

INDUSTRIAL MARKET REVIEW



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METROPOLITAN DETROIT

INDUSTRIAL SNAPSHOT | Q2 2016

ECONOMIC OVERVIEW

Second quarter 2016 closed with a direct vacancy rate of 6.31%, and an average asking direct rental rate reported at \$5.94 psf. In June, the Michigan unemployment rate was recorded at 4.6%, a considerable decrease of 0.7% compared to this same time last year, as the workforce continues to expand, strengthen, and employers pursue an increase in hiring activity. The U.S. unemployment rate is recorded at 4.9%. During the month of June it was reported that 287,000 jobs were added, being the largest increase since October 2015. The U.S. economy grew slightly faster than previously expected at the start of the year and economists project the growth to be around 2.5 percent for the current quarter.

INDUSTRIAL MARKET DISCUSSION

Several large leases were signed this quarter with the largest being a 711,547 sf lease of warehouse/distribution space to Topvalco, Inc. at 26090 23 Mile Road in Chesterfield Twp. In Auburn Hills, Dana Driveshaft Manufacturing, LLC signed a lease for 144,400 sf of manufacturing space at 4440 N. Atlantic Boulevard. Lastly in Warren, Lipari Foods, LLC inked a deal for 83,361 sf of warehouse/distribution space at 12850 E. Nine Mile Road.

A considerable number of sales closed the quarter. First in Romulus, Cypress Properties, LLC purchased the 187,011 sf warehouse/distribution building located at 30400 Cypress Road as an investment. While in Livonia, Alta Equipment Company purchased a 155,433 sf warehouse/distribution building and will occupy the facility located at 13211 Merriman Road. Lastly, in Auburn Hills, Burton-Katzman purchased the 128,000 sf hi-tech building at 3300 University Drive as an investment.

OUTLOOK

Recently, Michigan was recorded as this year's most improved state for business and ranked seventh overall, up from 22nd place in 2015, according to a national report by CNBC. After spending several years in a declining economy, jobs are beginning to resurge at a strong pace with the driving factor in large part due to the automotive industry. Despite the strong presence and uptick in manufacturing jobs, Michigan has also become a magnet for innovation. In addition, advancements in the following categories have further improved compared to 2015: cost of doing business, quality of life, technology and innovation, education and business friendliness. It was recently

announced that Michigan's bioscience industry, which includes research and hi-tech testing facilities, has seen a gain of 5.7% in employment since 2014.

The local automotive companies continue to announce plans for investment and technology being utilized at their manufacturing facilities. Fiat Chrysler Automobiles has plans to invest \$74.7M at their Trenton North Engine Plant, while Ford Motor Company intends to invest \$1.6B at their Livonia and Ohio plants, while creating or maintaining 650 jobs. Auto sales are expected to exceed 17 million units through 2018. OEM will develop 58 new cars and trucks annually over the next 4 years, expected to surpass historical averages.

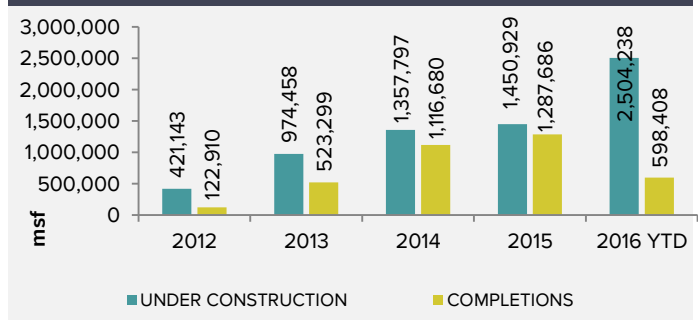
STATS ON THE GO

	Q2 2015	Q2 2016	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	7.99%	6.43%	-1.56%	▼
Direct Asking Rents (psf/yr)	\$5.14	\$5.94	15.6%	▲
YTD Leasing Activity (sf)	7,060,476	5,473,327	-22.5%	▼

UNDER CONSTRUCTION

BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION DATE
1400 E. 10 Mile Rd. North Corridor	Hazel Park	575,000	December 2016
15000 W. 8 Mile Rd. North Corridor	Oak Park	300,000	October 2016
29470 S. Hill Rd. I-96 Corridor	New Hudson	255,969	August 2016

