282,482	0	1,230,274	95.9%	\$17.34	1.11%	15,437
Q3 2022	1,282,482	0	1,216,412	94.8%	\$17.42	0.45%	-13,862
Q4 2022	1,282,482	0	1,216,412	94.8%	\$17.58	0.87%	0
2022	1,282,482	0	1,216,412	94.8%	\$17.58	3.22%	-10,094
Q1 2023	1,282,482	0	1,247,269	97.3%	\$17.77	1.10%	30,857
Q2 2023	1,282,482	0	1,241,594	96.8%	\$17.81	0.26%	-5,675
Q3 2023*	1,281,740	-742	1,238,578	96.6%	\$17.92	0.59%	-3,003
Q4 2023*	1,280,940	-800	1,235,875	96.5%	\$17.99	0.42%	-2,641

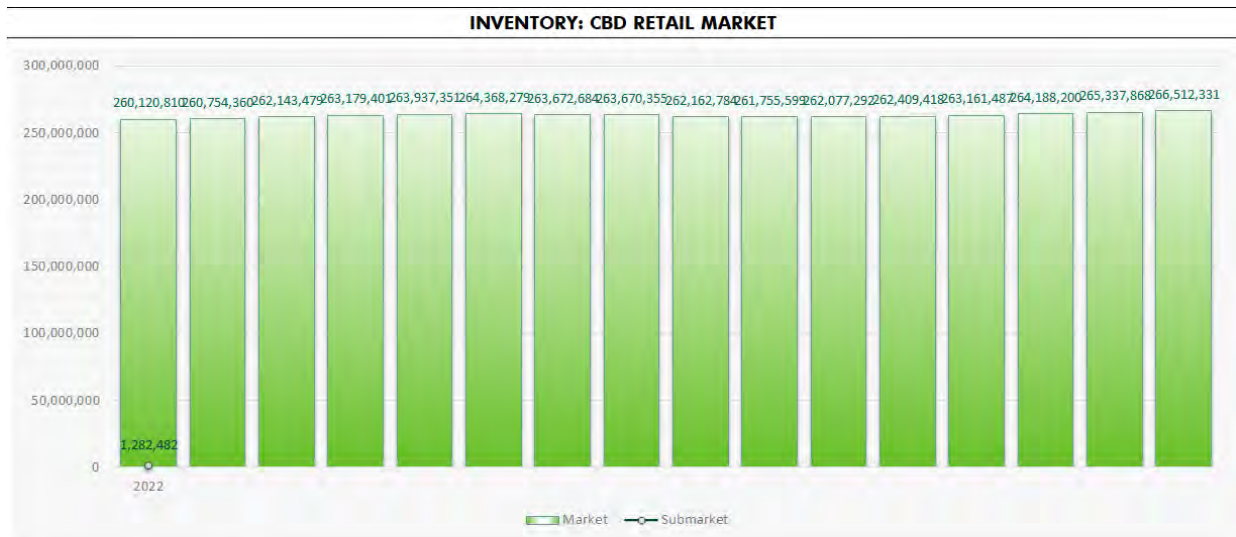
\*Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The CBD retail submarket consists of approximately 1,282,482 square feet of retail space. The current submarket inventory represents approximately 0.5% of the overall market inventory. The following observations were noted from the table above:

- As of 2nd Quarter 2023, there was approximately 1,241,594 square feet of occupied retail space (including sublet space), resulting in an occupancy rate of 96.8% for the submarket. This reflects a decrease from the previous quarter’s occupancy of 97.3%, and an increase from an occupancy rate of 94.8% from last year. The submarket occupancy is above the 94.9% market occupancy.
- The submarket experienced negative 5,675 square feet of net absorption for the current quarter. This indicates a decline from the previous quarter’s positive 30,857 square feet of net absorption, and an improvement from the negative 10,094 square feet of net absorption from a year ago. Overall, the submarket has experienced positive 25,182 square feet of net absorption for the current year-to-date period. The submarket’s current net absorption of negative 5,675 square feet is below the overall market net absorption of positive 21,744 square feet.
- The submarket had zero completions for the current quarter, which indicates no change from the previous quarter’s zero completions, and no change from the zero completions from last year.
- The submarket achieved average asking rent of \$17.81 per square foot, which indicates a small increase from the previous quarter’s asking rent of \$17.77 per square foot, and an increase from the asking rent of \$17.58 per square foot from last year. The submarket’s current asking rent of \$17.81 per square foot is below the overall market asking rent of \$18.05 per square foot.

### Historical Inventory - Submarket



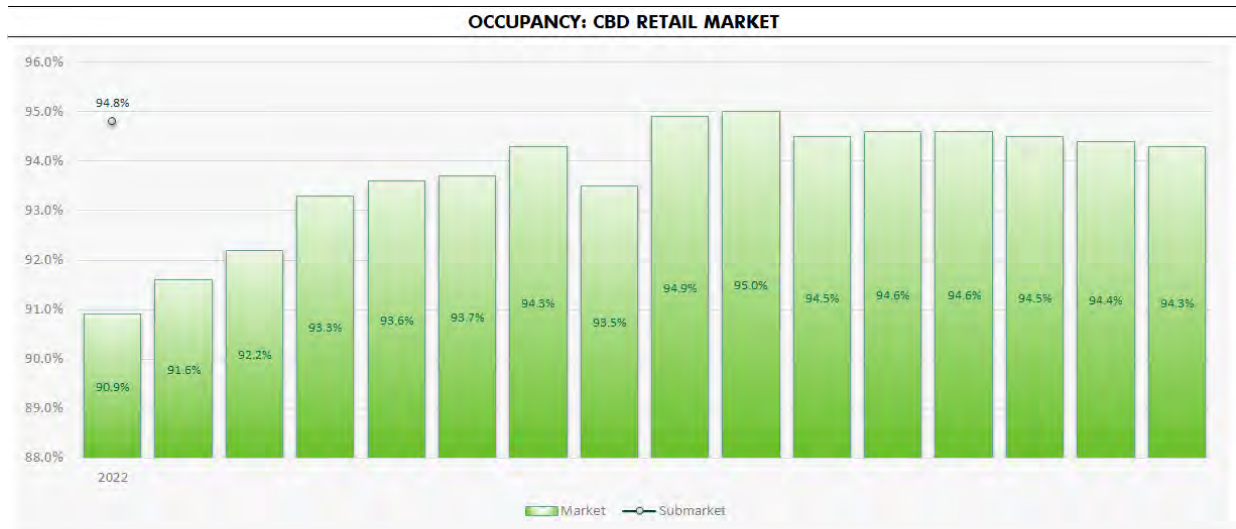
\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Submarket Inventory is projected to be 1,280,940 square feet at the end of the current year, which represents a small decrease from the previous year’s submarket inventory of 1,282,482

square feet. Inventory for next year is projected to be 1,282,604 square feet, reflecting a small increase from the current year.

