



THE
**Birmingham
Bloomfield**
C H A M B E R

Real Estate Forecast Breakfast
March 10, 2022

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Paul S. Magy



Robert Pliska



2022 COMMERCIAL REAL ESTATE FORECAST



Agenda

Birmingham Bloomfield Chamber

- Introduction
- Overview – Global/National
- Local – Detroit Metro
- Local – Birmingham/Bloomfield
- Opportunities
- Detroit Metro Positives
- Concluding Thoughts



2021-2022 Top 10 Issues Affecting Real Estate

1. Remote Work & Mobility
2. Technology Acceleration & Innovation
3. ESG at a Tipping Point
4. Logistics
5. Infrastructure: New Imperatives Emerge
6. Housing Supply & Affordability
7. Political Polarization
8. Economic Structural Change
9. Adaptive Reuse 2.0
10. Bifurcation of Capital Markets

Per Counselors of Real Estate of NAR www.cre.org



The Investment Environment

Drivers

- Excess Capital/Savings
- Pent Up Demand
- Interest Rates
- Strong Corporate Profits
- Strong Retail Sales
- Tax Laws
- Govt Infrastructure Invest
- Housing Demand
- U.S. Economy Resiliency

Headwinds

- International Issues
- Inflation
- Supply Chain
- Labor Shortages
- Sale Price Expected Gap
- Energy & Other Costs
- Covid & Variants
- National Debt
- Uncertainties

Detroit





Detroit

Areas

- Downtown
- District Detroit
- Midtown
- Corktown
- Riverfront
- Eastern Market
- New Center

Developments

- Hudson's Site
- Little Caesar's HQ's
- Huntington Bank
- Train Station/Corktown
- Gordie Howe Bridge
- UM Innovation Center
- Apartments, Hotels, Retail

Detroit Metro Product Types

2011 to 2021

Overall Vacancy

- Office 18.5% to 11.8%
- Industrial 12% to 4.4%
- Retail 10.3% to 5.2%
- Multifamily 6% to 4.4%

Positive Sales Price Per Foot

- \$35 to \$119
- \$10 to \$67
- \$40 to \$124
- \$50M/Unit to \$96/Unit

Per CoStar



Hospitality

- Detroit Metro Inventory - 47,930 Rooms
- Under Construction - 2,800
- ADR - \$96
- RevPar down 25%: return approx. 2024
- Market Sales Price - \$88,000/Room
- Occupancy - 50%
- 17 Hotels Opened in 2020 & 2021 (1725 rms)

Per CoStar

Birmingham/Bloomfield





Birmingham/Bloomfield

In Process/ Completed

- Daxton Hotel
- Brookside Residences
- The Jeffrey
- Pearl Residences
- The Village at Bloomfield – Menards, Aldi, HF, Hampton, etc
- “New” Old Woodward & Maple Roads

Planning

- RH (Restoration Hdware)
- Peabody Site
- Woodward & Maple (N/W and S/E Corners)
- Talmer Bank Site
- Old Woodward Road (south of Brown St)
- Triangle District

A world map in a dark blue color scheme serves as the background for the top section. A bright green swoosh graphic curves across the bottom right of the map. The title 'New Birmingham Retail' is centered over the map in a large, white, sans-serif font.

New Birmingham Retail

- RH (Restoration Hardware) (2023/4)
- CB2 (Crate&Barrel)
- Brilliant Earth (Jewelry)
- Serena & Lily
- Sweetgreen
- Johnny Was
- Evereve (Fashions)
- Circa Lighting
- Faherty (clothing)
- Shade Store
- State & Liberty
- Paris Baguette
- Sybil
- The Great Eros
- Bakehouse

A world map with a dark blue background and a green diagonal stripe running from the bottom right towards the center. The map shows major landmasses and country borders. The word "Opportunities" is overlaid in white text.

Opportunities

- Strategically buy; strategically sell
- Higher rate of return than alternatives
- Hedge against inflation
- Real estate as an alternative investment vs volatile stock & bond market
- Tax benefits – sec 1031; DST's; cost seg
- Still low interest rates
- Create business savings – lower operating costs
- “Shooting the gap” – new tenants for area

A world map in a dark blue color scheme serves as the background for the top half of the slide. A bright green swoosh graphic curves from the bottom right corner of the map area towards the center. The title 'Detroit Metro Area Positives' is written in large, white, sans-serif font across the middle of the map.

Detroit Metro Area Positives

- Automotive Strength Continues
- Billionaire Support – Gilbert, Ilitch, Ross, Ford, etc
- Technology
- EV Innovation/Mobility/Autonomy – Ford, GM, etc
- Mortgages/Financing – Gilbert, Ishbia, etc
- Top in Research and Development
- Top in Direct Foreign Investment
- Over 1000 Foreign-Owned Businesses from 40 Countries
- Gordie Howe International Bridge (2024)
- Over 40% of U.S. GDP Within 500 Miles
- Higher Rate of Return
- The Great Lakes - Water

A world map in a dark blue color scheme serves as the background for the top section of the slide. A bright green diagonal line runs from the bottom right corner towards the center, partially obscuring the map. The title 'Concluding Thoughts' is written in a large, white, sans-serif font across the middle of the map.