UNDER CONSTRUCTION VS. COMPLETION



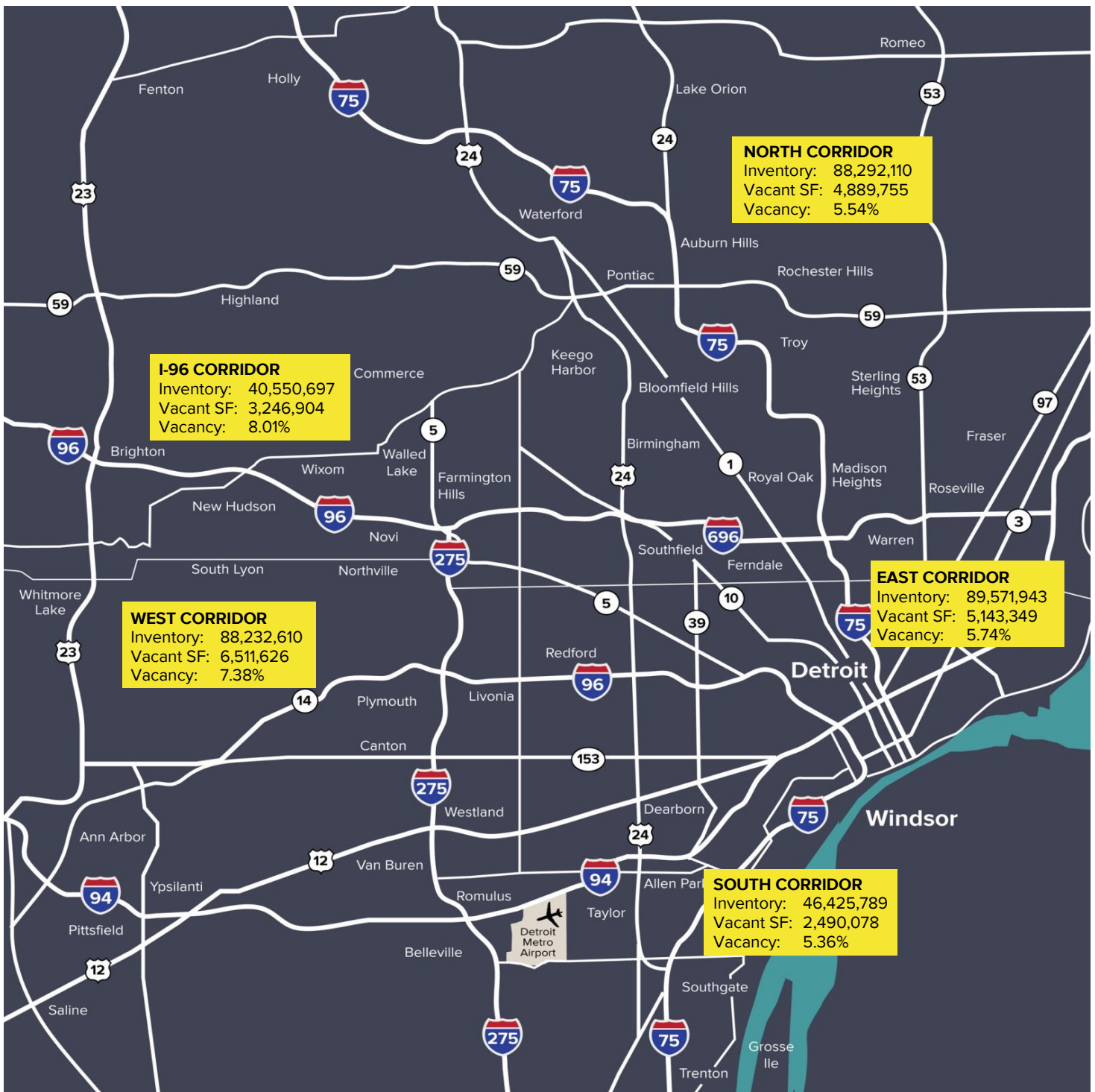
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DIRECT VACANCY RATES | Q2 2016



