Industrial Market Report
West Michigan | Q2 2018
Industrial Market Trends

It is hard to believe that over half of 2018 is already in the books and we are rapidly charging into the third quarter of the year. The first six months of 2018 saw continued and robust activity in the Industrial Real Estate Sector. Vacancies remain at an all-time low while construction and existing for sale product pricing was at an all-time high.

More and more speculative product is beginning to find its way into the market with rents now being supportive of the new construction prices. Many of the new speculative construction buildings are experiencing immediate interest from tenants in the market and many of them are being built with signed leases already in place for a portion of the space. The vast majority of the speculative development has been on the southeast side of town, but there is some rumbling of potential new product hitting the market in other areas of West Michigan as well. The construction firms remain busy and lead times for new projects remain high. Planning is paramount in importance when looking forward at potential space acquisition.

It is anticipated that the balance of 2018 will continue the trend we have seen over the first two quarters of this year. While interest rates are trending upwards, that does not seem to be dampening the appetite for industrial real estate in the West Michigan market. It remains to be seen what impact the tariff talk from Washington has on our market, but to date, demand continues to push the supply to uncomfortably low levels. Creative approaches to real estate solutions are ultimately what it is taking to meet clients’ real estate demands. This is where the creativity of the Broker, and their local market knowledge, is the difference maker in creating space solutions for today’s users.

Stu Kingma, SIOR, 
Associate Broker/Industrial

Cover Feature: Industrial Space For Lease
2710 Northridge Dr. NW
Market Activity

› Ventra Ionia, a maker of auto parts, is planning to expand into a new building adjacent to their current location. This 48,000 square-foot expansion will allow for a new Ford Ranger bumper program to occupy the space. 109 jobs will be created, as well as, $4.85 million in capital investment.

› All-Phase Electric Supply Co and Axis Company are both leasing space at 1810 Turner Ave NW, in Grand Rapids. The new 70,160 SF industrial building will now be the main locations for both companies. Visser Development also plans to build another 135,000 SF building on the property soon.

› Amazon has recently announced their plan to open an 855,000 SF sortation and fulfillment center in Gaines Township. The $150 million investment will sit on 100 acres and provide over 1,000 full time jobs.
## West Michigan Industrial Submarket Statistics

### 2018 Q2 Industrial Snapshot

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Total RBA</th>
<th>Vacant Available SF</th>
<th>Vacancy Rate</th>
<th>Total Average NNN Rate ($/SF/Yr)</th>
<th>Total Net Absorption (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lakeshore</td>
<td>36,246,636</td>
<td>942,720</td>
<td>2.6%</td>
<td>$3.60</td>
<td>-82,080</td>
</tr>
<tr>
<td>Warehouse</td>
<td>11,055,397</td>
<td>308,910</td>
<td>2.8%</td>
<td>$3.48</td>
<td>-38,440</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>23,413,014</td>
<td>469,520</td>
<td>2.0%</td>
<td>$3.51</td>
<td>-48,070</td>
</tr>
<tr>
<td>Hightech Flex</td>
<td>1,778,225</td>
<td>164,290</td>
<td>9.2%</td>
<td>$5.50</td>
<td>4,430</td>
</tr>
<tr>
<td>Total</td>
<td>36,246,636</td>
<td>942,720</td>
<td>2.6%</td>
<td>$3.60</td>
<td>-82,080</td>
</tr>
<tr>
<td>Northeast</td>
<td>13,062,864</td>
<td>16,611</td>
<td>0.1%</td>
<td>$4.93</td>
<td>9,511</td>
</tr>
<tr>
<td>Warehouse</td>
<td>5,462,579</td>
<td>5,100</td>
<td>0.1%</td>
<td>$5.88</td>
<td>0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7,034,679</td>
<td>11,511</td>
<td>0.2%</td>
<td>$4.01</td>
<td>9,511</td>
</tr>
<tr>
<td>Hightech Flex</td>
<td>565,606</td>
<td>0</td>
<td>0%</td>
<td>$7.25</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>13,062,864</td>
<td>16,611</td>
<td>0.1%</td>
<td>$4.93</td>
<td>9,511</td>
</tr>
<tr>
<td>Northwest</td>
<td>18,982,472</td>
<td>361,022</td>
<td>1.9%</td>
<td>$3.54</td>
<td>100,133</td>
</tr>
<tr>
<td>Warehouse</td>
<td>5,166,183</td>
<td>172,312</td>
<td>3.3%</td>
<td>$3.17</td>
<td>39,620</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12,600,314</td>
<td>188,710</td>
<td>1.5%</td>
<td>$3.34</td>
<td>60,513</td>
</tr>
<tr>
<td>Hightech Flex</td>
<td>1,215,975</td>
<td>0</td>
<td>0%</td>
<td>$7.25</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>18,982,472</td>
<td>361,022</td>
<td>1.9%</td>
<td>$3.54</td>
<td>100,133</td>
</tr>
<tr>
<td>Southeast</td>
<td>51,891,988</td>
<td>919,931</td>
<td>1.8%</td>
<td>$4.28</td>
<td>23,944</td>
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<tr>
<td>Warehouse</td>
<td>22,777,882</td>
<td>539,311</td>
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<td>$3.77</td>
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<tr>
<td>Manufacturing</td>
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<td>$4.29</td>
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<tr>
<td>Hightech Flex</td>
<td>3,038,832</td>
<td>37,975</td>
<td>1.2%</td>
<td>$8.01</td>
<td>-13,600</td>
</tr>
<tr>
<td>Total</td>
<td>51,891,988</td>
<td>919,931</td>
<td>1.8%</td>
<td>$4.28</td>
<td>23,944</td>
</tr>
<tr>
<td>Southwest</td>
<td>31,858,640</td>
<td>134,175</td>
<td>0.4%</td>
<td>$5.33</td>
<td>92,529</td>
</tr>
<tr>
<td>Warehouse</td>
<td>9,186,611</td>
<td>64,180</td>
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<td>$8.82</td>
<td>56,260</td>
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<tr>
<td>Manufacturing</td>
<td>21,903,802</td>
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<td>Hightech Flex</td>
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<td>0</td>
<td>0%</td>
<td>$6.99</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>31,858,640</td>
<td>134,175</td>
<td>0.4%</td>
<td>$5.33</td>
<td>92,529</td>
</tr>
<tr>
<td><strong>Total Overall</strong></td>
<td><strong>152,042,600</strong></td>
<td><strong>2,374,459</strong></td>
<td><strong>1.6%</strong></td>
<td><strong>$4.30</strong></td>
<td><strong>144,037</strong></td>
</tr>
</tbody>
</table>