Concluding Thoughts

- Commercial real estate has many positives
- A lot of factors still driving demand
- Detroit metro area has many positives by itself
- Real estate has inherent benefits (tax, stable, etc)
- Much volatility in other investment types (stocks)
- Real estate as any investment, still looks good but risk should be carefully evaluated
- As a real estate user – carefully review for specific needs (lease, buy, location, size, price, etc)



Quotes

- Scotty Bowman – “I found out that if you are going to win games, you had better be ready to adapt”
- Wayne Gretzky – “A good player plays where the puck is. A great player plays where the puck is going to be”
- Jim Rohn – “It’s not the direction of the wind but the set of the sails that determines which way we will go”



Questions

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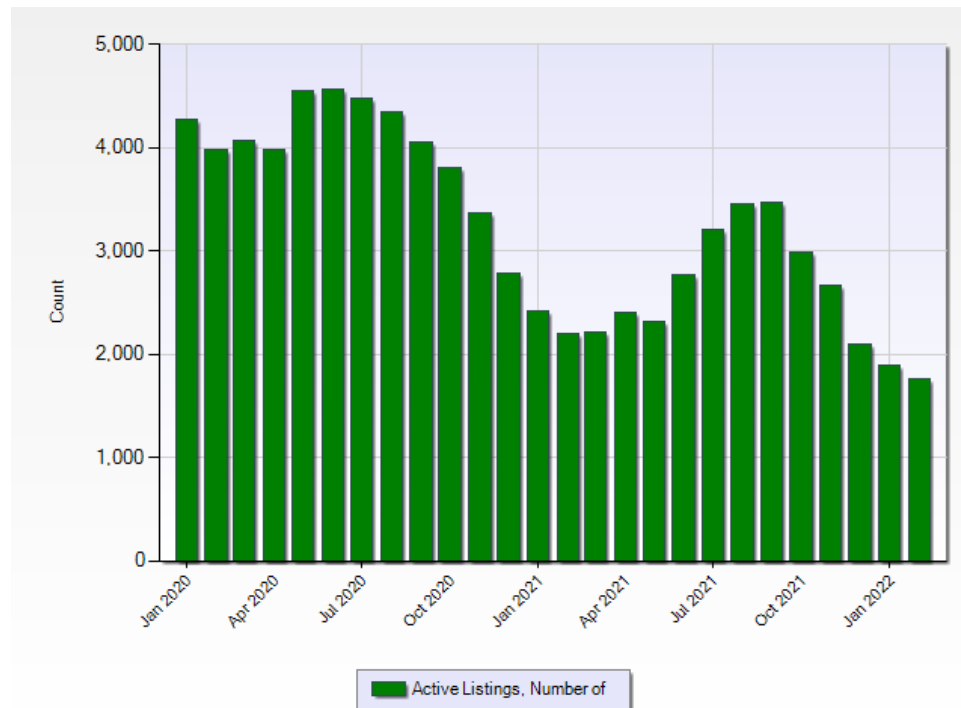


