2010

YEAR-END MARKET REPORT

Metropolitan Detroit Market

SIGNATURE ASSOCIATES
THE TEAM No Signature. No Results.

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To Our Valued Clients:

Well, the long awaited recovery has begun. In the state of Michigan, the automotive industry has rebounded and suppliers at all levels are finding a tremendous amount of opportunities in the marketplace. The rebound has also moved into the real estate industry, with companies taking advantage of attractive rental and sale prices to expand their operations and set themselves up for the future.

All signs are pointing toward a slow, steady recovery which began at the end of the third quarter 2010 and has been picking up momentum.

We are very pleased to announce Signature Associates is a large part of the rebirth and revitalization of the Michigan economy as we move ahead.

Looking forward to a solid 2011!

Sincerely,

Steven G. Gordon
President

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Mission Statement

Our corporate mission is to deliver the highest level of real estate services that will exceed your expectations by providing superior service, an untiring work ethic and our absolute commitment to creating and maintaining long-term relationships.

Changes in the Marketplace (July – December 2010)

Major Transactions (Partial List)

Company	City	Sq. Ft.
INDUSTRIAL [Over 100,000 SF]		
Syed Arif, III	Shelby Twp	1,870,480
W.F. Whelan	Canton	1,074,888
Shamrock Auburn Hills	Auburn Hills	542,800
Metro International Trade Services, Inc.	Detroit	421,794
Mastronardi Produce – USA, Inc.	Livonia	367,000
Platt Facility, LLC	Milan	356,246
MI DNR Land & Facilities	Detroit	305,625
Wolverine Assemblies	Wixom	222,308
Weber Automation Corp.	Auburn Hills	218,174
Owens & Minor Distribution, Inc.	Romulus	209,450
Aerl, LLC	Canton	176,731
13112 Oneida, LLC	Grand Ledge	160,674
Chrysler Group, LLC	Auburn Hills	157,100
Reid Limited Partnership	Auburn Hills	148,000
Altair Clean Technology Center	Troy	136,460
American Tire Distributors	Brownstown Twp	135,751
Kensington Realty Advisors	Auburn Hills	125,750
Storage Pros Saline, LLC	Saline	124,445
Roush Enterprises, Inc.	Livonia	124,000
Spectrum Gvmt. Solutions Security	Detroit	121,497
Motor City Warehousing	Farmington Hills	112,000
JG Partners, LLC	Wayne	111,478
Comau, Inc.	Novi	107,542
Longhorn Partners, LLC	Royal Oak	107,000
C.T.C. Distribution, Inc.	Detroit	105,888
Ecorse Land, LLC	Van Buren Twp.	440 Acres

Company	City	Sq. Ft.
OFFICE [Over 40,000 SF]		
PNC Mortgage Acceptance	Southfield	138,864
R.L. Polk & Co.	Southfield	138,153
Intl Automotive Components Group	Southfield	113,895
Eyde Company	Ann Arbor	108,000
First Mercury Financial Corporation	Southfield	97,574
Ari Kresch	Southfield	95,000
Jonna Companies	Bloomfield Hills	84,273
The General Services Admin for IRS	Detroit	81,413
Google	Ann Arbor	81,292
Doeren Mayhew	Troy	77,211
Quicken Loans	Detroit	75,000
Alpha Opportunity Fund, LLC	Southfield	63,500
Starcom MediaVest Group	Detroit	61,923
Affiliated Medical of Dearborn	Dearborn	60,000
UHY Advisors Michigan, Inc.	Farmington Hills	41,570
RETAIL [Over 25,000 SF]		
OP Shopping Center	Pontiac	231,250
Meyers Investors, LLC	Detroit	139,000
Roseland Shopping Center	Shelby Twp	92,515
JSMN Real Estate, LLC	Waterford	82,363
Livonia Center, LLC	Livonia	80,000
Turfah Properties, Inc.	Dearborn	55,940
Marathon Petroleum Company, LLC	Detroit	48,000
National Storage Center of Livonia, LLC	Livonia	38,389
TGM Skateboards	Mt. Clemens	34,460
Big Lots	Dearborn	32,500
G & G Sterling Ponds, LLC	Sterling Heights	31,724
Zap Zone	Taylor	29,938
Lee Beauty School	Harper Woods	27,871
Planet Fitness	Dearborn	25,385

New Developments

Industrial

City: Auburn Hills
Project Name: US Farathane Corporation
Size: 240,000 Sq. Ft.
Completion: December 2010
Developer: General Development

City: Novi
Project Name: Beck North Corporate Park
Size: 25,996 Sq. Ft.
Completion: December 2010
Developer: Amson-Dembs Development

City: Sterling Heights
Project Name: 7200 15 Mile Road
Size: 285,000 Sq. Ft.
Completion: January 2011
Developer: Atikian Construction

City: Sterling Heights
Project Name: 39999 Mound Road
Size: 21,633 Sq. Ft.
Completion: December 2010
Developer: Emporio Casa Real Estate

Office

City: Bloomfield Hills
Project Name: The Plaza of Bloomfield Hills
Size: 44,500 Sq. Ft.
Completion: December 2010
Developer: AF Jonna Development

City: Commerce Twp
Project Name: Beaumont Medical Campus
Size: 120,000 Sq. Ft.
Completion: June 2011
Developer: KIRCO

City: Macomb Twp
Project Name: Waterstone Office Center
Size: 41,955 Sq. Ft.
Completion: June 2010
Developer: Waterstone Office, Inc.

City: Rochester
Project Name: 1555 E. South Blvd
Size: 26,865 Sq. Ft.
Completion: April 2011
Developer: Landmark Healthcare Facilities, Inc.

Retail

City: Livonia
Project Name: Livonia Market Place
Size: 70,700 Sq. Ft.
Completion: March 2011
Developer: Lormax Stern

City: Wixom
Project Name: Grand River Plaza
Size: 25,724 Sq. Ft.
Completion: June 2011
Developer: Lakeside Oakland

North Corridor

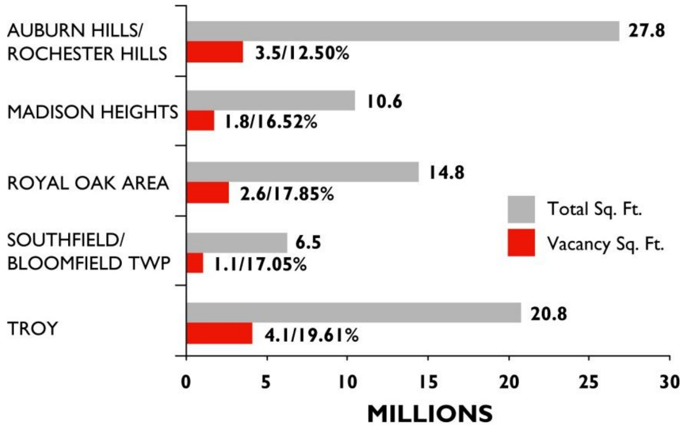
The year winds up with significant absorption as activity rapidly increases during the fourth quarter.