### Historical Occupancy - Submarket

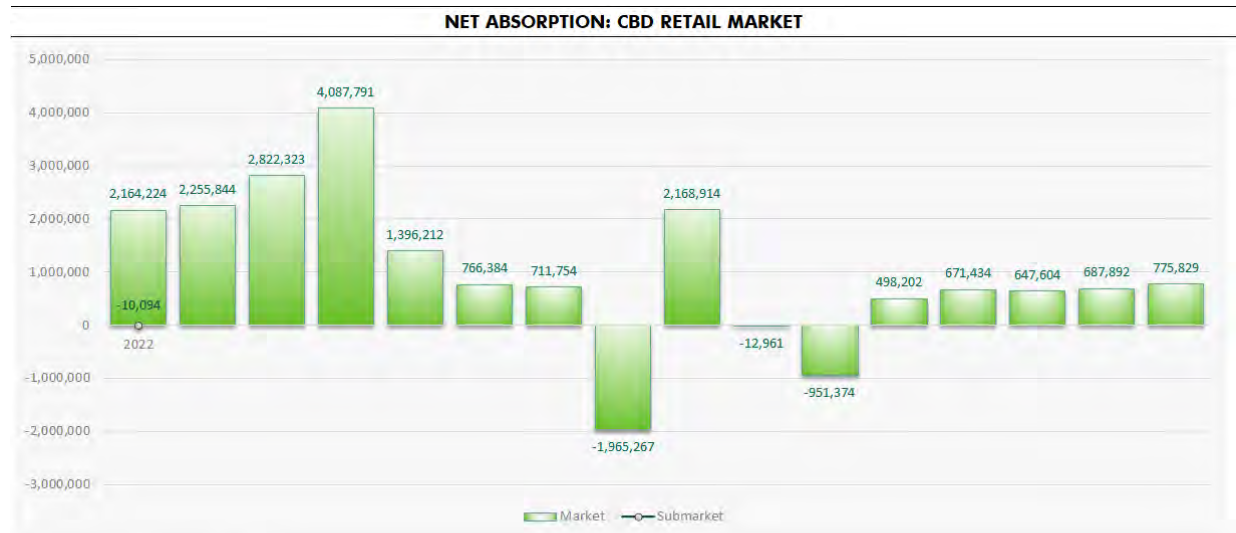


\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Submarket occupancy is projected to be 96.5% at the end of the current year, which represents an increase from the previous year’s submarket occupancy of 94.8%. Submarket occupancy for next year is projected to be 96.5%, reflecting no change from the current year.

### Historical Net Absorption - Submarket



\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

Net absorption in the submarket is projected to be positive 19,538 square feet at the end of the current year, reflecting an improvement from the previous year’s net absorption of negative

10,094 square feet. Net absorption for next year is projected to be positive 1,539 square feet, indicating a decline from the current year.

### Historical Completions - Submarket



\* Future Projected Data according to CoStar

Source: CoStar, 2nd Quarter 2023

The submarket is projected to achieve completions of negative 1,542 square feet at the end of the current year, which indicates a decline from the previous year’s zero completions. The submarket is projecting completions of positive 1,664 square feet for next year, which indicates an improvement from the current year.

### Costar Statistics

Costar provides the ability to custom define a market. The area defined in the 7.2, or the 7.2 square miles in the greater downtown area. The city’s urban neighborhoods are identified in the map below.



According to Costar, there is 5.1 million SF of multi-tenant retail space contained in 525 buildings located inside the 7.2-mile area. Presently, according to Costar, 93.7% of this space is occupied.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE	MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
5.3M <span style="color:red">-0.1%</span>	15.7K <span style="color:gray">+0%</span>	156K <span style="color:green">+1,703.7%</span>	4.2% <span style="color:green">-3.1%</span>	\$17.71 <span style="color:green">+3.9%</span>	\$121 <span style="color:green">+5.1%</span>	8.0% <span style="color:red">-0.1%</span>
Prior Period 5.4M	Prior Period 15.7K	Prior Period (9.7K)	Prior Period 7.3%	Prior Period \$17.05	Prior Period \$116	Prior Period 8.1%

### OCCUPANCY CONCLUSION

The table above summarizes the market indications considered for estimating market occupancy as well as the conclusion.

<b>RETAIL OCCUPANCY CONCLUSION</b>	
Metro Detroit - Costar	94.9%
Detroit CBD - Costar	96.8%
Detroit 7.2 - Costar	95.8%
<b>Market Occupancy Conclusion</b>	<b>95.0%</b>
<b>Compiled by CBRE</b>	

The overall market indicates occupancy close to 95% while the CBD and 7.2 area indicate consistent occupancy in the 95.8% to 96.8% range.

## SUPPLY / DEMAND ANALYSIS

### NEW SUPPLY

CBRE inventories new projects in the development pipeline in the city.