J. Bradley Wolf

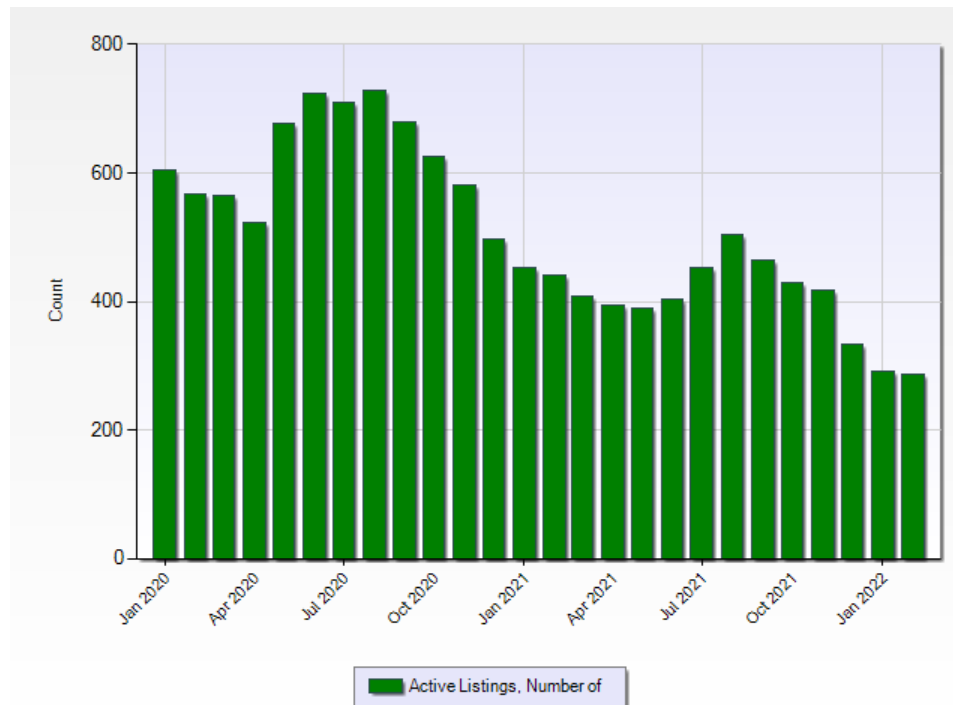


2022 Real Estate Forecast by Brad Wolf

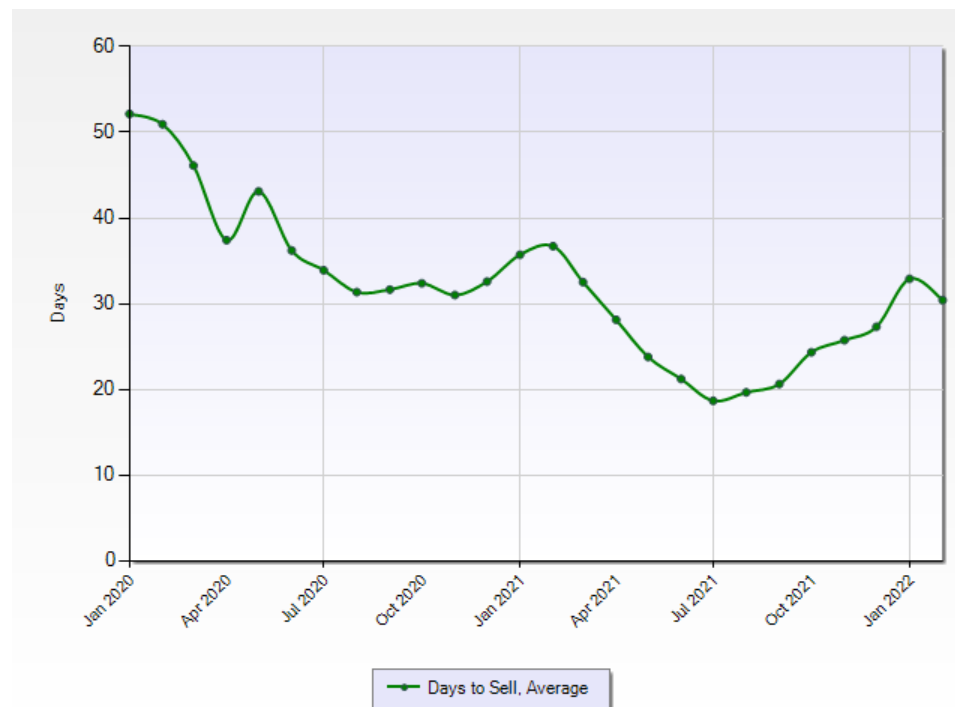
Active Listings - Oakland County Over 2 Years



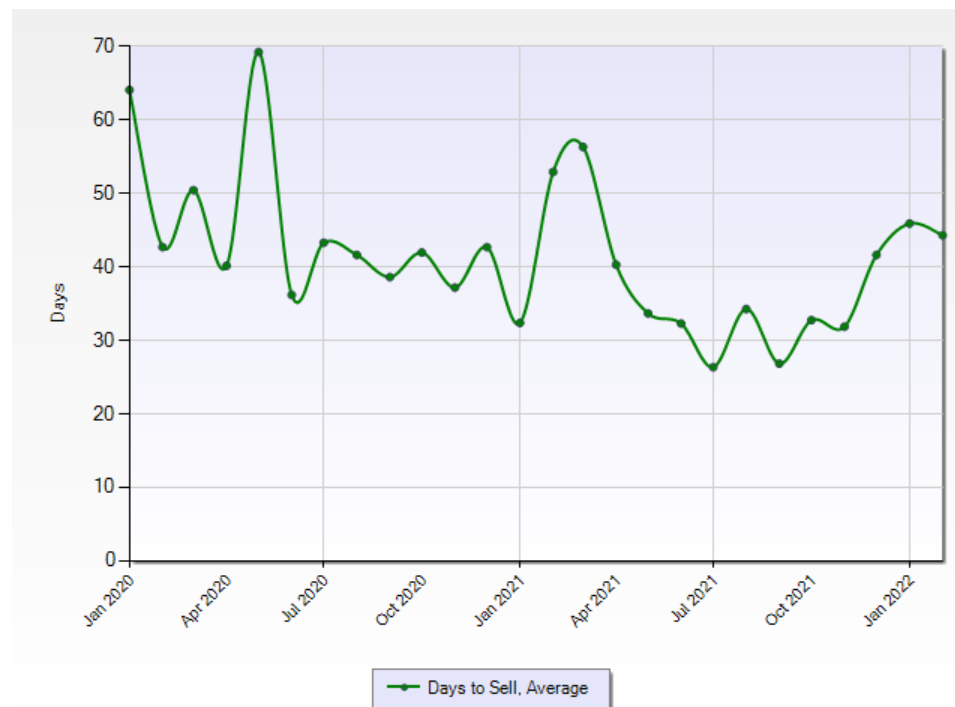
Active Listings - Birmingham / Bloomfield Over 2 Years