The larger spaces were in highest demand in the Auburn Hills/Rochester Hills market area. Some of the companies that took advantage of the soft market were; Kostal leasing 82,245 sq. ft., Dokka leasing 100,180 sq. ft., Giffin International leasing 125,750 sq. ft., Kuka leasing 75,770 sq. ft., Flexible Products leasing 148,000 sq. ft., Chrysler Corp. leasing 157,100 sq. ft., and Weber Automation Corporation leasing 218,174 sq. ft..

Lender driven dispositions yielded buildings being sold at record low prices, such as 2329 E. Walton, Auburn Hills, a 46,600 sq. ft. building with heavy office and engineering space that sold for $25.00/sq. ft.

Navistar subleased a 90,747 sq. ft. building on Whitcomb in Madison Heights, and Altair Clean Technology Center purchased a 136,460 sq. ft. facility on Indusco Court in Troy for $10.99/sq. ft.

With the majority of larger available facilities in the Rochester Hills/Auburn Hills market area having been spoken for, 2011 is poised for improving lease rates and sale prices for industrial buildings. Vacant land sales should come back into play as companies look to fill their needs in the coming months.

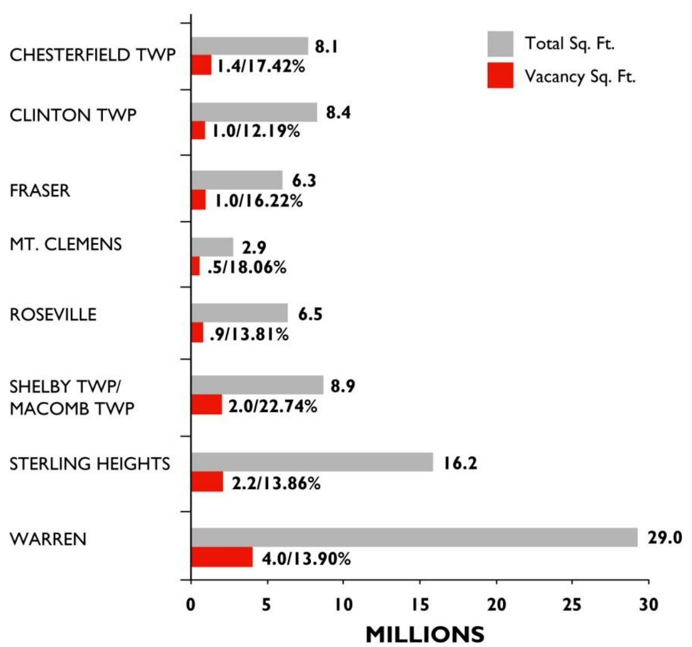


East Corridor

We have seen an overall increase in activity in the East Corridor, specifically towards the last two quarters of 2010. While this increase in activity is a good sign, there are still a large number of properties hitting the market and being foreclosed on at a greater pace. While many submarkets may realize a slight increase in vacancy rates through 2011, the companies left standing are gaining better footing and are more comfortable with committing to outright purchases and longer term leases. Some short term leasing is still expected, however, as tenants looking to commit long term often expect to do so at current market rates. Landlords conversely are reluctant to stretch current market rates too far into the future. With predictions of more purchase transactions and increased longer term leases coming about, any increases in vacancy should be kept at a minimum.

Overall pricing and the conditions of the financial market were major contributors to limiting increased activity in 2010. Buyers are buyers mostly because they are users with cash on hand to either purchase outright at what they perceive to be a great discount, or place a significant down payment on properties where owners are in a position to provide land contract terms. The Groesbeck Corridor in particular has presented tremendous opportunities for savvy bargain hunters looking to take advantage of a distressed market. Many properties in the more recently developed 23 Mile Corridor in Macomb and Shelby Townships appear to have held reasonable value, but the sale activity has remained limited to suggest otherwise.

Land sales have been virtually non-existent with the exception of several bank foreclosures selling at an extreme discount. The majority of vacant land purchases are made on speculation for future growth with most buyers willing to sit until demand for new construction increases. The minimal vacant land sales also coincide with the little to no new construction of industrial facilities in Macomb County.



Industrial/Hi-Tech Market

Industrial/Hi-Tech Average Asking Rates by Submarket *(Range)*

CITY	INDUSTRIAL*	HI-TECH*	LAND**
NORTH CORRIDOR			
Auburn Hills/Rochester Hills	$3.50 to $6.25	$6.95/$4.50 to N/A	$1.00 to $3.00
Madison Heights	$3.00 to $5.00	$6.00/$4.50 to N/A	N/A
Royal Oak Area	$3.00 to $4.00	N/A	N/A
Southfield/Bloomfield Twp	$2.00 to $5.50	N/A	N/A
Troy	$2.95 to $5.25	$6.00/$4.00 to N/A	N/A
EAST CORRIDOR			
Chesterfield Twp	$3.00 to $4.00	N/A	$1.00 to $2.00
Clinton Twp	$3.00 to $4.00	N/A	$1.00 to $2.00
Fraser	$2.00 to $3.50	N/A	$1.00 to $2.00
Mt Clemens	$1.50 to $3.00	N/A	$1.00 to $2.00
Roseville	$2.00 to $3.50	N/A	$1.00 to $2.00
Shelby Twp/Macomb Twp	$3.50 to $5.00	$4.75/$4.00 to $5.25/$4.75	$1.50 to $3.50
Sterling Heights	$3.00 to $4.00	$4.75/$4.00 to $5.25/$4.75	$1.50 to $3.50
Warren	$1.50 to $3.00	$4.75/$4.00 to $5.25/$4.75	$0.50 to $2.00
SOUTH CORRIDOR			
Brownstown Twp	$3.75 to $5.25	N/A	$1.25 to $2.50
Dearborn/Dearborn Heights	$1.95 to $2.95	$7.50/$5.00 to $10.00/$5.00	$2.00 to $4.00
Romulus	$3.75 to $5.00	$7.00/$3.50 to $8.00/$4.00	$1.75 to $3.25
Taylor	$3.75 to $5.00	$8.00/$3.50 to $9.00/$4.00	$1.50 to $3.00
WEST CORRIDOR			
Ann Arbor	$4.50 to $7.00	$8.00/$4.00 to $13.25/$7.00	$2.00 to $5.00
Farmington/Farmington Hills	$4.25 to $6.00	$12.00/$6.00 to $14.00/$7.00	$3.75 to $5.75
Livonia	$2.95 to $4.95	$6.00/$4.00 to $10.00/$7.00	$3.00 to $4.00
Novi	$4.75 to $6.25	$10.00/$4.00 to $15.00/$8.00	$3.00 to $4.50
Plymouth/Canton	$3.50 to $5.50	$9.00/$4.50 to $14.00/$6.00	$4.00 to $6.00
Redford	$1.95 to $2.95	N/A	$1.00 to $2.00
Van Buren Twp	$3.75 to $4.75	$11.00/$5.00 to $15.00/$8.00	$1.75 to $3.50
Westland/Wayne	$4.00 to $5.00	N/A	$2.50 to $.350
Wixom	$5.00 to $6.50	$12.00/$6.00 to $15.00/$7.25	$3.00 to $4.25
LIVINGSTON COUNTY			
Brighton/Genoa Twp/Green Oak Twp	$3.00 to $3.75	$10.00/$6.00 to $12.00/$7.00	$1.30 to $1.80
Fowlerville	$3.00 to $4.00	N/A	$1.30 to $1.80
Howell	$3.50 to $4.50	$10.00/$6.00 to $12.00/$7.00	$1.30 to $1.80