New Developments Under Construction & Proposed Developments - Downtown Detroit 2023-2028									
Project Name	Address	Neighborhood	Status	Property Type	New or Conversion	Total Sq. Ft.	Retail SF	Completion Date	
Hudson's Block and Tower	1206 Woodward Ave, Detroit	CBD	Under Development	Mixed Use	New	1,424,000	31,000	December-24	
Monroe Block	1025 Farmer St & 118 Monroe Ave, Detroit	CBD	Proposed	Mixed Use	New	1,400,000	90,000	December-26	
Lofts on Broadway	1322 1338 Broadway St, Detroit	CBD	Proposed	Mixed Use	Conversion	110,724	6,600	May-25	
The Mosaic	3500 Riopelle St, Detroit	Eastern Market	Proposed	Retail	Conversion	107,544	54,785	December-24	
Sugar Hill Arts District 92 E. Forest	92 E. Forest, Detroit	Midtown	Proposed	Retail	Conversion	12,000	12,000	December-23	
City Club Apartments Midtown	80 Mack Ave, Detroit	Midtown	Proposed	Mixed Use	New	220,000	32,000	December-25	
The District Detroit Women's City Club Building	2110 Park Ave, Detroit	CBD	Under Development	Mixed Use	Conversion	57,000	10,000	December-23	
The Mid	3750 Woodward Ave, Detroit	Midtown	Proposed	Mixed Use	New	1,152,020	100,000	December-25	
The Brooke on Bagley	2420 Bagley St, Detroit	Corktown	Under Development	Mixed Use	New	60,000	3,000	April-24	
2529 Orleans St	2529 Orleans St, Detroit	Eastern Market	Under Development	Mixed Use	Conversion	68,300	13,500	December-23	
Perennial Corktown Apartments	1611 Michigan Avenue, Detroit	Corktown	Proposed	Mixed Use	New	178,565	11,018	December-23	
The Exchange	310 Gratiot Ave, Detroit	Greektown	Under Development	Mixed Use	New	60,000	5,800	September-23	
Residences at 150 Bagley	150 Bagley St, Detroit	CBD	Under Development	Mixed Use	Conversion	253,134	10,000	December-24	
Kay Baum Building	1550 Woodward Ave, Detroit	CBD	Under Development	Retail	Conversion	9,500	4,000	April-24	
2200 Woodward Ave	2200 Woodward Ave, Detroit	CBD	Under Development	Mixed Use	New	702,600	28,000	August-25	
2250 Woodward Ave	2250 Woodward Ave, Detroit	CBD	Proposed	Mixed Use	New	40,000	27,000	August-26	
2300 Woodward Ave	2300 Woodward Ave, Detroit	CBD	Proposed	Mixed Use	New	150,000	18,400	October-26	
Little Caesars Arena	2455 Woodward Ave, Detroit	CBD	Proposed	Mixed Use	New	275,000	22,000	May-26	
DCI Residential	2205 Cass Ave, Detroit	CBD	Proposed	Mixed Use	Conversion	260,000	9,000	February-26	
DCI Business Incubator	2115 Cass Ave, Detroit	CBD	Proposed	Mixed Use	Conversion	95,000	11,000	July-26	

### New Supply Delivery Schedule

Neighborhood	Retail Delivering 2023	Retail Delivering 2024	Retail Delivering 2025	Retail Delivering 2026	Total
Midtown	12,000	-	132,000	-	144,000
CBD	10,000	45,000	34,600	177,400	267,000
Eastern Market	13,500	54,785	-	-	68,285
Corktown	11,018	3,000	-	-	14,018
Greektown	5,800	-	-	-	5,800
<b>Total</b>	<b>52,318</b>	<b>102,785</b>	<b>166,600</b>	<b>177,400</b>	<b>499,103</b>

The table above summarizes the announced projects in the city that include a retail component. The projects total 499,103 SF of retail space.

### NEW SUPPLY DELIVERY SCHEDULE

#### Non- New Amsterdam

The 499,103 SF of retail space will come to market generally as first floor components of mixed use buildings coming online from 2023 to 2026. Delivery schedules for this type of space is less precise than the other property types discussed previously. This can be attributed to varying size requirements by retail tenants. Additionally, developer's often remove the retail component all together for amenity space or more ground level residential units.

#### New Amsterdam

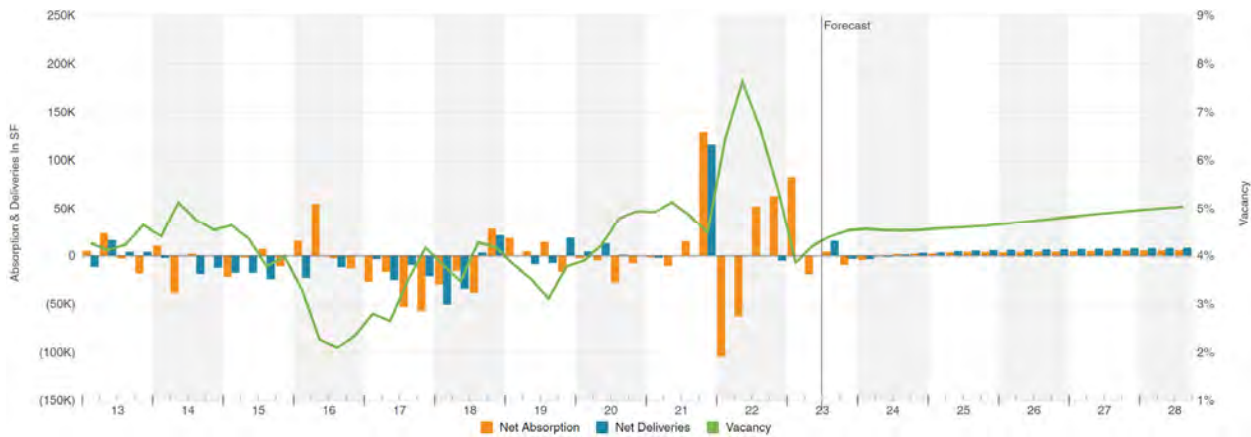
The New Amsterdam retail space includes 31,348 SF of retail space to be delivered to the market. The scheduled delivery timeline is 2027 to 2030.

### DEMAND

Historic and current demand levels are presented, and projected demand levels are presented below and used to project the future supply/demand mix.