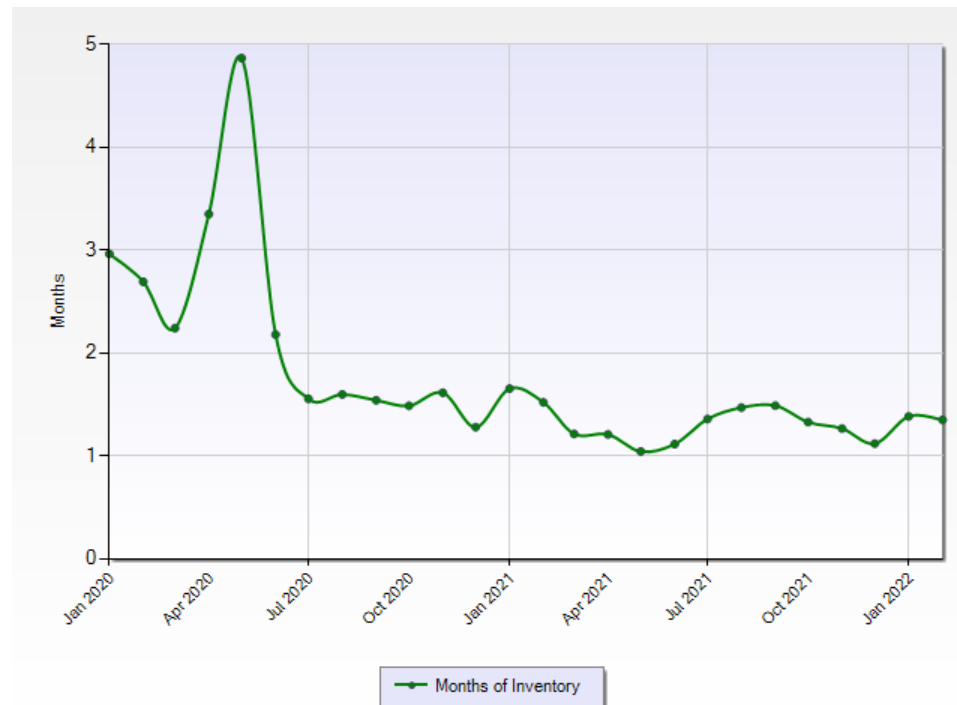
Average Days On Market - Oakland County Over 2 Years



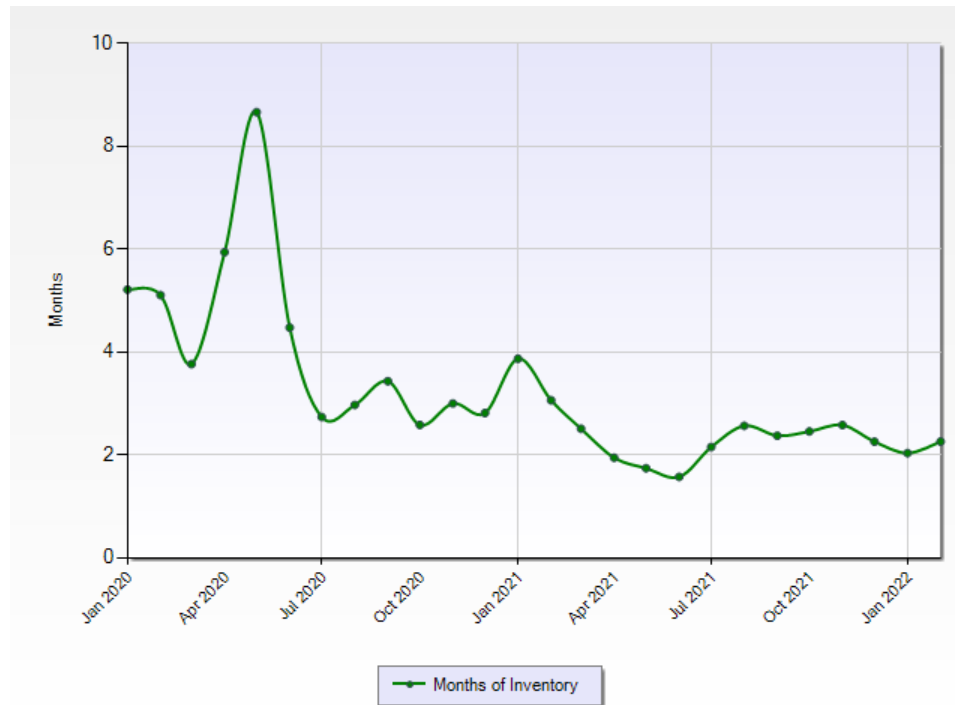
Average Days On Market - Birmingham / Bloomfield Over 2 Years