Royal Oak area includes: Hazel Park, Oak Park, Berkley, Ferndale and Royal Oak.
** Lease rates are triple net.* *** Price per square foot.*

South Corridor

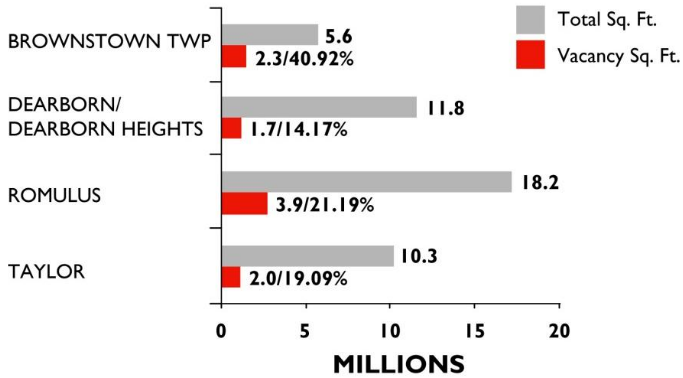
Real estate transactions are active at a discount. When there is a viable prospect, Landlords are pulling out all the stops. Aggressive lease rates, free rent and other incentives are being offered. Lease terms are getting longer as tenants gain confidence in their business and try to lock in historically low lease rates. Average lease rates range between $2.45 - $4.00 per sq. ft. triple net.

Sale activity is also improving as financing becomes available for owner occupied buildings and interest rates hit rock bottom. Developer/investor financing, however, is still a challenge. Appraisal values are also inferring with financing. There is a huge value gap between distressed sale comparables and replacement costs, with lenders gravitating toward the lower end of the market. Often times if a deal is struck anywhere above distressed value, the appraisal won't support the price. Seller financing in the form of land contracts and purchase money mortgages is saving some transactions. Alternatively, purchasers are putting more money down to satisfy the loan to value requirement.

Industrial land sales continue to be almost non-existent with the exception of Parts Galore's purchase of 24 acres along Telegraph Road in Flat Rock. It is important to note, however, that this was an improved land sale with the parcel having a graveled base for parking, fencing, lighting and retention allowing for immediate use of the property.

Notable leasing transactions included Owens & Minor Distribution, Inc. expanding beyond their Van Buren location and leasing 209,450 sq. ft. at Ashley Capital's Romulus Business Center (RBC). Also, Penske Logistics leased 68,054 sq. ft. and Plastipak Packaging, Inc. again renewed their lease for 274,007 sq. ft., both at RBC. American Tire Distributors, Inc. leased 135,751 sq. ft. at Ashley Capital's Brownstown Business Center North. Accuflex Industrial Hose rounded out Ashley Capital's strong second half by leasing 67,141 sq. ft. at Brownstown Business Center South.

The logistics market has begun to pick up as the economy improves. Another highlight is an increase in demand for manufacturing space. The legislative passing of the Aerotropolis designation for the airport market should spur additional activity with incentives and tax abatements. Overall, the market is stabilizing and showing signs of improvement. There is a sense of optimism that the market has bottomed out and 2011 will start the trend toward a sustained recovery.

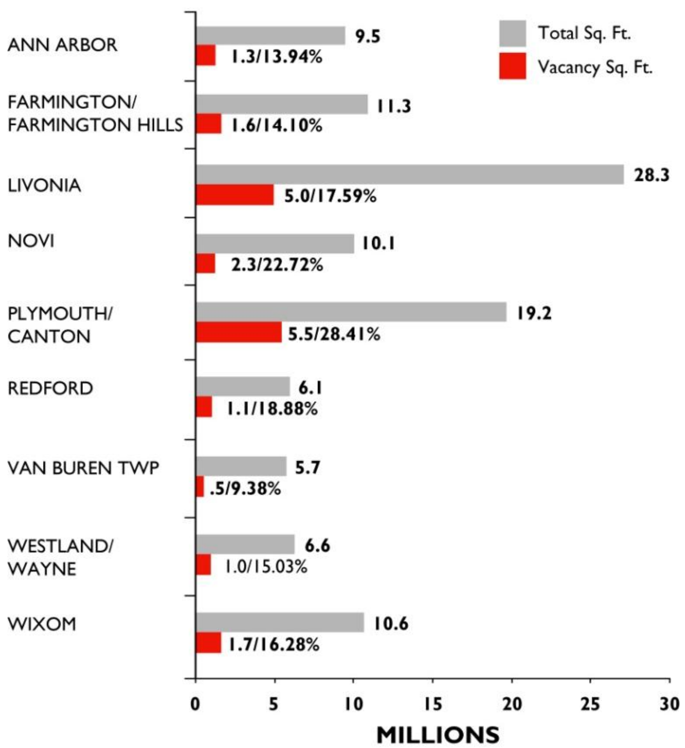


West Corridor

If Detroit's west side industrial real estate market had a Punxsutawney Phil, he certainly wouldn't be casting a shadow. The thaw of the market has begun as the carnage resulting from the devastating market downturn has been bought up at below market prices. Quality properties for sale in many size ranges are now few in number, resulting in anticipated market stability as spring approaches. Recent resurgence in the automotive, military and technology market segments predict similar optimism in lease stability as well.