#### Historic Demand

The table below shows historic absorption activity over the past ten-year period, as well as a five-year forecast. The data is presented in concert with deliveries and vacancy during the same periods. The data is tracked by Costar.



The table reflects the activity in the Detroit 7.2-mile district. Historic absorption in the market is a consideration to forecast future demand.

### Costar Leasing Activity

Costar is the only source surveying downtown retail statistics, and was relied on to provide annual leasing activity indications for the market. The results are summarized in the following table.

RETAIL - HISTORICAL LEASING ACTIVITY									
Year	2020	2021	2022	2023	2024	2025	2026	2027	2028
Leasing SF +/-	(43,002)	132,187	(53,197)	58,002	82	13,643	15,781	20,236	23,986
Market Occupancy	95.9%	96.1%	92.3%	94.7%	94.4%	94.0%	93.8%	93.7%	94.2%

Source: CBRE

Future forecasts are for strong absorption as new, good quality inventory is added to the market. While the costar supply projections appear to understate what has been surveyed by CBRE, the absorption forecasts essentially “keep up” with the supply coming online.

### DEMAND CONCLUSIONS

Current market occupancy was concluded at 95.0%, which indicated demand for 5,078,539 SF based on the current inventory inside the 7.2. Future demand is estimated based on recent absorption levels. In the past four years absorption has ranged from -53,000 SF to +132,000 SF per year. Forecasts from Costar show annual estimates of about 0 to 25,000 SF per year.

Given the anticipated growth in downtown residents, recent retail demand trends are anticipated to continue. New demand is expected to follow the recent trends, with 2023 absorption of 58,000 SF. Our analysis assumes the high quality, newly constructed retail space absorbs relatively quickly through 2026 and absorption slows thereafter, but still remains strong.

### MARKET SUPPLY / DEMAND BALANCE

Based on the foregoing analysis, the following table illustrates the supply / demand balance.

<b>RETAIL SUPPLY / DEMAND BALANCE</b>								
<b>Year</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
<b>Current Supply</b>	5,345,830	5,470,606	5,595,382	5,720,157	5,844,933	5,952,948	6,027,948	6,120,008
<b>New Supply - Non New Amsterdam</b>	124,776	124,776	124,776	124,776	100,000	75,000	75,000	75,000
<b>New Supply - New Amsterdam</b>	-	-	-	-	8,015	17,060	6,273	-
<b>Total Supply</b>	5,470,606	5,595,382	5,720,157	5,844,933	5,952,948	6,027,948	6,120,008	6,201,281
<b>Annual Demand (95% occupancy)</b>	5,078,539	5,178,539	5,278,539	5,378,539	5,478,539	5,528,539	5,578,539	5,628,539
<b>New Demand</b>	100,000	100,000	100,000	100,000	50,000	50,000	50,000	50,000
<b>Total Demand</b>	5,178,539	5,278,539	5,378,539	5,478,539	5,528,539	5,578,539	5,628,539	5,678,539
<b>Vacant Supply (Excess Demand)</b>	292,067	316,843	341,619	366,395	424,410	449,410	491,470	522,743
<b>Indicated Market Occupancy</b>	94.7%	94.3%	94.0%	93.7%	92.9%	92.5%	92.0%	91.6%

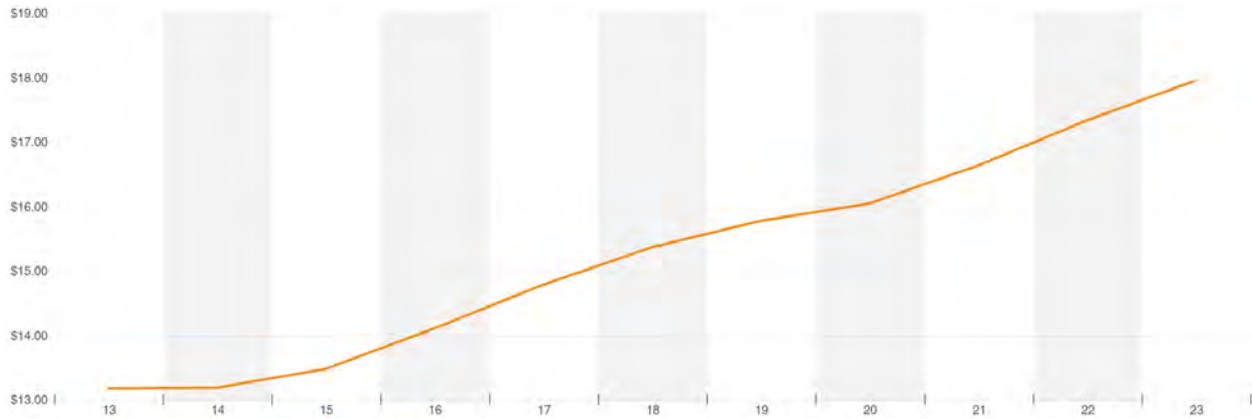
**Source: CBRE**

Based on the analysis, the current and proposed inventory appears supportable long-term, with an indicated supply surplus in the early years of the analysis. At this level of demand, compared to the proposed supply additions, occupancy would dip well below 93%+/- for several years when a substantial amount of inventory is added through 2026.

## Retail Rental Rates

Surveyed data by Costar is examined and presented, as well as actual examples in the marketplace.

### Costar Surveyed Data



The table above reflects average annual retail asking rates for the 7.2 Mile market area. The current average rate in the table above is approximately \$17.96 PSF, NNN. The data combined all property classes.

### Rental Comparables

Examples of completed retail leases in the (primarily) downtown office market are illustrated below.