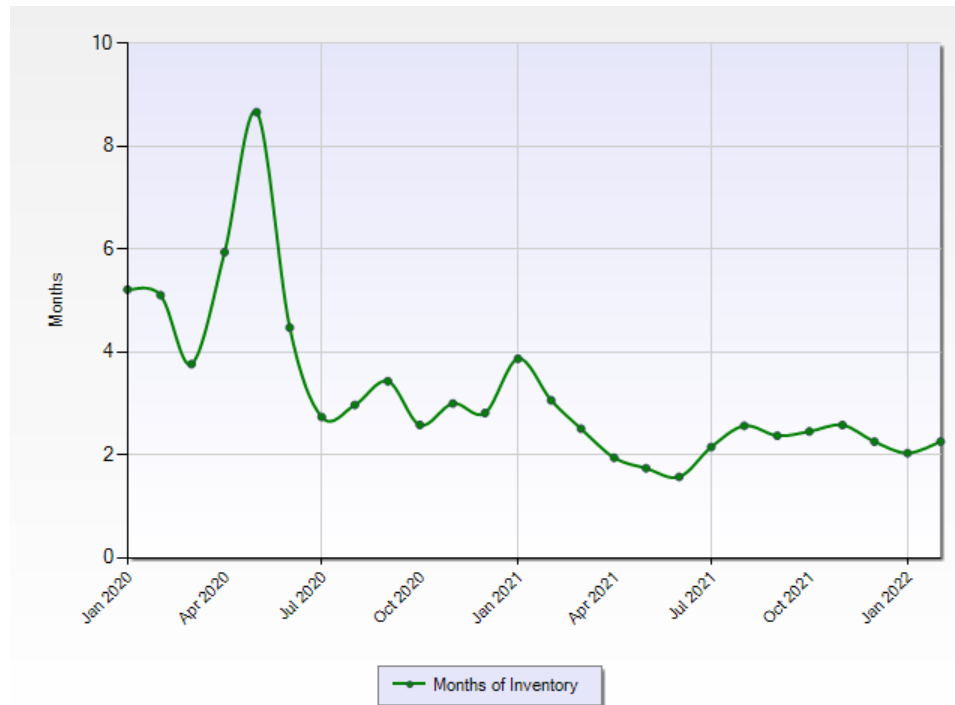
Months of Inventory - Oakland County Over 2 Years



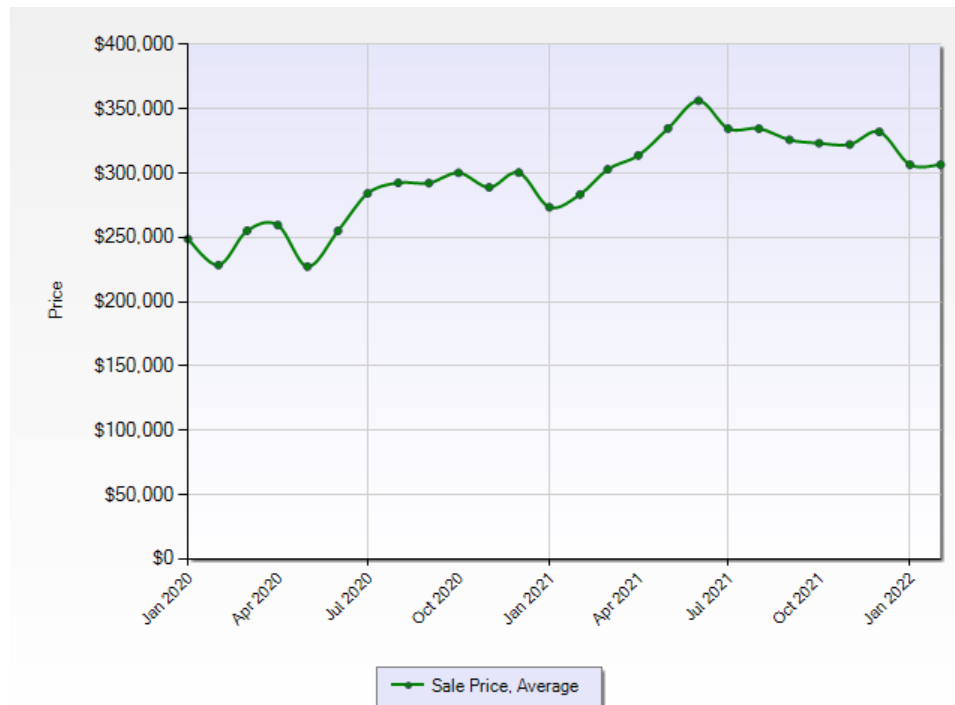
Months of Inventory - Birmingham / Bloomfield Over 2 Years