Several large deals were signed in this market including W.F. Whelan leasing 1,074,888 sq. ft. in Canton, and Mastronardi Produce – USA, Inc. leasing 367,000 sq. ft. in Livonia.

Older and obsolete industrial properties continue to transform to non-industrial uses as many community leaders recognize the reduction in number of industrial requirements and accept rezoning as a means of reducing industrial vacancies. Even though vacancy rates appear to have stabilized, motivated landlords remain aggressive in attracting new tenants.

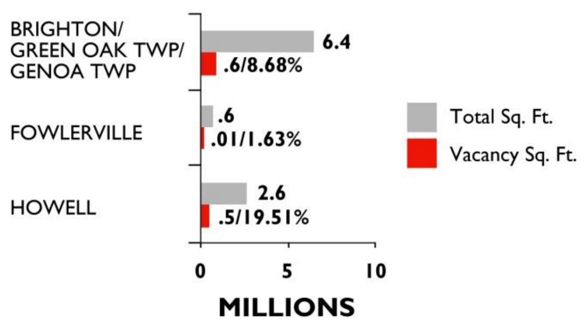


Livingston County

Activity in Livingston County picked up speed in the last half of the year. We saw considerable absorption, particularly in larger stand alone buildings over 15,000 sq. ft. This improvement in the market was in large part due to steep discount pricing both for lease and purchase.

Most of the transactions were from users; however, a number of investors took advantage of soft pricing. A number of notable transactions: Michigan Automatic Turning purchased 112,500 sq. ft. in Howell; the 72,000 sq. ft. May & Scofield building in Fowlerville was sold; a 2 building complex in Hartland totaling 35,000 sq. ft. was purchased by an investor and subsequently resold; an investor purchased the 15,000 sq. ft. GMR building in Brighton, then leased the facility to a manufacturing company; Rhetech leased 21,000 sq. ft. in Fowlerville.

With the majority of larger and newer facilities having been taken in 2010, we should see a slight improvement in pricing in 2011. Vacant land sales as well as build-to-suits may come back in vogue as the improving economy increases demand.



Available Space and Vacancy Rates *(Buildings above 5,000 sq.ft.)*

	TOTAL BUILDINGS	TOTAL SQ. FT.	AVAILABLE SQ. FT. DIRECT	VACANCY % DIRECT	AVAILABLE SQ. FT. W/SUBLEASE	VACANCY % W/SUBLEASE	DIRECT VACANCY % CHANGE 2ND-4TH QTR.
NORTH CORRIDOR							
Auburn Hills/ Rochester Hills	599	27,767,389	3,471,138	12.50%	4,008,798	14.44%	-3.15%
Madison Heights	428	10,626,139	1,755,119	16.52%	1,774,990	16.70%	-0.72%
Royal Oak Area*	661	14,772,396	2,637,580	17.85%	2,637,580	17.85%	-1.03%
Southfield/Bloomfield Twp	253	6,548,626	1,116,449	17.05%	1,201,995	18.35%	0.32%
Troy	836	20,760,054	4,070,638	19.61%	4,129,168	19.89%	-1.28%
Total Submarket	**2,777**	**80,474,604**	**13,050,924**	**16.22%**	**13,752,531**	**17.09%**	**-1.67%**
EAST CORRIDOR							
Chesterfield Twp	214	8,129,776	1,416,609	17.42%	1,799,245	22.13%	-2.45%
Clinton Twp	417	8,388,510	1,022,436	12.19%	1,022,436	12.19%	-1.92%
Fraser	263	6,303,316	1,022,204	16.22%	1,041,906	16.53%	-0.56%
Mt. Clemens	93	2,930,308	529,188	18.06%	529,188	18.06%	-0.43%
Roseville	284	6,505,937	898,229	13.81%	919,229	14.13%	-0.18%
Shelby Twp/Macomb Twp	341	8,890,199	2,021,905	22.74%	2,021,905	22.74%	-1.12%
Sterling Heights	513	16,217,706	2,248,015	13.86%	2,297,816	14.17%	-1.26%
Warren	950	29,068,987	4,040,410	13.90%	4,051,410	13.94%	-0.51%
Total Submarket	**3,075**	**86,434,739**	**13,198,996**	**15.27%**	**13,683,135**	**15.83%**	**-1.01%**
SOUTH CORRIDOR							
Brownstown Twp	55	5,585,759	2,285,655	40.92%	2,285,655	40.92%	0.66%
Dearborn/Dearborn Heights	306	11,830,449	1,675,940	14.17%	1,793,990	15.16%	-1.55%
Romulus	366	18,171,922	3,850,826	21.19%	3,898,876	21.46%	1.61%
Taylor	297	10,279,432	1,962,233	19.09%	2,012,233	19.58%	2.22%
Total Submarket	**1,024**	**45,867,562**	**9,774,654**	**21.31%**	**9,990,754**	**21.78%**	**0.82%**
WEST CORRIDOR							
Ann Arbor	346	9,451,996	1,317,738	13.94%	1,317,738	13.94%	-0.40%
Farmington/Farmington Hills	396	11,308,384	1,594,591	14.10%	1,691,832	14.96%	-2.24%
Livonia	778	28,251,102	4,968,352	17.59%	5,093,316	18.03%	0.06%
Novi	288	10,060,136	2,285,273	22.72%	2,329,958	23.16%	-1.59%
Plymouth/Canton	453	19,203,721	5,455,866	28.41%	5,535,437	28.82%	0.14%
Redford	196	6,063,303	1,145,016	18.88%	1,145,016	18.88%	1.24%
Van Buren Twp	60	5,673,406	532,334	9.38%	767,700	13.53%	-1.64%
Westland/Wayne	274	6,577,814	988,771	15.03%	1,107,771	16.84%	-1.04%
Wixom	352	10,590,675	1,723,764	16.28%	1,822,297	17.21%	-1.57%
Total Submarket	**3,143**	**107,180,537**	**20,011,705**	**18.67%**	**20,811,065**	**19.42%**	**-0.62%**
LIVINGSTON COUNTY							
Brighton/Green Oak Twp/Genoa Twp	233	6,372,302	552,903	8.68%	522,903	8.21%	0.51%
Fowlerville	18	627,716	10,250	1.63%	10,250	1.63%	-11.47%
Howell	77	2,604,634	507,217	19.51%	508,217	19.51%	-4.59%
Total Submarket	**328**	**9,604,652**	**1,071,370**	**11.15%**	**1,041,370**	**10.84%**	**-1.67%**
Total Submarket Detroit Industrial Market	**10,347**	**329,562,094**	**57,107,649**	**17.33%**	**59,278,855**	**17.99%**	**-0.81%**

**Royal Oak area includes: Hazel Park, Oak Park, Berkley, Ferndale and Royal Oak.*
Direct space does not include sublease.