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INDUSTRIAL STATISTICS | Q2 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 1 st – 2 nd Quarter
NORTH CORRIDOR							
Auburn Hills	332	20,770,834	1,282,310	6.17%	1,268,360	6.11%	0.91%
Madison Heights	427	10,730,651	662,135	6.17%	652,415	6.08%	-0.60%
Orion Twp/Lake Orion	63	4,520,131	75,148	1.66%	75,148	1.66%	0.68%
Rochester/Rochester Hills	303	9,662,891	467,444	4.84%	467,444	4.84%	0.22%
Royal Oak Area*	664	14,894,536	622,413	4.18%	616,913	4.14%	-0.11%
Southfield/Bloomfield Twp	262	6,973,370	539,156	7.73%	539,156	7.73%	-1.78%
Troy	833	20,739,697	1,283,019	6.19%	1,270,319	6.13%	0.84%
TOTAL SUBMARKET	2,874	88,292,110	4,931,625	5.59%	4,889,755	5.54%	0.24%
EAST CORRIDOR							
Chesterfield Twp	222	8,261,702	463,471	5.61%	463,471	5.61%	-8.01%
Clinton Twp	431	8,535,243	228,714	2.68%	228,714	2.68%	-0.15%
Fraser	258	6,236,838	311,254	4.99%	311,254	4.99%	1.46%
Mt. Clemens	94	2,929,232	698,826	23.86%	698,826	23.86%	-0.17%
Roseville	278	6,585,136	490,872	7.45%	490,872	7.45%	0.81%
Shelby Twp/Macomb Twp	360	9,773,104	341,240	3.49%	230,740	2.36%	-1.67%
Sterling Heights	521	16,766,309	804,236	4.80%	804,236	4.80%	0.26%
Warren	963	30,484,379	1,915,236	6.28%	1,915,236	6.28%	-0.07%
TOTAL SUBMARKET	3,127	89,571,943	5,253,849	5.87%	5,143,349	5.74%	-0.75%
SOUTH CORRIDOR							
Brownstown Twp	57	5,507,005	156,344	2.84%	156,344	2.84%	-2.5%
Dearborn/Dearborn Heights	305	11,554,025	871,150	7.54%	829,950	7.18%	-2.39%
Romulus	372	18,690,499	953,254	5.10%	934,954	5.00%	-1.29%
Taylor	300	10,674,260	568,830	5.33%	568,830	5.33%	0.22%
TOTAL SUBMARKET	1,034	46,425,789	2,549,578	5.49%	2,490,078	5.36%	-0.77%
WEST CORRIDOR							
Ann Arbor	364	10,342,908	666,416	6.44%	612,646	5.92%	-1.43%
Farmington/Farmington Hills	405	11,504,148	2,545,942	8.78%	2,465,477	8.5%	-5.81%
Livonia	790	29,009,600	1,600,149	5.70%	1,519,684	5.42%	-7.89%
Plymouth/Canton	469	19,837,233	1,455,722	7.34%	1,455,722	7.34%	-0.77%
Redford	197	4,961,885	515,491	10.39%	515,491	10.39%	2.79%
Van Buren Twp	61	6,020,966	74,377	1.24%	74,377	1.24%	-1.31%
Wayne/Westland	272	6,555,870	216,940	3.31%	216,940	3.31%	-0.02%
TOTAL SUBMARKET	2,558	88,232,610	6,645,861	7.53%	6,511,626	7.38%	-2.21%
I-96 CORRIDOR							
Brighton/Genoa Twp/Green Oak Twp	249	6,734,062	230,163	3.42%	230,163	3.42%	-0.21%
Fowlerville/Howell	111	4,008,033	305,482	7.62%	305,482	7.62%	-2.77%
Lyon Twp/South Lyon/Milford/New Hudson	117	3,130,113	339,737	10.85%	339,737	10.85%	0.31%
Novi	306	11,282,802	1,141,392	10.12%	1,141,392	10.12%	-1.06%
Walled Lake/Commerce Twp	200	4,464,924	176,324	3.95%	176,324	3.95%	-6.18%
Wixom	356	10,930,763	1,134,806	10.38%	1,053,806	9.64%	1.62%
TOTAL SUBMARKET	1,339	40,550,697	3,327,904	8.21%	3,246,904	8.01%	-0.82%
METRO DETROIT INDUSTRIAL MARKET TOTAL	10,932	353,073,149	22,708,817	6.43%	22,281,712	6.31%	-0.89%

*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 | Q2 2016

TOP SALE TRANSACTIONS

Building	City	Market	Size/SF	Sale Type	Buyer
30400 Cypress Road	Romulus	South Corridor	187,011	Investment	Cypress Properties, LLC
13211 Merriman Road	Livonia	West Corridor	155,433	User	Alta Equipment Company
3300 University Drive	Auburn Hills	North Corridor	128,000	Investment	Burton-Katzman
1925 Taylor Road	Auburn Hills	North Corridor	125,000	Investment	SS Holdings of Southwest Florida, LLC
1799-1855 Northfield Drive (2 Bldg. Portfolio)	Rochester Hills	North Corridor	67,350	Investment	Professional Property Management

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
26090 23 Mile Road	Chesterfield Twp.	East Corridor	711,547	Direct	Topvalco, Inc.
4440 North Atlantic Boulevard	Auburn Hills	North Corridor	144,400	Direct	Dana Driveshaft Manufacturing, LLC
12850 E. Nine Mile Road	Warren	East Corridor	83,361	Direct	Lipari Foods, LLC
30120 Cartier Drive	Novi	I-96 Corridor	75,000	Direct	BLM Group
41873 Ecorse Road	Van Buren Twp.	West Corridor	52,924	Direct	Bridgestone Americas Tire Operations, LLC

QUICK FACTS



4.6%

**MICHIGAN
UNEMPLOYMENT
RATE**



4.9%

**UNITED STATES
UNEMPLOYMENT
RATE**



2.5M

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UNDER
CONSTRUCTION**

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