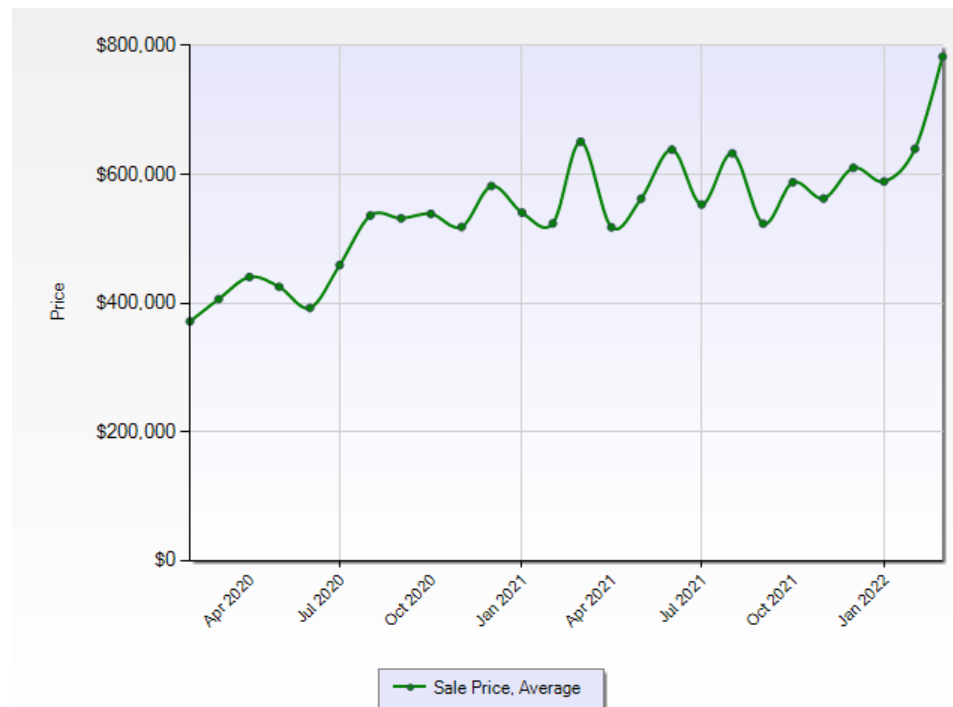
Sales Price Trend - Oakland County Over 2 Years



Sales Price Trend - Oakland County Over 2 Years



Sales Price Trend - Birmingham / Bloomfield Over 2 Years



Local Market Update – January 2022

A Research Tool Provided by Realcomp



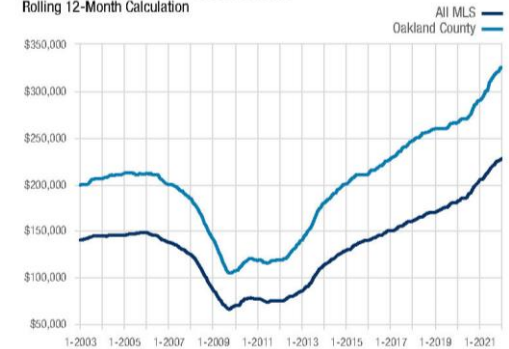
Oakland County

Residential	January			Year to Date		
Key Metrics	2021	2022	% Change	Thru 1-2021	Thru 1-2022	% Change
New Listings	1,181	1,057	- 10.5%	1,181	1,057	- 10.5%
Pending Sales	1,131	1,029	- 9.0%	1,131	1,029	- 9.0%
Closed Sales	1,025	898	- 12.4%	1,025	898	- 12.4%
Days on Market Until Sale	36	32	- 11.1%	36	32	- 11.1%
Median Sales Price*	\$280,000	\$289,900	+ 3.5%	\$280,000	\$289,900	+ 3.5%
Average Sales Price*	\$339,320	\$376,938	+ 11.1%	\$339,320	\$376,938	+ 11.1%
Percent of List Price Received*	98.6%	99.1%	+ 0.5%	98.6%	99.1%	+ 0.5%
Inventory of Homes for Sale	1,467	1,142	- 22.2%	—	—	—
Months Supply of Inventory	1.0	0.8	- 20.0%	—	—	—