Office Market

Ann Arbor

A slow economic recovery continues in the Ann Arbor office market. Tenants are looking for space, yet are slow and cautious to commit, and the tenant's market continues. Landlords are careful to renew their tenants quickly. Foreclosures are fewer, by comparison, than other Metro Detroit submarkets. Rental rates have held up better in Ann Arbor and the development community is typically conservative and well capitalized. As the Pfizer complex is absorbed over the next couple years, this market will be well positioned for recovery, and this is an excellent opportunity for corporations to secure space.

Google renewed their 81,000 sq. ft. space downtown and the Eyde Co. purchased the ADP buildings 108,000 sq. ft. on Jackson Plaza. Also, U of M Credit Union purchased/leased 34,600 sq. ft. in the Ann Arbor News building downtown.

Birmingham/Bloomfield

The desirability of this submarket has brought renewed investment and interest from various corporations. Rental rates are experiencing some pressure, but have resisted much of the drop in neighboring markets.

The Plaza of Bloomfield Hills is under construction and will add 44,500 sq. ft. at Woodward Ave. and Long Lake Rd., by A. F. Jonna Development. Sales include 2550/2500 Telegraph, 84,000 sq. ft., The Northpoint Building, 40,000 sq. ft., and 43700 Woodward, 33,000 sq. ft. Also pending sale is 21 E. Long Lake Rd, a 25,666 sq. ft. building. Many leases are for smaller spaces, under 10,000 sq. ft.. At year end, Sapient leased 8,000 sq. ft. at 135 N. Old Woodward in Birmingham. Honigman Miller leased 41,000 sq. ft. in the Pinehurst Office Center.

Dearborn

The Dearborn office market continues to experience a very high vacancy rate but there is an increase in transaction activity. Renewed stability of Ford Motor Company is necessary for the market psychology and transactions are occurring, both leases and sales, including arms-length and distressed situations.

Sanford-Brown College leased 33,000 sq. ft. in Fairlane North Technology Park and ADP Corp. leased 22,000 sq. ft. there, as well. Jackson Dawson Communications extended their 22,000 sq. ft. lease at the Parklane Towers. The 131,000 sq. ft. Dearborn Atrium Office Center was sold at auction. 17000 Executive Plaza Dr., 60,000 sq. ft., was also sold and will be redeveloped for medical use.

OFFICE RENTAL RATES
(Gross plus electric)

	CLASS A	CLASS B	CLASS C
Ann Arbor	\$19.00 to \$28.00	\$12.00 to \$24.00	\$ 8.00 to \$19.00
Birmingham/Bloomfield	\$23.00 to \$32.00	\$20.00 to \$25.00	\$15.00 to \$19.00
Dearborn	\$14.50 to \$19.50	\$14.00 to \$20.00	\$10.00 to \$14.00
Detroit	\$23.50 to \$30.00	\$19.50 to \$23.00	\$10.00 to \$14.00
Farmington/W. Bloomfield	\$19.75 to \$23.50	\$13.50 to \$18.75	\$10.00 to \$15.00
I-275 Corridor	\$19.50 to \$23.50	\$15.00 to \$18.50	\$12.50 to \$16.00
Macomb County	\$20.00 to \$25.00	\$16.00 to \$19.00	\$12.00 to \$16.00
Rochester Hills/Auburn Hills	\$18.00 to \$21.00	\$16.00 to \$18.00	\$12.00 to \$15.00
Southfield/Bingham Farms	\$19.50 to \$24.50	\$14.00 to \$17.50	\$ 9.00 to \$13.00
Troy	\$19.00 to \$23.00	\$16.00 to \$19.00	\$12.00 to \$15.00

Office Market

Detroit

The Detroit CBD and New Center submarkets continued to experience high vacancies in 2010, although significant transactions point to a better future. Quicken Loans began occupying 244,000 sq. ft. in the Compuware Building and is searching for more. GalaxE Solutions opened a Detroit office occupying 27,000 sq. ft. at 1001 Woodward Ave. The IRS leased 81,400 sq. ft. at One Detroit Center. Also, Blue Cross Blue Shield announced a consolidation of offices into the Renaissance Center, leasing over 435,000 sq. ft.

Farmington Hills/West Bloomfield

The Farmington Hills/West Bloomfield submarket held onto stability in 2010 and kept some important tenants. Vacancies increased and lease rates remained flat. Concessions are still available to tenants and opportunities at market bottom prices are seeing activity. Absorption was not brisk but kept the vacancy rate in check. Noteworthy leases include renewals with AEES leasing 24,000 sq. ft .at Farmington Hills Officentre and UBS leasing 20,795 sq. ft. at Nottingham Office Plaza. Also, Real Estate One relocated into 11,000 sq. ft. at West Bloomfield Corporate Center. Vacancy remains at 23.75% for Class A and 18.76% for Class B. At year end, several transactions are pending for spaces up to 45,000 sq. ft.

Macomb County

The Macomb office market continues to be challenged by under-performing loans, while seeing some help from a recovering automotive sector. Class A space has seen its vacancy climb to 26.83%, while Class B is 15.02%. Rental rates have declined as smaller firms have enjoyed the savings. A noteworthy transaction is General Dynamics' renewal at 36333 Mound Road for 25,224 sq. ft.

I-275 Corridor

This I-275 submarket experienced additional activity in 2010. The vacancy rate continued its decline to 19.40% from the start of the year. With no construction activity and a very desirable location, I-275 Corridor is poised for renewed strength.

Notable leases include South University leasing the entire 48,000 sq. ft. Meadowbrook Office Center, and Federal APD leased 21,600 sq. ft. at Haggerty Corridor Corporate Park III.