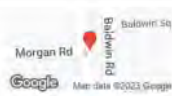
SUMMARY OF COMPARABLE RETAIL RENTALS															
No.	Property Name	Location	YOC / Reno'd	Occ.	NRA (SF)	Expense Basis	Tenant Name	Lease Area (SF)	Lease Date	Lease Term	Base Rent	Tenant Improvements	Reimbursements	Escalations	Free Rent
1	New Center Plaza	7346-7450 Woodward Detroit, MI 48202	1984 / 2021	21%	17,867	NNN	Confidential	2,360	Dec-22	10.0 Yrs.	\$27.00 PSF	\$45.00 PSF	NNN	10% Year 6	0 Months
								1,378	Nov-22	10.0 Yrs.	\$25.00 PSF	\$15.00 PSF	NNN	2% / Yr.	0 Months
2	North End Lofts (Mixed Use) Retail	2857 E. Grand Boulevard Detroit, MI 48202	1925 / 2022	82%	21,734	NNN	Confidential	538	Feb-23	5.0 Yrs.	\$22.50 PSF	\$10.00 PSF	NNN	3.00%	0 Months
								2,850	Feb-23	5.0 Yrs.	\$22.50 PSF	\$15.00 PSF	NNN	3.00%	0 Months
3	Woodward & Wills Retail	4219 Woodward Avenue Detroit, MI 48201	2014	100%	32,492	NNN	Confidential	2,222	Feb-22	5.6 Yrs.	\$23.00 PSF	\$0.00 PSF	NNN	Flat	3 Months
								Confidential							
4	City Club Midtown Retail	3550 Woodward Avenue Detroit, MI 48201	2023	82%	220,182	NNN	Confidential	3,000	Dec-25	10.0 Yrs.	\$47.50 PSF	\$0.00 PSF	NNN	10.5% Yr. 6	0 Months
								31,196	Dec-25	15.0 Yrs.	\$18.00 PSF	\$19.23 PSF	NNN	10% yrs 6, 11	0 Months
5	Z Garage Retail	1220-1234 Library Street Detroit, MI 48226	2014	94%	494,604	NNN	Confidential	3,901	Nov-23	7.0 Yrs.	\$46.37 PSF	\$0.00 PSF	NNN	3.0%/YR	0 Months
6	The Woodward Building	1449 - 1459 Woodward Avenue Detroit, MI 48226	1923 / 2016	100%	43,152	Modified Gross	Confidential	1,383	Feb-22	5.2 Yrs.	\$39.28 PSF	\$0.00 PSF	Modified Gross	2%/YR	0 Months
7	The Boulevard - Restaurant Space	2905-2921 West Grand Blvd. Detroit, MI 48202	2018	96%	207,000	NNN	Confidential	2,011	Feb-19	10.0 Yrs.	\$23.75 PSF	\$0.00 PSF	NNN	2.5% annual	0 Months
8	Baltimore Station Phase I - Mixed	6402-6408 Woodward Avenue Detroit, MI 48202	1945 / 2019	78%	23,929	NNN	Confidential	2,189	Jul-20	10.0 Yrs.	\$30.00 PSF	\$0.00 PSF	NNN	0.00%	0 Months
								1,015	Nov-19	10.3 Yrs.	\$27.50 PSF	\$0.00 PSF	NNN	0.00%	0 Months
								2,675	Jun-19	10.0 Yrs.	\$25.00 PSF	\$0.00 PSF	NNN	0.00%	0 Months






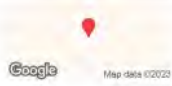



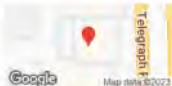
Compiled by CBRE

The comparables above represent a mix of lease examples of retail and/or restaurant space downtown storefront locations, new(er) freestanding buildings or newer multi-tenant centers. The rental rates range from \$19.00 to \$47.50 PSF. Expense structures range from gross (plus utilities) to NNN, the vast majority of retail leases executed in the downtown market are on NNN terms.

**Metro Detroit Leases – New Construction**

Examples of new construction retail leases elsewhere in the metro area are presented and considered as indications for new space. Search criteria includes newer space in densely populated areas. The results were suburban locations with walkable downtowns. The examples are presented below.

Retail Comparable Summary							
No.	Primary Image	Name and Location Gov./Tax ID	Property Subtype Building Area Land Area - Net Year Built / Reno. Floor Count	Occupancy Type Owner Leasing Agent Company Survey Date	Occupancy In-Line Occupancy Annual Base Rent Reimbs. Reimb. Amount Rent Chngs/Steps	Tenant Size Lease Term Free Rent TI Allowance Oper & Fixed Exp.	Detailed Map
1		<b>Meijer Out-lot Strip Center Buildings</b> 22600 Allen Road Buildings B and C Woodhaven, MI 48183 United States 59-042-99-0001-708	Shadow-Anchored Retail Strip 17,400 sf 8.944 ac 2020 1	Multi-tenant Align USA Mid America N/A 03/2022	97% 97% \$33.50 - \$44.00 per sf NNN N/A 0-3% Annual	1,600 - 3,500 sf 84 - 120 Mo(s). 0 Mo(s). \$10.00 - \$50.00 per sf \$ per sf	
		<b>Survey Notes:</b>	N/A				
2		<b>Retail Strip Center</b> 40895 Ann Arbor Road Plymouth Township, MI 48170 United States 78-065-99-0012-702	Misc. Freestanding Retail 11,881 sf 1.434 ac 2021 1	Multi-tenant Ann Arbor Road Outlot, LLC N/A N/A 05/2022	100% 100% \$38.00 - \$55.00 per sf NNN N/A 5-10% YR 6	1,600 - 5,080 sf 120 - 120 Mo(s). 0 - 0 Mo(s). \$0.00 - \$45.83 per sf \$ per sf	
		<b>Survey Notes:</b>	N/A				
3		<b>Shops at Baldwin Village</b> Baldwin Road at Morgan Road Orion Township, MI 48359 United States Multiple	Shopping Centre 59,274 sf 13.000 ac 2022 1	Multi-tenant Red Shalom, LLC and Red Adler, LLC N/A N/A 06/2022	75% 0% \$16.00 - \$40.00 per sf NNN \$8.27 per sf 0-2.0%/YR	1,770 - 44,234 sf 180 - 180 Mo(s). 0 - 0 Mo(s). \$0.00 - \$50.00 per sf \$9.58 per sf	
		<b>Survey Notes:</b>	N/A				