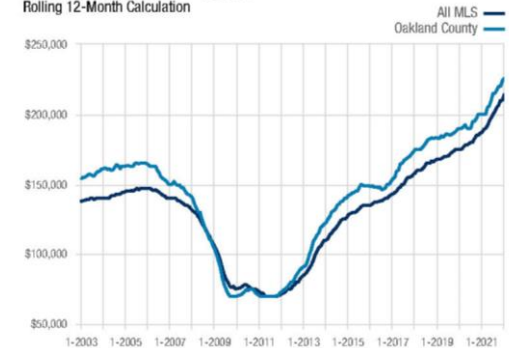
Condo	January			Year to Date		
Key Metrics	2021	2022	% Change	Thru 1-2021	Thru 1-2022	% Change
New Listings	334	279	- 16.5%	334	279	- 16.5%
Pending Sales	271	282	+ 4.1%	271	282	+ 4.1%
Closed Sales	215	233	+ 8.4%	215	233	+ 8.4%
Days on Market Until Sale	38	34	- 10.5%	38	34	- 10.5%
Median Sales Price*	\$195,000	\$239,000	+ 22.6%	\$195,000	\$239,000	+ 22.6%
Average Sales Price*	\$240,311	\$285,526	+ 18.8%	\$240,311	\$285,526	+ 18.8%
Percent of List Price Received*	97.6%	98.7%	+ 1.1%	97.6%	98.7%	+ 1.1%
Inventory of Homes for Sale	428	285	- 33.1%	—	—	—
Months Supply of Inventory	1.5	0.8	- 46.7%	—	—	—

* Does not account for sale concessions and/or downpayment assistance. | Percent changes are calculated using rounded figures and can sometimes look extreme due to small sample size.

Median Sales Price - Residential
Rolling 12-Month Calculation



Median Sales Price - Condo
Rolling 12-Month Calculation



Current as of February 7, 2022. All data from Realcomp II Ltd. Report © 2022 ShowingTime.

Local Market Update – January 2022

A Research Tool Provided by Realcomp



Birmingham

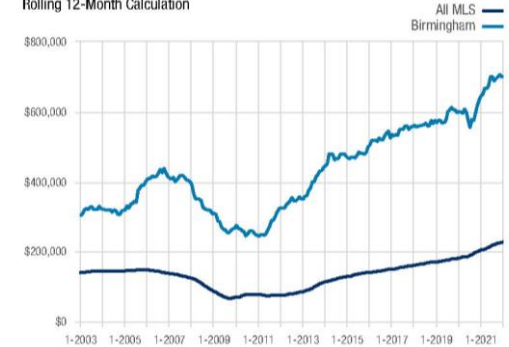
Oakland County

Residential	January			Year to Date		
Key Metrics	2021	2022	% Change	Thru 1-2021	Thru 1-2022	% Change
New Listings	46	43	- 6.5%	46	43	- 6.5%
Pending Sales	44	36	- 18.2%	44	36	- 18.2%
Closed Sales	31	34	+ 9.7%	31	34	+ 9.7%
Days on Market Until Sale	33	38	+ 15.2%	33	38	+ 15.2%
Median Sales Price*	\$638,520	\$600,300	- 6.0%	\$638,520	\$600,300	- 6.0%
Average Sales Price*	\$734,175	\$879,303	+ 19.8%	\$734,175	\$879,303	+ 19.8%
Percent of List Price Received*	97.2%	98.1%	+ 0.9%	97.2%	98.1%	+ 0.9%
Inventory of Homes for Sale	88	59	- 33.0%	—	—	—
Months Supply of Inventory	2.1	1.3	- 38.1%	—	—	—

Condo	January			Year to Date		
Key Metrics	2021	2022	% Change	Thru 1-2021	Thru 1-2022	% Change
New Listings	16	17	+ 6.3%	16	17	+ 6.3%
Pending Sales	10	19	+ 90.0%	10	19	+ 90.0%
Closed Sales	6	21	+ 250.0%	6	21	+ 250.0%
Days on Market Until Sale	44	40	- 9.1%	44	40	- 9.1%
Median Sales Price*	\$171,000	\$195,000	+ 14.0%	\$171,000	\$195,000	+ 14.0%
Average Sales Price*	\$875,667	\$471,757	- 46.1%	\$875,667	\$471,757	- 46.1%
Percent of List Price Received*	96.7%	98.1%	+ 1.4%	96.7%	98.1%	+ 1.4%
Inventory of Homes for Sale	40	22	- 45.0%	—	—	—
Months Supply of Inventory	4.0	1.6	- 60.0%	—	—	—

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Median Sales Price - Residential
Rolling 12-Month Calculation



Median Sales Price - Condo
Rolling 12-Month Calculation



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Local Market Update – January 2022

A Research Tool Provided by Realcomp



Bloomfield Hills

Oakland County

Residential	January			Year to Date		
Key Metrics	2021	2022	% Change	Thru 1-2021	Thru 1-2022	% Change
New Listings	8	10	+ 25.0%	8	10	+ 25.0%
Pending Sales	3	7	+ 133.3%	3	7	+ 133.3%
Closed Sales	2	6	+ 200.0%	2	6	+ 200.0%
Days on Market Until Sale	24	50	+ 108.3%	24	50	+ 108.3%
Median Sales Price*	\$1,737,500	\$1,267,500	- 27.1%	\$1,737,500	\$1,267,500	- 27.1%
Average Sales Price*	\$1,737,500	\$1,344,083	- 22.6%	\$1,737,500	\$1,344,083	- 22.6%
Percent of List Price Received*	89.0%	96.8%	+ 8.8%	89.0%	96.8%	+ 8.8%
Inventory of Homes for Sale	25	18	- 28.0%	—	—	—
Months Supply of Inventory	4.9	3.2	- 34.7%	—	—	—