AVAILABLE SPACE AND VACANCY RATES – CLASS A, B & C **(Buildings above 20,000 sq. ft.)**

	TOTAL MARKET SQUARE FEET	AVAILABLE DIRECT SPACE	AVAILABLE W/SUBLEASE	VACANCY % DIRECT SPACE	% CHANGE 4TH-2ND QTR	VACANCY % W/SUBLEASE
Ann Arbor	7,549,389	933,294	1,034,942	12.36%	(0.65)	13.71%
Birmingham/Bloomfield	5,248,392	921,267	1,003,128	17.55%	(0.53)	19.11%
Dearborn	4,603,693	1,631,262	1,759,078	35.43%	1.99	38.21%
Detroit	25,910,719	5,813,031	5,955,988	22.43%	(0.06	22.99%
Farmington Hills/W. Bloomfield	7,710,144	1,567,347	1,777,234	20.33%	0.65	23.05%
I-275 Corridor	7,578,458	1,469,933	1,606,771	19.40%	(0.83)	21.20%
Macomb County	4,829,999	968,046	981,217	20.04%	(0.42)	20.32%
Rochester Hills/Auburn Hills	2,331,511	515,712	757,871	22.12%	(1.60)	32.51%
Southfield/Bingham Farms	17,953,994	5,180,491	5,600,626	28.85%	0.66	31.19%
Troy	14,256,474	4,581,692	4,931,834	32.14%	0.15	34.59%
Totals	**97,972,773**	**23,582,075**	**25,408,689**	**24.07%**	**0.07**	**25.93%**

Office Market

Rochester Hills/Auburn Hills

Renewed activity from industrial and hi-tech firms have begun to help this submarket as it recovers from the economic effects of 2008-2009. Absorption has shown signs of life and vacancy has started to drop, although still at 26.19% for Class A space. Insight Network Logistics leased 10,000 sq. ft. at Auburn Hills Corporate Center and the 24,000 sq. ft. 1849 Pond Run was sold to Montaplast North America to occupy. This submarket enjoys a growth location and is well positioned to improve, as evidenced by the significant industrial transactions that occurred in 2010.

Southfield/Bingham Farms

The Southfield/Bingham Farms submarket struggled through 2010 with good news and bad. Distressed buildings include properties up to 130,000 sq. ft. in size. Vacancy crept up to 23.91% for Class A and 33.88% for Class B. However, as the year drew to a close, more activity was in the works, or already happened. The year started with R. L. Polk announcing its commitment to relocate to 138,000 sq. ft. at Travelers Towers II. In the spring, First Mercury Financial purchased 97,000 sq. ft. at 26600 Telegraph to consolidate its Southfield operations. Microsoft extended its 21,000 sq. ft. lease at 1000 Town Center, as did Harley Ellis Devereaux, 57,000 sq. ft. at First Center.

Southfield/Bingham Farms, *Cont'd.*

The year finished with International Automotive Components leasing the 118,000 sq. ft. 28333 Telegraph building from Kojaian. Additionally, Mortgage Concepts purchased 26,500 sq. ft. at 29621 Northwestern Hwy. for relocation and growth in 2011. Additional distress is evident and sales of larger buildings are expected.

Troy

The Troy office market has held on in the Class A category as Class B continues to suffer. Class A vacancy increased a small amount to 21.68%, while Class B reached 37.05%. Rents have continued to drop and buildings that sell are traded well below replacement cost.

Doeren Mayhew announced a relocation with their purchase of 77,000 sq. ft. at Columbia Center III. Geometric Americas leased 36,000 sq. ft. at Northridge Officentre. Rockwell Automation leased 24,500 sq. ft. at 1441 W. Long Lake and Carlson Marketing renewed their lease of 36,700 sq. ft. at Troy Officentre. Troy remains a solid community with a diverse economy. With no construction activity, a recovery in this market is certain, and buildings are seeing increased activity.

CLASS A OFFICE SPACE
(Excluding Subleases)

	CLASS A AVAILABLE	VACANCY
Ann Arbor	526,109 SF	13.99%
Birmingham/Bloomfield	297,647 SF	13.07%
Dearborn	625,959 SF	29.48%
Detroit	2,447,803 SF	32.41%
Farmington/W. Bloomfield	686,145 SF	23.75%
I-275 Corridor	658,087 SF	18.46%
Macomb County	351,024 SF	26.83%
Rochester Hills/Auburn Hills	378,961 SF	26.19%
Southfield/Bingham Farms	1,610,146 SF	23.91%
Troy	937,896 SF	21.68%
TOTALS	**8,519,777 SF**	**23.68%**

Retail Market

While Southeastern Michigan may lag behind the rest of the country, recent statistics and reports have indicated that the majority of the US markets are trending towards recovery. There was a noticeable change in attitude this year from 2009, perhaps buoyed in part by the positive reports coming from the automakers, namely Ford Motor Company. While spirits appear to be improving, a major issue continues to be the constriction of the commercial credit market which has negatively impacted all facets of commercial real estate. While transactions are still taking place, many are closing with cash or seller financing.

This has impacted new development, with estimates of only 600,000+/- sq. ft. of new retail space delivered this year. The bulk of that space came online in Livonia with the redevelopment of the former Livonia Mall at the northwest corner of Seven Mile and Middlebelt Roads. Livonia Phoenix, LLC – a partnership between Konover South, out of Florida, and local developers Lormax Stern Development Company and Grand/Sakwa Properties – is building 325,000 sq. ft., anchored by a 180,000 sq. ft. Wal-Mart Supercenter along with more than 30,000 sq. ft. of new small-shop retail space. This will be Wal-Mart's second Supercenter in Livonia, with the first built a few years back when the Wonderland Mall was redeveloped at the southwest corner of Plymouth and Middlebelt Roads. Reports from the developers have indicated satisfaction with the activity and lease-up rate of the entire development.

Developers and retailers continue to be more cautious across the board; however, in addition to Wal-Mart, a number of retailers continue to look for opportunities such as LA Fitness, Planet Fitness, Plum Market, Emagine Entertainment, TJ Maxx, Hobby Lobby, Big Lots, Belle Tire, Family Dollar, Dollar General, Advance Auto Parts, AutoZone, O'Reilly Auto Parts and Aldi Food to name a few. Banking and casual development dining is nearly at a standstill, however tenants such as Panera Bread, McDonald's, Biggby Coffee, Jimmy John's, Subway, Chipotle, Qdoba, Papa John's, Tim Horton's, Five Guys Burgers and Fries, Taco Bell, etc. continue to look for new sites at a very controlled and cautious pace.

Opportunities have been created for many of these retailers by the store closures of Circuit City, Mervyn's, Office Depot, La-Z-Boy, Cost Plus, Rite-Aid, Linens 'N Things, etc. and we are starting to see some of these vacancies absorbed in the marketplace.

As a whole, the Metro Detroit market appears poised for recovery. While the recent economic struggles have had a negative impact on the retail landscape, opportunities remain and landlords and developers alike hope to be well-positioned for the eventual turnaround in the market.

