

INDUSTRIAL MARKET REVIEW

METROPOLITAN DETROIT



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INDUSTRIAL SNAPSHOT | Q4 2016

ECONOMIC OVERVIEW

Fourth quarter 2016 closed with a direct vacancy rate of 5.81%, and an average asking direct rental rate reported at \$6.02 psf. In November, the Michigan unemployment rate was recorded at 4.9% compared 5.1% this time last year. The National unemployment rate recorded at 4.6% in November, a 43-year low, evidence that employers remain confident in the improving economy and are taking measures to retain and build their workforce. In December, U.S. census data released indicated that Michigan's population has increased for the fifth straight year in a row. As of 2016, Michigan is the tenth most populous state with a recent gain of 10,585 residents for a total of 9.9M, while the U.S. population grew by 0.7% to 323.1M.

INDUSTRIAL MARKET DISCUSSION

Leasing activity closed the quarter on a positive note with several deals inked. In the West Corridor, Amazon announced a 1,000,000 sf build-to-suit at 13000 Eckles Road in Livonia for their planned regional fulfillment center. Slater Tire leased 37,000 sf located at 1552 Superior Parkway in Westland, while Thermal Solutions leased 32,736 sf at 35255 Glendale Street in Livonia with both deals being warehouse/distribution space. In the North Corridor Faurecia Interior Systems signed a deal for 34,796 sf of warehouse/distribution space at 2325 Featherstone Road.

Several investment transactions took place this quarter with the largest two being warehouse/distribution. First, Plymouth 848, LLC purchased the 866,000sf building at located at 41100 Plymouth Road in Plymouth and Novi Nine Mile Associates, LLC purchased the 318,390 sf building located at 43155-43157 W. Nine Mile Road. The largest owner/user sale totaling 108,850 sf took place at 13500 Huron Street in Taylor purchased by Hearn Industrial Services, Inc.

OUTLOOK

Exciting news was released this quarter as Amazon announced plans for a 1,000,000 sf build-to-suit regional fulfillment center in Livonia. After being awarded up to \$7.5M in performance grants from the state, it is expected to create up to 1,000 full-time jobs through the year 2020 with plans to invest up to \$90M. Other announcements this quarter include the \$100M expansion of Eberspacher North America in Brighton as their facility was expanded to 340,000 sf, Mopar Parts Distribution's \$10.4M, 500,000 sf build-to-suit is currently under construction in Romulus with completion set for summer 2017, and Lear has

opened an innovation center in Capital Park in downtown Detroit and will be used as a creative hub.

Automotive sales set a new record in 2016 with 17.55M vehicles sold. The outlook for 2017 remains extremely optimistic as the state of Michigan focuses on growing and expanding businesses. A recent forecast released by the University of Michigan based on current market conditions noted it is expected that job growth will continue in our state over the next 2 years and will add 41,600 jobs during 2017 and 50,000 in 2018. It is also expected that automotive sales will increase from an originally projected 7.4M vehicles this year to 7.5M over the next 2 years.

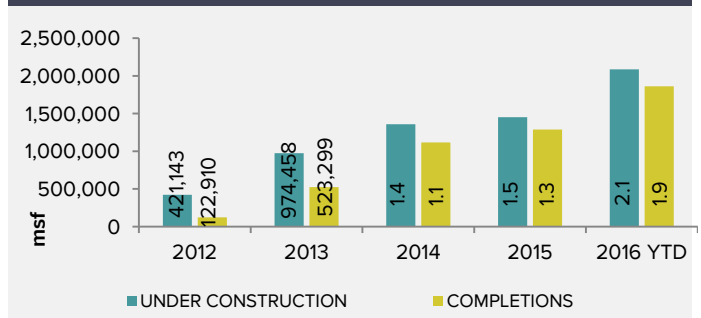
STATS ON THE GO

	Q2 2016	Q4 2016	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	6.43%	6.01%	-0.42%	▼
Direct Asking Rents (psf/yr)	\$5.94	\$6.02	1.33%	▲

UNDER CONSTRUCTION

BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION DATE
1400 E. 10 Mile Road North Corridor	Hazel Park	575,000	March 2017
Pennsylvania Road South Corridor	Romulus	500,000	August 2017
Shelby Parkway East Corridor	Shelby Twp.	134,400	June 2017

