Wrapping Up the First Quarter In Sixteen

The 2016 first quarter continued the trend of high demand for industrial product coupled with a supply shortage. The West Michigan Industrial market recorded negative absorption in the first quarter totaling 161,328 SF as transaction volume has continue to be slowed by the limited supply in the market. While supply has slowly begun to increase with several quarters of increased land sales and construction starts, demand still far outpaces supply, especially for smaller facilities with higher per square foot construction prices.

Sale and lease prices have continued their upward trajectory with further gains projected in the second quarter. Landlords and sellers are experiencing the upper hand in negotiations as tenants and buyers have limited relocation purchase opportunities. Marketing times and list vs. sales price are decreasing and competition for newly listed product is strong.

“The overall vacancy rate remained at 4.1% as compared to fourth quarter 2015 and is down several percentage points year over year. The second quarter of 2016 is expected to continue to be a landlord/seller market with prices continuing to rise.”

- Jeremy Veenstra,
  Advisor | NAI Member

* The information contained herein has been given to us by sources we deem reliable. We have no reason to doubt its accuracy, however, we do not make any guarantees. All information should be verified before relying thereon.

**SOLD**

1975 Waldorf St. NW
31,650 SF

5801 Kilgore Rd.
60,000 SF
Sale Price: $2,200,000

3400 Highland Dr.
10,000 SF
Sale Price: $950,000

**LEASED**

5247 6 Mile Ct.
15,209 SF
Tenant: Mason Dynamics Inc.

7377 Expressway Dr. Suites A, B-1 & C
170,800 SF
Tenant: Great Lakes Warehousing LLC

1010 Front St. NW
18,610 SF
Tenant: Intralox
## West Michigan
### Industrial Submarket Statistics

## 2016 Q1 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><strong>Lakeshore</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse</td>
<td>9,919,050</td>
<td>320,179</td>
<td>3.2%</td>
<td>$3.92</td>
<td>18,261</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>23,882,166</td>
<td>886,997</td>
<td>3.7%</td>
<td>$2.43</td>
<td>-79,860</td>
</tr>
<tr>
<td>Hightech Flex</td>
<td>989,227</td>
<td>13,987</td>
<td>1.4%</td>
<td>$5.32</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>34,790,443</td>
<td>1,221,163</td>
<td>3.5%</td>
<td>$3.89</td>
<td>-61,599</td>
</tr>
<tr>
<td><strong>Northeast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse</td>
<td>4,848,453</td>
<td>200,310</td>
<td>4.1%</td>
<td>$3.59</td>
<td>-7,500</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7,109,756</td>
<td>845,941</td>
<td>11.9%</td>
<td>$2.75</td>
<td>-4,350</td>
</tr>
<tr>
<td>Hightech Flex</td>
<td>669,606</td>
<td>40,620</td>
<td>6.1%</td>
<td>$5.31</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,025,169</td>
<td>1,086,871</td>
<td>9.0%</td>
<td>$3.88</td>
<td>-11,850</td>
</tr>
<tr>
<td><strong>Northwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse</td>
<td>4,386,752</td>
<td>237,841</td>
<td>5.4%</td>
<td>$3.45</td>
<td>23,300</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12,733,504</td>
<td>497,033</td>
<td>3.9%</td>
<td>$3.12</td>
<td>18,979</td>
</tr>
<tr>
<td>Hightech Flex</td>
<td>1,208,188</td>
<td>-</td>
<td>-</td>
<td>$7.25</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>18,328,444</td>
<td>734,874</td>
<td>4.0%</td>
<td>$4.60</td>
<td>42,779</td>
</tr>
<tr>
<td><strong>Southeast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse</td>
<td>21,964,888</td>
<td>898,107</td>
<td>4.1%</td>
<td>$3.02</td>
<td>-164,475</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>25,701,392</td>
<td>1,319,543</td>
<td>5.1%</td>
<td>$4.01</td>
<td>-16,631</td>
</tr>
<tr>
<td>Hightech Flex</td>
<td>3,038,832</td>
<td>123,891</td>
<td>4.1%</td>
<td>$5.69</td>
<td>13,200</td>
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<tr>
<td><strong>Total</strong></td>
<td>50,705,112</td>
<td>2,341,541</td>
<td>4.6%</td>
<td>$4.27</td>
<td>-167,906</td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warehouse</td>
<td>8,004,246</td>
<td>171,876</td>
<td>2.1%</td>
<td>$2.97</td>
<td>9,970</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>21,904,341</td>
<td>490,341</td>
<td>2.2%</td>
<td>$3.25</td>
<td>-1752</td>
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<tr>
<td>Hightech Flex</td>
<td>759,689</td>
<td>27,443</td>
<td>3.6%</td>
<td>$5.04</td>
<td>29,030</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>30,668,276</td>
<td>689,660</td>
<td>2.6%</td>
<td>$3.75</td>
<td>37,248</td>
</tr>
<tr>
<td><strong>Total Overall</strong></td>
<td>146,517,444</td>
<td>6,074,109</td>
<td>4.1%</td>
<td>$4.07</td>
<td>-161,328</td>
</tr>
</tbody>
</table>

### Industrial Statistical Changes

#### Last Quarter vs. This Quarter

**4Q15 vs. 1Q16**

- **Net Absorption**
- **Vacancy Rate**
- **Construction**
- **Asking Rates**

#### Last Year vs. This Year

**1Q15 vs. 1Q16**

- **Net Absorption**
- **Vacancy Rate**
- **Construction**
- **Asking Rates**
Methodology

All Industrial building types are included, including warehouse, flex / research development, distribution manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings.

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.

Net Rental Rate
A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

Price/SF
Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Multi-Tenant
Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different needs.

Price/SF
Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

RBA
Rentable Building Area - Mainly used for office and industrial

Rental Rate
The annual costs of occupancy for a particular space quoted on a per square foot basis.

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.

Existing Inventory
The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Vacancy Rate
All physically unoccupied lease space, either direct or sublease.

Flex Building
A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Industrial Building
A type of building(s) adapted for a combination of uses such as assemblage, processing, and/or manufacturing products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities.
In the spring of 2011, two successful and reputable companies, The Wisinski Group and NAI West Michigan merged. The merger represents collaboration, rich traditions, innovative technologies, unique cultures and diversity of skills and specialties which ultimately benefit our clients. We’re going back to our fundamentals, strengthening our core and becoming stronger in the services we provide our clients. Our focus is simple, building client relationships for life by offering market appropriate advice and then executing. Our success is a direct result of its unwavering commitment to providing the best possible service to each and every client. Our Brokers, with their 630 plus years of combined experience (20 years average), possess the knowledge and expertise to manage the most complex transactions in industrial, office, retail, and multifamily specialities throughout West Michigan.

Through our affiliation with NAI Global, we can also assist you with your commercial real estate needs throughout the US & globally right here from West Michigan.