AVERAGE RETAIL RENTAL RATES

	BIG BOX	COMMUNITY	NEIGHBORHOOD
Ann Arbor	\$ 7.00 to \$ 9.00	\$20.00 to \$35.00	\$15.00 to \$22.00
Birmingham	N/A	\$18.00 to \$30.00	\$16.00 to \$28.00
Canton	\$ 9.00 to \$15.00	\$12.00 to \$25.00	\$12.00 to \$22.00
Dearborn	\$ 5.00 to \$ 7.00	\$15.00 to \$17.00	\$10.00 to \$12.00
Farmington Hills	\$ 6.00 to \$ 9.00	\$14.00 to \$25.00	\$10.00 to \$15.00
Livonia	\$10.00 to \$15.00	\$15.00 to \$22.00	\$12.00 to \$22.00
Novi	\$ 6.00 to \$ 9.00	\$12.00 to \$25.00	\$15.00 to \$25.00
Southfield	\$10.00 to \$12.00	\$12.00 to \$16.00	\$14.00 to \$18.00
Shelby Twp./Sterling Heights	\$ 5.00 to \$ 7.00	\$10.00 to \$14.00	\$ 7.00 to \$12.00
Taylor	\$ 4.00 to \$ 6.00	\$12.00 to \$14.00	\$ 9.00 to \$11.00
Troy	\$10.00 to \$12.00	\$12.00 to \$16.00	\$14.00 to \$18.00
Warren/Roseville	\$ 5.00 to \$ 7.00	\$10.00 to \$14.00	\$ 7.00 to \$10.00
Westland	\$ 3.00 to \$ 6.00	\$10.00 to \$12.00	\$ 8.00 to \$10.00

CAP RATES

National Markets	Average	Quarterly Change*
Apartment	6.51%	-61
CBD Office	7.53%	-48
Regional Mall	7.58%	-23
Strip Shopping Center	7.63%	-46
Warehouse	7.98%	-40
Power Center	8.08%	-30
Suburban Office	8.17%	-23
MOB**	8.49%	-9
Net Lease	8.69%	-19
Flex/R&D	9.15%	0
Apartment Markets		
Pacific Region	6.58%	-32
Mid-Atlantic Region	6.65%	-50
Southeast Region	6.68%	-107
Office Markets		
Manhattan	6.02%	-21
Washington, DC	6.61%	-3
Los Angeles	7.46%	-30
San Francisco	7.57%	-12
Suburban Maryland	7.65%	-10
Northern Virginia	7.69%	+19
Pacific Northwest	8.25%	-16
San Diego	8.25%	-1
Denver	8.27%	-2
Boston	8.31%	-20
Chicago	8.41%	-16
Houston	8.49%	-33
Charlotte	8.53%	-21
Philadelphia	8.69%	-2
Dallas	8.75%	-1
Atlanta	8.84%	-11
Phoenix	9.23%	0
Southeast Florida	9.39%	+20

** In basis points*
*** Medical office buildings*
Source: PwC Real Estate Investor Survey

National Highlights

Risk Tolerance Improves for Noncore Assets

As investors see slight, yet promising, signs that the U.S. economy is likely to evade a double-dip recession and that the supply-demand dynamics of the still-frail commercial real estate industry have mostly bottomed, there is an increased willingness to look for buying opportunities beyond either super core markets and trophy assets or vastly distressed properties. "Interest in secondary locations, Class-B properties, and value-added Class-A plays is heating up," remarks a participant. "I'm starting to see a few buyers take on more risk," says another. Such behavior suggests that both investors and lenders are gaining more confidence in the performance of the economy and the industry as a whole.

While buyers are not yet rushing in droves to acquire noncore assets and offerings in secondary markets, riskier plays are enticing a growing number of investors as the market for trophy deals is becoming saturated with eager capital. Heading into 2010, most investors were looking to purchase assets described as either "treasures" – high-quality, well-located properties with strong occupancies and stable rent rolls – or "traumas" – assets in need of repair, tenants, capital or any combination of the three, which could be acquired well below replacement cost. "There was fierce competition at both ends of the quality spectrum, but no takers for the middle assets," states an investor.

By mid-year 2010, the anticipated number of "trauma" assets fell short, leaving cash-laden investors targeting the same few top-notch offerings and prime markets. A flight-to-quality scenario had clearly emerged. At the same time, lending markets came back to life for quality deals, helping to further fuel investment demand for trophy assets. With a limited number of stellar offerings to satisfy investor demand, competition became intense for the best assets, particularly for core trophy office towers, resulting in lower overall cap rates and higher prices. In fact, the average price of office building sales closing above $25.0 million rose 27.0% year over year in November 2010, according to Real Capital Analytics. In contrast, the average price dipped 5.0% for sales between $10.0 and $25.0 million and rose only 9.0% for sales between $5.0 and $10.0 million.

Rising prices for an evaporating pool of core offerings, a desire for higher yields, and evidence that the economy and industry are both healing are main reasons investors are looking to widen investment parameters and take on additional risk.

Investment

"We are more comfortable with the leasing markets now and are starting to look more seriously at value-added deals with moderate risk that we can manage and control well," shares an investor. In one recent value-added sale, Westcore Properties purchased the two-building, 40.0%-leased Mammoth Professional Office Park in Orange County that "it sees as positioned for the next market phase." In another value-added deal, the Class-A, 29.0%-leased Interchange Business Center in San Bernardino was acquired by a joint venture, which noted that the purchase "provided an attractive opportunity to capitalize on current market stress by acquiring a Class-A industrial space in a recovering market at a significant discount to replacement cost."

In 2011, most Survey participants expect many investors to continue to "move up the risk ladder" and look beyond core assets and prime markets for opportunities. As one long-time investor remarks, "Noncore assets have yet to experience the pricing surge currently occurring in the dominant gateway markets and could prove to be very smart investment plays at this point in the cycle."

Overall Cap Rate Analysis

The average overall capitalization (cap) rate decreased in 27 survey markets, increased in two of them, and held steady in two others over the past three months. As illustrated in Exhibit 1, the two highest decreases this quarter are reported for apartment markets – the national market and the Southeast region (declining 61 and 107 basis points, respectively). The national CBD office market also experienced a large drop this quarter due to aggressive bidding on the part of eager buyers for core assets, low interest rates, and an improved lending environment.

Although an increasing number of investors are expanding acquisition searches to include secondary markets and "impaired" assets, cap rate compression continues to mainly occur for better-positioned and well-located assets that exhibit stable rent rolls and limited near-term leasing risk.

Looking Forward

Strong buyer interest, combined with the reopening of the debt markets, continues to be recognized in investors' expectations that overall cap rates will either hold steady or decline over the next six months. As shown in Exhibit 2, Survey participants expect overall cap rates to hold steady in 24 of the Survey's 31 markets over the next six months. While four markets report the potential for decreases in the near term, none are expected to realize increases.