4		<b>Retail @ Icon Apartment Building</b> 486 North Main Street Royal Oak, MI 48067 United States  25-15-353-016	High Street Shops 87,154 sf 3.250 ac  2019 8	Multi-tenant Trailhead RO LLC Property Owner  N/A 10/2022	100% 100% \$25.00 - \$25.00 per sf NNN N/A 12% YR 6	8,096 - 8,096 sf 120 - 120 Mo(s). 6 - 6 Mo(s).  \$35.00 - \$35.00 per sf \$ per sf		
<b>Survey Notes:</b>			248-397-2239					
5		<b>Retail Strip Center</b> 7389 Orchard Lake Road and 33140 Northwestern Highway West Bloomfield Township, MI 48322 United States 18-35-301-043	Un-Anchored Retail Strip 7,630 sf 0.700 ac  2016 1	Multi-tenant N/A N/A  N/A 01/2023	100% 100% \$30.00 - \$35.00 per sf NNN N/A 0.00% - 2.00%/YR	3,130 - 4,500 sf 60 - 120 Mo(s). 0 - 6 Mo(s).  \$0.00 - \$20.00 per sf \$ per sf		
<b>Survey Notes:</b>			N/A					
6		<b>Freestanding Retail Center</b> 6001 Highland Road White Lake Township, MI 48383 United States  Part of 12-20-251-019	Shadow-Anchored Retail Strip 5,879 sf 1.920 ac  2023 1	Multi-tenant Meijer, Inc. N/A  N/A 05/2023	54% 54% \$35.00 - \$45.00 per sf NNN N/A 10% YR 6	2,679 - 3,200 sf 120 - 120 Mo(s). 0 - 0 Mo(s).  \$0.00 - \$70.31 per sf \$ per sf		
<b>Survey Notes:</b>			N/A					
7		<b>Proposed Shopping Center</b> 12800 Michigan Avenue Dearborn, MI 48126 United States  82-10-171-16-017	Un-Anchored Retail Strip 13,797 sf 3.246 ac  2023 1	Multi-tenant ALRIG N/A  N/A 05/2023	17% 17% \$32.00 - \$52.00 per sf NNN N/A 7.50% YR 6	1,598 - 2,280 sf 120 - 120 Mo(s). 0 - 0 Mo(s).  \$28.51 - \$30.00 per sf \$ per sf		
<b>Survey Notes:</b>			N/A					
8		<b>South Tel Plaza</b> 29111 Telegraph Road Southfield, MI 48034 United States  24-08-451-006	Un-Anchored Retail Strip 9,742 sf 1.100 ac  2017 1	N/A Arkan Janna N/A  N/A 06/2023	100% 100% \$29.00 - \$44.44 per sf NNN \$11.17 per sf 0-2%/Yr.	1,542 - 2,400 sf 68 - 120 Mo(s). 0 - 0 Mo(s).  \$0.00 - \$0.00 per sf \$12.16 per sf		
<b>Survey Notes:</b>			N/A					

The leases represent a mix of retail and restaurant spaces. The comparables display a range of rents from about \$16.00 to \$55.00 PSF with all expense terms on a NNN basis. Tenant improvements range from to-suit to \$0.00 to \$70.00 PSF for multitenant buildings.

### Market Rent Conclusion

Macro data from Costar suggests retail space averages near \$18.00 PSF; Costar does not offer retail rates by property class. There is a rental rate concentration in the upper \$20s to the mid \$40's PSF NNN for newer product in the city. Some leases far exceed the \$40's primarily due to large TI packages. The new construction comparables elsewhere in the metro area display a range of rents from about \$25.00 to \$55.00 PSF with all expense terms on a NNN basis. Market rents of \$30.00 to \$45.00 PSF are concluded.

## RENT GROWTH

The CBRE surveyed rental data was used to examine rent changes over the previous five-year period. The data is presented below.

<b>RETAIL - HISTORICAL RENT GROWTH</b>					
<b>Year</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Average Rent Per SF</b>	\$15.78	\$16.05	\$16.64	\$17.34	\$17.96
<b>YOY Rent Growth</b>	2.7%	1.7%	3.7%	4.2%	3.6%
<b>Market Occupancy</b>	95.2%	94.2%	95.6%	93.9%	193.9%
<b>Source: CoStar</b>					

The Costar graph on page 64 is the basis for the average rents in the table above. Average rent changes have been steadily increasing in recent years. Average annual changes in the table above ranged from 1.7% to 4.2%. The average over the surveyed period is 3.2%.

### Rent Growth Conclusions

Historic rental rate increases have been substantial as the market has leased ample amounts space with minimal new deliveries completed. The average annual change from 2019 through 2023 was 3.2% annually. There is a significant amount of new space coming online and these increases are not anticipated to sustain. The estimates below consider the current and projected inventories planned and proposed for the market.

<b>RETAIL - RENT GROWTH ASSUMPTIONS</b>						
<b>Year</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Vacant Supply (Excess Demand)</b>	291,660	316,029	340,397	364,766	422,781	447,781
<b>Indicated Occupancy</b>	94.7%	94.4%	94.0%	93.8%	92.9%	92.6%
<b>Rent Growth Conclusion</b>	2.5%	2.5%	2.5%	2.5%	3.0%	3.0%
<b>Source: CBRE</b>						

Rent increases are slowed during analysis periods when significant new supply is added to the market (2023-2026).

## RETAIL MARKET CONCLUSIONS

The previously discussed retail market statistics and conclusions are summarized in the table below.

