

INDUSTRIAL MARKET REVIEW



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METROPOLITAN DETROIT

INDUSTRIAL SNAPSHOT | Q1 2016

ECONOMIC OVERVIEW

First quarter 2016 closed with a direct vacancy rate of 7.20% a decrease of 1.22 percentage points compared to this same time one year ago. In March, the Michigan unemployment rate recorded at 4.8%, a considerable decrease compared to 5.9% recorded at this same time last year. For the first time since 2001, the unemployment rate has been under 5.0% in the State of Michigan. The U.S. also recorded an unemployment rate of 4.9%, its lowest level since 2008. Jobless applications have slightly risen this quarter, but are still down by 7.0% compared to this time last year. Also in the month of January, 30 out of 50 states added jobs, as a result, unemployment fell in 28 states. U of M economists estimate the State unemployment rate to be 4.8% for 2016 and 4.5% by the end of 2017 based on the number of jobs expected to be added.

INDUSTRIAL MARKET DISCUSSION

Several large lease deals were signed with the largest being a 200,000 sf lease to Technicolor Videocassette of Michigan Inc., who leased manufacturing space located at 2500 Enterprise Drive in Allen Park. While in Brownstown Twp., Amazon inked a deal totaling 157,724 sf at 19991 Brownstown Business Center Drive and Guardian Industries, Corp. leased 130,600 sf located at 17950 Dix-Toledo Road. Lastly, in Westland, Great Lakes Air Production leased 102,015 sf of warehouse/distribution space at 1515-1625 Newburgh Road.

The largest sales transaction was an investment sale of the 530,544 sf manufacturing facility located at 32500 Van Born Road in Wayne which sold to Industrial Realty Group, LLC. In Allen Park, a 300,000 sf warehouse/distribution building sold to International Wholesale, Inc. located at 24200 W. Outer Drive. Lastly, in Farmington Hills a 3-building portfolio sale of the Discovery Centre Buildings totaling 165,016 sf sold as an investment to Century Companies.

OUTLOOK

The automotive industry experienced an increase in sales with 1.59M vehicles sold in March, which is a 3.2% increase from one year ago. Both Ford Motor Company and Fiat Chrysler Automobiles saw an increase in sales by 8% and General Motors was up by 0.9% compared to one year ago. The Big 3 continue to announce ideas, innovative designs, new developments and cutting edge technology that will ensure their growth as industry leaders.

Solid leasing and sales activity in the industrial market has created an increased demand in speculative construction. The growing need for available space continues to flourish, as existing inventory continues to shrink. In Macomb County, the Cherry Creek Corporate Park has 3 large speculative buildings under construction ranging from 56,000-122,000 sf with completion dates expected by 3Q16. Several other projects remain under construction with completion dates forecasted by the end of 4Q16.

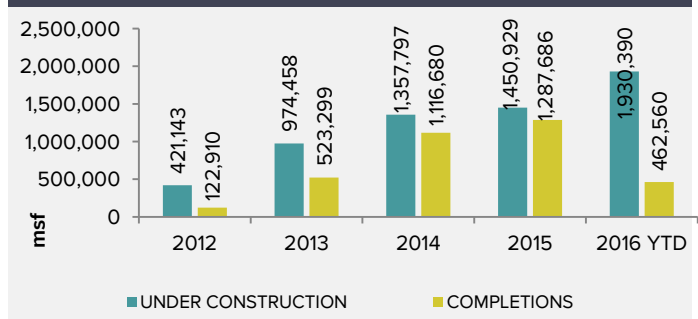
STATS ON THE GO

	Q1 2015	Q1 2016	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	8.76%	7.30%	-1.46 pp	▼
Direct Asking Rents (psf/yr)	\$5.01	\$5.54	10.6%	▲
YTD Leasing Activity (sf)	1,868,551	1,154,254	-38.2%	▼

UNDER CONSTRUCTION

BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION DATE
15000 W. Eight Mile Rd. North Corridor	Oak Park	300,000	October 2016
29470 S. Hill Rd. I-96 Corridor	New Hudson	281,502	August 2016
30020 Cabot Dr. I-96 Corridor	Novi	180,000	March 2017

UNDER CONSTRUCTION VS. COMPLETION



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DIRECT VACANCY RATES | Q1 2016



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INDUSTRIAL STATISTICS | Q1 2016