Markets where the majority of participants expect overall cap rates to decline in the near term include the national CBD office market (down as much as 50 basis points), the Charlotte office market (down as much as 110 basis points), the San Francisco office market (down as much as 100 basis points), and the Chicago office market (down as much as 50 basis points).

Key Indicator Breakout

Average overall cap rates remain lower for most CBD submarkets than for their suburban counterparts since higher barriers to entry and a lack of land for new development tend to keep supply and demand a bit more balanced in a market's CBD. As a result, CBD assets typically achieve higher rental rates. In addition, downtown cores tend to provide better forms of mass transportation and embody a 24-hour, live-work lifestyle that appeals to many individuals and firms. As a result, CBD assets are generally perceived as providing less investment risk – less risk, lower overall cap rate.

Local Market

Only 17 investment properties over $2,000,000 sold in Metro Detroit in the second half of 2010. Four office transactions closed with cap rates from 8.7% to 20% with sales per square foot prices of $49 to $380. Nine retail properties sold with cap rates from 7.88% to 14.36% and sales per square foot prices of $14 to $387. Two self storage properties traded with cap rates of 8.29% and 10.00%. Finally, two multi-family properties sold with cap rates of 10% and 11% and sales prices per unit of $20,714 and $30,256.

Signature Advisory Services

Signature Advisory Services provides clients with a comprehensive range of professional project and construction management related services, all specifically tailored to meet the exact requirements of each individual client and the project environment. The project manager has no other business objectives than to act in the best interest of the client, thus allowing the client to concentrate on core business responsibilities.

Advisory Services' guiding principle is to add value at each step of an assignment. By remaining focused on the clients operational and financial objectives, Project Management creates and preserves value, effectively controlling each assignment, providing responsive services to clients and ensuring that value for money, quality of facility and project scheduling are optimized throughout the entire process.

A range of services we provide to clients are:

- Development Consulting
- Traditional Design/Bid/Build Project Management
- Project Monitoring
- Construction Monitoring
- Cost Management
- Relocation Management
- Project Consultancy

Property/Asset Management

With the trajectory of rental rates settling to new lows over the last several years, the ability to preserve the viability of commercial property has shifted from expected increases in rental rates to a focus on controlling costs. Now, more than ever, the Signature Team is dedicated to delivering services efficiently.

Controlling and reducing costs stems from a dedication to scrutinize every expense line item, and a willingness to explore creative solutions. Even the most ordinary operating expenses, which are typically reimbursed by tenants, cannot be ignored. As occupancy rates have fallen, a greater portion of these costs are borne by building owners, while from a market perspective, every penny saved in pass-through expenses is crucial in competing for available tenants.

Our strategies for reducing expenses include:

- Aggressive bidding of all services, projects, and improvements.
- Bundling services for multiple properties to achieve savings
- Bundling of supplies and material purchases to procure favorable pricing
- Coordinating tax appeals where applicable
- Monitoring energy costs and market pricing and purchasing through 3rd party suppliers when it is advantageous to our clients.
- Packaging insurance coverage to achieve the most competitive rates

These are just some of the most common savings that apply to most properties. On a property by property basis, we continually seek creative and economical solutions to the unique repair issues that define property management. In addition, with proactive property owners we have been able to take advantage of current incentives to upgrade mechanical systems and energy-related building components. These incentives serve to reduce the payback period for such capital outlays and ultimately lead to terrific savings in energy costs that benefit the property now and for years to come.

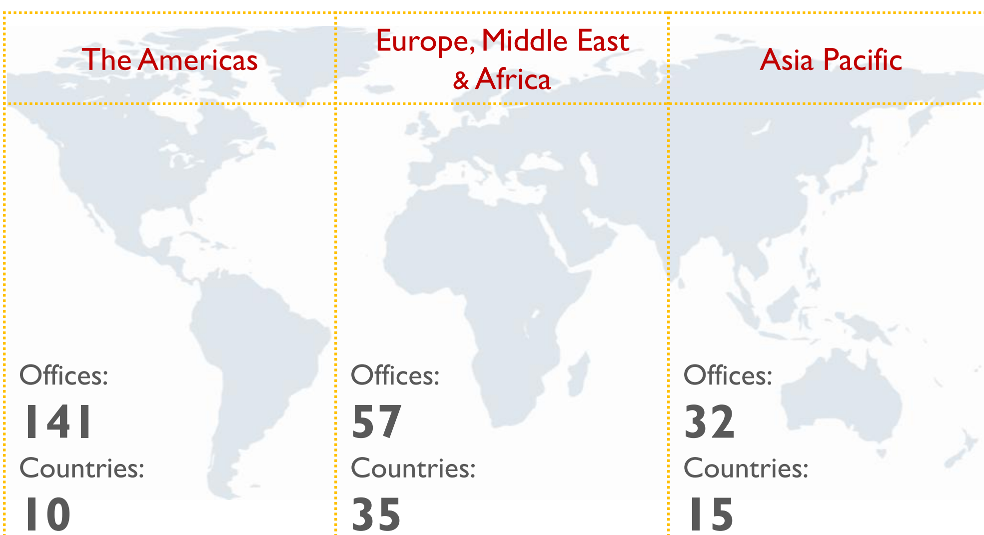
The bottom line is to leave no stone unturned when seeking ways to reduce expenses and produce the best possible return for our clients.

Global Coverage

Established in 1989, Signature Associates is the leading full-service commercial real estate firm specializing in Michigan and Northwest Ohio. Headquartered in Southfield, with offices in Lansing, Grand Rapids, Muskegon, Kalamazoo, Holland, Michigan and Toledo, Ohio. Signature provides a diversity of services including industrial, office and retail brokerage, investment and business sales, property/asset management, advisory services and mortgage banking.

Signature Associates is an alliance member of Cushman & Wakefield, the world's preeminent commercial real estate services firm. In addition to our offices located in Michigan and northwest Ohio, we are able to service all of your real estate needs on a global basis through Cushman & Wakefield's 230 offices in 60 countries.

Our alliance provides invaluable national and international exposure of our inventory and generates a constant stream of tenant and buyer leads. In addition, it provides our clients with access to information regarding commercial markets trends, investment and financing sources, and tenants and leasing opportunities across the nation and around the world.



The Americas	Europe, Middle East & Africa	Asia Pacific
Offices: **141**	Offices: **57**	Offices: **32**
Countries: **10**	Countries: **35**	Countries: **15**

Office Locations

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KALAMAZOO
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