<b>RETAIL RENT CONCLUSIONS</b>		
	Low	High
Market Rent (\$/SF/Yr.)	\$30.00	\$45.00
Reimbursements	NNN	NNN
Annual Increases	2.5%	2.5%
Tenant Improvements (New Tenants)	\$40.00	\$80.00
Leasing Commissions (new)	4-9%	4-9%
Leasing Commissions (renewal)	2-4%	2-4%
Compiled by CBRE		

## Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, “CBRE”) has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the “Report”), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
  - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
  - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
  - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
  - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
  - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
  - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
  - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
  - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
  - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
  - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property’s compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

**ADDENDA**

Addendum

# CLIENT CONTRACT INFORMATION

8/31/2022

Gene Barber, RA, CHFM  
System Vice President of Facilities and Support Services  
**HENRY FORD HEALTH**  
One Ford Place, 4A  
Detroit, MI 48202  
Phone: 313.874.6769  
Email: gbarber3@hfhs.org

Richard Haddad  
Chief Operating Officer and Chief Legal Officer  
Detroit Pistons  
**PALACE SPORTS AND ENTERTAINMENT, LLC**  
6201 2<sup>nd</sup> Ave.  
Detroit, Michigan 48202

RE: Assignment Agreement  
Transformation Brownfield Plan (TBP) Real Estate Market Study  
New Amsterdam , New Center General Area  
Detroit, MI

Dear Mr. Barber and Mr. Haddad:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

### PROPOSAL SPECIFICATIONS

**Purpose:** To estimate the Market Rent of the referenced real estate consisting of various uses including office, lab, retail, multifamily and hotel uses proposed to be developed within the “New Amsterdam Project” – a planned mixed use development in the New Center neighborhood of the Detroit CBD.

**Premise:** As if completed over the next several years. CBRE will provide estimates of market rents, TI allowances, CAM, absorption rates, and other market assumptions, which the client will use to support the various development scenarios in their TBP application

**Intended Use:** To be used in support of an application being prepared by the Client for a Transitional Brownfield Plan for New Amsterdam.

**Intended User:** The intended users are MEDC (Michigan Economic Development

CBRE, Inc.  
2000 Town Center Drive, Suite 2200  
Southfield, MI 48075  
[www.cbre.us/valuation](http://www.cbre.us/valuation)

Cameron Mattox  
Vice President

Reliance:

Corporation), DEGC (Detroit Economic Growth Corporation), HENRY FORD HEALTH and PALACE SPORTS AND ENTERTAINMENT, LLC (collectively, "Client"), and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).

Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or

by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

Scope of Inspection:

The scope of the inspection will include:

CBRE Valuations will not undertake a physical inspection of the property externally or internally. CBRE Valuations is to rely on publicly available documents and digital media (e.g. on-line marketing material/photos); and/or private documentation available from the Client (e.g. previous valuation reports); and supplemented by verbal/written advice from the Client.

Report Type:  
Appraisal Standards:  
Appraisal Fee:

Concise Appraisal Report  
USPAP  
\$250/hour not to exceed \$10,000 for the preparation of the report for submittal to the MEDC and DEGC. If additional revisions are necessary following submission, hourly fees of \$250/hour apply. Monthly billing will be submitted. If cancelled by either party before a completion, the fee will be based on CBRE's hourly rates for the time expended; plus actual expenses.

Expenses:  
Retainer:  
Payment Terms:

Fee includes all associated expenses  
A retainer is not required for this assignment  
Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The full appraisal fee is considered earned upon delivery of the draft report.

Delivery Instructions:

We will invoice you for the assignment in its entirety at the completion of the assignment.  
CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.

An Adobe PDF file via email will be delivered to [gbarber3@hfhs.org](mailto:gbarber3@hfhs.org) and [rhaddad@pistons.com](mailto:rhaddad@pistons.com). The client has requested No (0) bound final copy (ies).

Delivery Schedule:  
Preliminary Value:  
Draft Report:  
Final Report:  
Start Date:

Not Required  
Not Required  
20 business days after the Start Date  
The appraisal process will start upon receipt of your signed agreement and the property specific data.

Acceptance Date: These specifications are subject to modification if this proposal is not accepted within 3 business days from the date of this letter.

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties, including the intended users, hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

**CBRE, Inc.**  
**Valuation & Advisory Services**

*Cameron Mattox* 9/21/2022

Cameron Mattox  
Vice President  
As Agent for CBRE, Inc.  
T 248.936.6818  
Cameron.Mattox@cbre.com

# AGREED AND ACCEPTED

FOR PALACE SPORTS AND ENTERTAINMENT, LLC ("CLIENT"):

*Richard Haddad*  
Signature

\_\_\_\_\_ Date

Richard Haddad  
\_\_\_\_\_  
Name

Chief Operating Officer and Chief Legal Officer  
\_\_\_\_\_  
Title

313.771.7634  
\_\_\_\_\_  
Phone Number

[rhaddad@pistons.com](mailto:rhaddad@pistons.com)  
\_\_\_\_\_  
E-Mail Address

## TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the hourly rate of the time expended and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$0. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship.

between Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT

APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report or its owners, parents, affiliates, employees, and shareholders provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies, auditors, attorneys, accountants and consultants) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser Indemnified Parties, fully harmless from and against all Damages claimed against, sustained or incurred by any Appraiser Indemnified Parties arising out of or in connection with such breach, except to the extent that any Damages result in whole or in part due to any fraud or willful misconduct on the part of any Indemnified Party in preparing the Appraisal Report.
17. Furthermore, Client shall indemnify, defend and hold each of the Appraiser Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Appraiser Indemnified Party hereunder, (ii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Appraiser Indemnified Party or made available to a prospective party to a transaction, or (iii) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Appraiser Indemnified Party for all reasonable fees and expenses (including reasonable fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Appraiser Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Appraiser Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Appraiser shall indemnify, defend and hold Client harmless from and against any Damages as a result of any claims by a third party for bodily injury, including death, or property damage, to the extent such claims arise from Appraiser's entry on to the subject property and result from, or are attributable to, Appraiser's negligence or wrongful misconduct. Appraiser will reimburse Client for all Expenses as incurred in connection with any investigating, preparing, pursuing or defending any Proceedings, regardless of whether Client is a formal party to such Proceeding. Appraiser agrees not to enter into any waiver, release or settlement of any Proceeding without the prior written consent of Client (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of Client from all liability arising out of such Proceeding.
19. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

Cameron Mattox  
Vice President  
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CBRE, Inc.  
Valuation & Advisory Services  
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Addendum