Submarket: Buildings 5,000 Sq. Ft. & Up	Total Buildings	Total Inventory Square Feet	Available Square Feet Overall	Vacancy % Overall	Available Square Feet Direct	Vacancy % Direct	Direct Vacancy % Change 4 th - 1 st Quarter
NORTH CORRIDOR							
Auburn Hills	319	20,745,038	1,093,273	5.27%	1,078,786	5.20%	0.51%
Madison Heights	427	10,694,779	724,070	6.77%	714,350	6.68%	0.71%
Orion Twp/Lake Orion	63	4,519,822	44,261	0.98%	44,261	0.98%	-0.83%
Rochester/Rochester Hills	303	9,662,256	446,788	4.62%	446,788	4.62%	-0.73%
Royal Oak Area*	664	14,899,752	632,856	4.25%	632,856	4.25%	-0.39%
Southfield/Bloomfield Twp	262	6,926,380	658,383	9.51%	658,383	9.51%	-1.85%
Troy	835	20,793,989	1,127,682	5.42%	1,099,281	5.29%	-0.38%
TOTAL SUBMARKET	2,873	88,242,016	4,727,313	5.36%	4,674,705	5.30%	-0.21%
EAST CORRIDOR							
Chesterfield Twp	222	8,263,713	1,125,143	13.62%	1,125,143	13.62%	-1.16%
Clinton Twp	431	8,596,265	243,571	2.83%	243,571	2.83%	0.05%
Fraser	258	6,270,838	221,364	3.53%	221,364	3.53%	-0.62%
Mt. Clemens	94	2,929,232	703,963	24.03%	703,963	24.03%	0.0%
Roseville	278	6,565,186	435,844	6.64%	435,844	6.64%	0.77%
Shelby Twp/Macomb Twp	360	9,775,404	504,050	5.16%	393,550	4.03%	-0.12%
Sterling Heights	520	16,698,979	757,887	4.54%	757,887	4.54%	0.88%
Warren	959	30,355,489	1,940,621	6.39%	1,926,621	6.35%	0.53%
TOTAL SUBMARKET	3,122	89,455,106	5,932,443	6.63%	5,807,943	6.49%	0.23%
SOUTH CORRIDOR							
Brownstown Twp	57	5,507,005	18,951	0.34%	18,951	0.34%	-2.38%
Dearborn/Dearborn Heights	305	11,551,557	1,105,697	9.57%	1,105,697	9.57%	-1.50%
Romulus	371	18,685,261	1,175,519	6.29%	1,175,519	6.29%	-1.25%
Taylor	300	10,628,314	542,599	5.11%	542,599	5.11%	0.27%
TOTAL SUBMARKET	1,033	46,372,137	2,842,766	6.13%	2,842,766	6.13%	-1.10%
WEST CORRIDOR							
Ann Arbor	365	10,388,639	771,555	7.43%	763,145	7.35%	0.84%
Farmington/Farmington Hills	408	11,579,714	1,151,153	9.94%	1,151,153	9.94%	0.42%
Livonia	793	30,062,637	4,382,804	14.58%	4,302,339	14.31%	2.82%
Plymouth/Canton	469	19,849,390	1,624,496	8.18%	1,609,046	8.11%	0.31%
Redford	197	4,877,113	370,559	7.60%	370,559	7.60%	0.31%
Van Buren Twp	61	6,020,966	153,292	2.55%	153,292	2.55%	0.44%
Wayne/Westland	272	6,547,660	317,285	4.85%	218,085	3.33%	-0.60%
TOTAL SUBMARKET	2,565	89,326,119	8,771,144	9.82%	8,567,619	9.59%	1.20%
I-96 CORRIDOR							
Brighton/Genoa Twp/Green Oak Twp	249	6,735,781	244,794	3.63%	244,794	3.63%	-0.04%
Fowlerville/Howell	111	4,008,033	416,562	10.39%	416,562	10.39%	0.0%
Lyon Twp/South Lyon/Milford/New Hudson	117	3,131,273	329,960	10.54%	329,960	10.54%	-0.70%
Novi	306	11,267,233	1,259,740	11.18%	1,259,740	11.18%	-0.50%
Walled Lake/Commerce Twp	200	4,504,978	456,587	10.14%	456,587	10.14%	-1.13%
Wixom	356	10,949,648	877,709	8.02%	877,709	8.02%	-0.03%
TOTAL SUBMARKET	1,339	40,596,946	3,585,352	8.83%	3,585,352	8.83%	-0.34%
METRO DETROIT INDUSTRIAL MARKET TOTAL	10,932	353,992,324	25,859,018	7.30%	25,478,385	7.20%	0.13%

*Royal Oak Area includes: Berkley, Ferndale, Hazel Park, Oak Park and Royal Oak.

Please note: The increase in the total market inventory square footage is the result of Signature Associates performing a comprehensive building market analysis.

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TOP SALES & LEASES | Q1 2016

TOP SALE TRANSACTIONS

Building	City	Market	Size/SF	Sale Type	Buyer
32500 Van Born Road	Wayne	West	530,544	Investment	Industrial Realty Group, LLC
24200 Outer Drive	Allen Park	West	300,000	User	IWI 24200, LLC
Discovery Centre (3 Bldg. Portfolio)	Farmington Hills	West	165,016	Investment	Century Companies
Hills Tech Drive (5 Bldg. Portfolio)	Farmington Hills	West	133,433	Investment	Hillside Investments
35901 Schoolcraft Road	Farmington Hills	West	95,029	User	Rayhaven Equipment

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
2500 Enterprise Drive	Allen Park	West	200,000	Direct	Technicolor Videocassette of Michigan, Inc.
19991 Brownstown Business Center	Brownstown Twp.	South	157,724	Direct	Amazon
17950 Dix-Toledo Road	Brownstown Twp.	South	130,600	Direct	Guardian Industries, Corp.
1515-1625 Newburgh Road	Westland	West	102,015	Direct	Great Lakes Air Production
15120 Commerce Drive	Dearborn	South	49,380	Direct	Rivian Automotive

QUICK FACTS



4.8%

**MICHIGAN
UNEMPLOYMENT
RATE**



5.0%

**UNITED STATES
UNEMPLOYMENT
RATE**



1.9M

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