UNDER CONSTRUCTION VS. COMPLETION



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INDUSTRIAL STATISTICS | Q4 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 3 rd - 4 th Quarter
NORTH CORRIDOR							
Auburn Hills	323	20,786,640	809,788	3.90%	802,888	3.86%	-0.08%
Madison Heights	428	10,766,167	506,260	4.70%	506,260	4.70%	-0.66%
Orion Twp/Lake Orion	64	4,550,131	13,620	0.30%	13,620	0.30%	-0.65%
Rochester/Rochester Hills	305	9,744,839	798,556	8.19%	649,065	6.66%	1.37%
Royal Oak Area*	664	14,828,798	850,876	5.74%	845,376	5.70%	-2.87%
Southfield/Bloomfield Twp	262	6,993,084	624,225	8.93%	624,225	8.93%	1.78%
Troy	831	20,718,075	1,189,408	5.74%	1,176,708	5.68%	0.90%
TOTAL SUBMARKET	2,877	88,387,734	4,792,733	5.42%	4,618,142	5.22%	-0.14%
EAST CORRIDOR							
Chesterfield Twp	223	8,240,032	286,939	3.48%	286,939	3.48%	-1.01%
Clinton Twp	431	8,589,006	193,398	2.25%	193,398	2.25%	-0.44%
Fraser	258	6,234,561	335,778	5.39%	335,778	5.39%	0.59%
Mt. Clemens	95	2,938,563	761,234	25.90%	761,234	25.90%	-0.23%
Roseville	277	6,571,886	410,233	6.24%	410,233	6.24%	-0.18%
Shelby Twp/Macomb Twp	360	9,740,701	484,512	4.97%	454,512	4.67%	0.95%
Sterling Heights	521	16,760,077	475,832	2.84%	475,832	2.84%	-2.03%
Warren	963	30,322,074	1,995,707	6.58%	1,962,407	6.47%	0.57%
TOTAL SUBMARKET	3,128	89,396,900	4,943,633	5.53%	4,880,333	5.46%	-0.20%
SOUTH CORRIDOR							
Brownstown Twp	58	5,513,404	168,376	3.05%	168,376	3.05%	0.11%
Dearborn/Dearborn Heights	305	11,572,593	830,472	7.18%	789,272	6.82%	0.45%
Romulus	376	19,245,639	1,166,210	6.06%	1,166,210	6.06%	-0.10%
Taylor	301	10,675,829	466,422	4.37%	466,422	4.37%	-1.15%
TOTAL SUBMARKET	1,040	47,007,465	2,631,480	5.60%	2,590,280	5.51%	-0.18%
WEST CORRIDOR							
Ann Arbor	365	10,337,690	506,783	4.90%	442,043	4.28%	-1.34%
Farmington/Farmington Hills	406	11,579,798	1,119,424	9.67%	1,119,424	9.67%	0.79%
Livonia	793	29,011,672	1,449,118	4.99%	1,368,653	4.72%	0.32%
Plymouth/Canton	469	19,767,925	2,068,610	10.46%	2,068,610	10.46%	1.33%
Redford	197	4,966,910	257,498	5.18%	257,498	5.18%	-2.75%
Van Buren Twp	61	6,020,966	89,846	1.49%	89,846	1.49%	0.00%
Wayne/Westland	273	6,533,593	697,835	10.68%	565,595	8.66%	0.38%
TOTAL SUBMARKET	2,564	88,218,554	6,189,114	7.02%	5,911,669	6.70%	0.22%
I-96 CORRIDOR							
Brighton/Genoa Twp/Green Oak Twp	251	6,824,071	185,927	2.72%	185,927	2.72%	-0.47%
Fowlerville/Howell	112	4,043,151	148,503	3.67%	148,503	3.67%	-0.96%
Lyon Twp/South Lyon/Milford/New Hudson	115	3,267,928	189,299	5.79%	189,299	5.79%	-2.31%
Novi	305	11,277,209	1,219,752	10.82%	1,063,552	9.43%	-0.69%
Walled Lake/Commerce Twp	200	4,471,741	82,492	1.84%	82,492	1.84%	-0.31%
Wixom	359	11,144,482	889,934	7.99%	889,934	7.99%	0.41%
TOTAL SUBMARKET	1,342	41,028,582	2,715,907	6.62%	2,559,707	6.24%	-0.46%
METRO DETROIT INDUSTRIAL MARKET TOTAL	10,951	354,039,235	21,272,867	6.01%	20,560,131	5.81%	-0.10%

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

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TOP SALES & LEASES | Q4 2016

TOP SALE TRANSACTIONS

Building	City	Market	Size/SF	Sale Type	Buyer
41100 Plymouth Road	Plymouth	West Corridor	866,000	Investment	Plymouth 848, LLC
43155-43157 Nine Mile Road	Novi	I-96 Corridor	318,390	Investment	Novi Nine Mile Associates, LLC
12301 Farmington Road	Livonia	West Corridor	255,000	Investment	Undisclosed
1415 Durant Street	Howell	I-96 Corridor	125,280	Investment	Burton-Katzman Development
13500 Huron Street	Taylor	South Corridor	108,850	User	Hearn Industrial Services, Inc.

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
13000 Eckles Road	Livonia	West Corridor	1,000,000	Direct	Amazon
1552 Superior Parkway	Westland	West Corridor	37,000	Direct	Slater Tire
2325 Featherstone Road	Auburn Hills	North Corridor	34,796	Direct	Faurecia Interior Systems
35255 Glendale Street	Livonia	West Corridor	32,736	Direct	Thermal Solutions
6250 Fifteen Mile Road	Sterling Heights	East Corridor	31,736	Direct	Nachi America, Inc.

QUICK FACTS



4.9%

**MICHIGAN
UNEMPLOYMENT
RATE**



4.6%

**UNITED STATES
UNEMPLOYMENT
RATE**



2.1M

**INDUSTRIAL SF
UNDER
CONSTRUCTION**

The Commitment You Want
The Results You Need

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