*Disclaimer: Historical data figures are subject to change based upon the timing of when CoStar receives market information. NAIWWM uses the numbers available at the time each quarterly report is published.*

## Industrial Statistical Changes Year-over-Year and Quarter-over-Quarter

### 2Q17 vs. 2Q18

### 1Q18 vs. 2Q18
Industrial Overall Market Report

Vacancy Rate

Triple Net Rental Rates

New Construction
Absorption (Net)
The change in occupied space in a given time period.

Available Square Footage
Net rentable area considered available for lease; excludes sublease space.

Average Asking Rental Rate
Rental rate as quoted from each building’s owner/management company. For office space, a full service rate was requested; for retail, a triple net rate requested; for industrial, a NN basis.

Building Class
Class A Product is office space of steel and concrete construction, built after 1980, quality tenants, excellent amenities & premium rates. Class B product is office space built after 1980, fair to good finishes & wide range of tenants.

RBA
Rentable Building Area - Mainly used for office and industrial.

SF/PSF
Square foot/per square foot, used as a unit of measurement.

Under Construction
Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place.

Deliveries
Buildings that have their certificate of occupancy and are allowed to be moved into by the tenant/purchaser.

Vacancy Rate
All physically unoccupied lease space, either direct or sublease.
NAI Wisinski of West Michigan was formed in the spring of 2011 when NAI West Michigan merged with The Wisinski Group. This merger brought together two successful, reputable companies to form what is now the largest independently owned commercial real estate firm in West Michigan.

Our focus is simple: building client relationships for life. We do this by utilizing the rich diversity of skills and specialties of our agents and staff, actively listening to our clients, offering market appropriate advice, providing access to the industry’s most current and proven technologies, and delivering the best possible service to each and every client. NAI Wisinski of West Michigan is headquartered in Grand Rapids, MI and maintains a second location in Kalamazoo, MI. Our company provides all facets of commercial real estate services, including brokerage and property management, throughout the entire West Michigan region.

Through our relationship with NAI Global, we have access to over 400 affiliate offices throughout the world. NAI Wisinski of West Michigan: Local Knowledge, Global Reach, Achieve More.

By The Numbers

REAL ESTATE PROFESSIONALS

51

CCIM DESIGNEES

8

SIOR DESIGNEES

7

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*Also serving the Kalamazoo & Southwest Michigan areas from our Kalamazoo office*