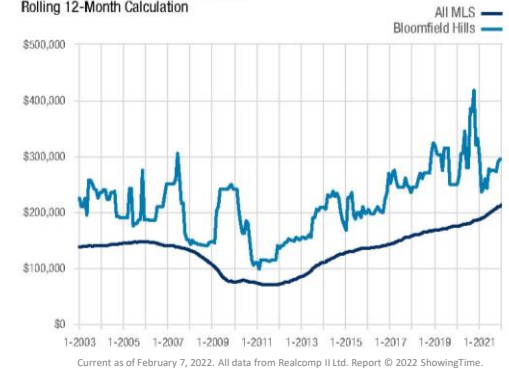
Condo	January			Year to Date		
Key Metrics	2021	2022	% Change	Thru 1-2021	Thru 1-2022	% Change
New Listings	9	3	- 66.7%	9	3	- 66.7%
Pending Sales	4	6	+ 50.0%	4	6	+ 50.0%
Closed Sales	3	5	+ 66.7%	3	5	+ 66.7%
Days on Market Until Sale	21	63	+ 200.0%	21	63	+ 200.0%
Median Sales Price*	\$173,000	\$224,000	+ 29.5%	\$173,000	\$224,000	+ 29.5%
Average Sales Price*	\$195,333	\$258,600	+ 32.4%	\$195,333	\$258,600	+ 32.4%
Percent of List Price Received*	97.0%	95.6%	- 1.4%	97.0%	95.6%	- 1.4%
Inventory of Homes for Sale	15	8	- 46.7%	—	—	—
Months Supply of Inventory	4.3	1.8	- 58.1%	—	—	—

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Median Sales Price - Residential
Rolling 12-Month Calculation



Median Sales Price - Condo
Rolling 12-Month Calculation



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Local Market Update – January 2022

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Bloomfield Twp

Oakland County

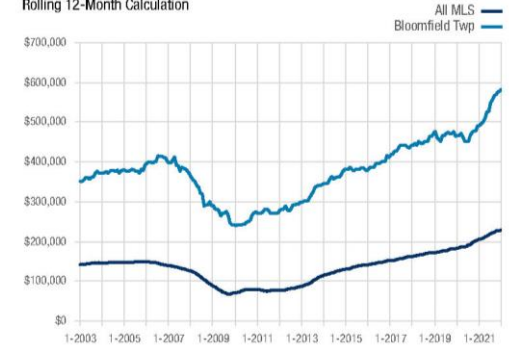
Residential	January			Year to Date		
Key Metrics	2021	2022	% Change	Thru 1-2021	Thru 1-2022	% Change
New Listings	61	41	- 32.8%	61	41	- 32.8%
Pending Sales	47	42	- 10.6%	47	42	- 10.6%
Closed Sales	36	34	- 5.6%	36	34	- 5.6%
Days on Market Until Sale	33	59	+ 78.8%	33	59	+ 78.8%
Median Sales Price*	\$487,500	\$550,000	+ 12.8%	\$487,500	\$550,000	+ 12.8%
Average Sales Price*	\$723,917	\$789,972	+ 9.1%	\$723,917	\$789,972	+ 9.1%
Percent of List Price Received*	99.0%	96.7%	- 2.3%	99.0%	96.7%	- 2.3%
Inventory of Homes for Sale	103	66	- 35.9%	—	—	—
Months Supply of Inventory	1.9	1.2	- 36.8%	—	—	—

Condo	January			Year to Date		
Key Metrics	2021	2022	% Change	Thru 1-2021	Thru 1-2022	% Change
New Listings	21	16	- 23.8%	21	16	- 23.8%
Pending Sales	16	20	+ 25.0%	16	20	+ 25.0%
Closed Sales	13	17	+ 30.8%	13	17	+ 30.8%
Days on Market Until Sale	30	35	+ 16.7%	30	35	+ 16.7%
Median Sales Price*	\$273,000	\$285,000	+ 4.4%	\$273,000	\$285,000	+ 4.4%
Average Sales Price*	\$359,510	\$316,247	- 12.0%	\$359,510	\$316,247	- 12.0%
Percent of List Price Received*	97.0%	98.5%	+ 1.5%	97.0%	98.5%	+ 1.5%
Inventory of Homes for Sale	33	21	- 36.4%	—	—	—
Months Supply of Inventory	2.2	1.2	- 45.5%	—	—	—

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Median Sales Price - Residential

Rolling 12-Month Calculation



Median Sales Price - Condo

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Q & A

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