# QUALIFICATIONS



VALUATION AND ADVISORY SERVICES

# Cameron Mattox

Vice President

**T** +1 248-936-6818

**M** +1 248-909-5199

**E** [Cameron.Mattox@cbre.com](mailto:Cameron.Mattox@cbre.com)

## Clients Represented

- Berkadia
- CBRE Capital Markets
- Greystone
- JLL
- Lument
- Integra
- Associated Bank
- Plante Moran CRESA
- Comerica Trust
- Comerica Bank
- Related
- Flagstar Bank
- Huntington Bank
- Fifth Third Bank
- Michigan Business Connection, LC
- Goldman Sachs
- JPMorgan Chase Bank
- Wells Fargo
- Citizens Bank
- PNC
- A-10
- Walker & Dunlop
- Multiple Governments
- Multiple Law Firms

## Experience

Cameron Mattox is an appraiser with over twelve years of real estate brokerage, appraisal and consulting experience. Mr. Mattox is in the Valuation & Advisory Services Group’s Detroit office in the Central Region. Mr. Mattox concentrates on the appraisal of multiple-family residential, mixed use, office, theaters, car wash (going concern) and single tenant net leased assets. Mr. Mattox has extensive experience with some of the regions largest and most complex developments. His experience includes providing analysis on many development Incentives including OPRA, NEZ, Brownfield TIF and Federal Historic Tax Credits. Fair market rent analysis on residential, retail, office, ground leases and more. Going concern analysis on theaters, restaurants and car washes. Discounted Cash Flow Analysis (Argus DCF and Enterprise).

## Representative Assignments

- Hudson's Site Towers, Detroit, MI
- City Club Midtown, Detroit, MI
- The Fisher Building, Detroit, MI
- Fisher Body Lofts, Detroit, MI
- Montclair, Clinton Twp., MI
- The Hub, East Lansing, MI
- University Edge, East Lansing, MI
- The Perennial, Birmingham, MI
- Town Residences, Detroit, MI
- Dow East End, Midland, MI
- One North Main, Ann Arbor, MI
- Barrington Apartments, Commerce, MI
- Pepper Pike Capital Portfolio, MI
- Ally Center, Detroit, MI
- The Jeffersonian, Detroit, MI
- Greenleaf Trust, Birmingham, MI
- Maple Park, Ann Arbor, MI
- Prudden Lofts, Lansing, MI
- Oakland Mall, Troy, MI
- 50+ Theaters (Going Concern)
- 30+ Car Wash (Going Concern)
- Huntington Bank / TCF Acquisition

## License

Certified General Real Estate Appraiser, State of Michigan, License No. 1205003948

## Education

Oakland University, Rochester, MI, Bachelor of Science Degree; Finance

GRETCHEN WHITNER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
BUREAU OF PROFESSIONAL LICENSING  
CERTIFIED GENERAL REAL ESTATE APPRAISER LICENSE

CAMERON JAMES MATTOX

LICENSE NO.  
1205076997

EXPIRATION DATE  
07/31/2024

22187080728

THIS DOCUMENT IS DULY  
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THE STATE OF MICHIGAN



VALUATION AND ADVISORY SERVICES

# Brenda Makarov

Managing Director

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**E** [brenda.makarov@cbre.com](mailto:brenda.makarov@cbre.com)

## Clients Represented

- Huntington National Bank
- Fifth Third Bank
- Associated Bank
- CIBC
- Comerica Bank
- KeyBank
- PNC
- US Bank
- JP Morgan Chase
- Independent Bank
- Horizon Bank
- East West Bank
- Capital One Bank
- Old National Bank
- Truist
- Wells Fargo
- Mercantile Bank

## Education

- University of Michigan,  
Ann Arbor, MI  
Bachelors of Arts Degree

## Experience

Brenda Makarov is a Managing Director at CBRE with the responsibility of overseeing all valuation operations in Michigan to include existing offices in Southfield and Grand Rapids. Ms. Makarov and her team serve a diverse set of clients including accounting firms, developers, commercial and investment banks, Fortune 500 companies, insurance companies, law firms, pension funds, and REITS. Her specialization is in multi-family market studies and feasibility studies as well as appraisals of all forms of multi-family housing, including market rate, Section 8, LIHTC, HUD, mixed-use and urban in-fill developments. With over 30 years of real estate appraisal and consulting experience, her depth of knowledge includes a wide variety of existing as well as proposed commercial properties including office buildings, hotels, shopping centers, general retail facilities, restaurants, industrial, subdivisions, independent living facilities, assisted living facilities as well as a variety of other special purpose properties and mixed-use developments. She is qualified as an expert witness in the U.S. Bankruptcy Court and the Michigan Tax Tribunal. Prior to joining CBRE in 2018, Ms. Makarov was President at Terzo & Bologna, Inc., a Midwest-based real estate consulting and appraisal firm with offices in Detroit, MI and Indianapolis, IN. She is actively involved with the Appraisal Institute, participating in the Leadership Development & Advisory Council and having served as an investigator for the Professional Practice Department. Additionally, she has served as both a Director and Region III Representative for the Great Lakes Chapter of the Appraisal Institute.

## Professional Affiliations / Accreditations

- Appraisal Institute, Designated Member (MAI)
- Certified General Real Estate Appraiser, State of Michigan, License No. 1205003948
- Certified General Real Estate Appraiser, State of Ohio, License No. 2009002378

## Professional Affiliations / Accreditations

- **National Auto Dealership Valuation Group Practice Leader** – Core group of professionals that specialize in the valuation of auto dealerships. Ms. Makarov handles a core group of corporate clients and manages the national valuation team.
- **Apartment Valuation Group** – Core group of professionals that specialize in the valuation of various apartment properties such as community centers, convenience strips, free standing, lifestyle centers, mixed use, outlet centers, power centers, regional malls and restaurants. Ms. Makarov provides reviews for valuation professionals in the apartment valuation group in Michigan and Ohio.

STATE OF MICHIGAN - DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
BUREAU OF PROFESSIONAL LICENSING  
CERTIFIED GENERAL REAL ESTATE APPRAISER  
LICENSE

BRENDA DEANE MAKAROV

LICENSE NO.	EXPIRATION DATE	
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