

Q2' 2021

West Michigan Industrial Market Report



GRAND RAPIDS The Market



Grand Rapids is the state's second-largest city, located between Chicago and Detroit in western Michigan.



1,081,642

Total Population



130+

International Companies



\$64,257

Average Household Income



37

Median Age

Grand Rapids-Wyoming, MI Metropolitan
Statistical Data.

Source: U.S. Census Bureau,
The Right Place

Industrial Market Trends

As we emerge from the pandemic and begin summer of 2021, the West Michigan Industrial Market continues to perform very well despite the challenges we have all faced in the past year. Overall vacancy sits at 3.3%, which has crept up slightly since the end of 2020, which finished at 2.7%. The slight increase in vacancy looks to have come from the Southeast Grand Rapids submarket and Lakeshore submarkets, and is most likely due to speculative construction coming available. Vacancy rates went down in every other submarket. We expect vacancy rates to remain low throughout 2021 as we witness steady demand and businesses continuing to expand.

As we work our way through 2021, the inventory of buildings for sale and lease remain extremely low, regardless of size. Some business who are ready to move on from their existing buildings are deciding to hold off because they are having difficulty finding another space to relocate to. The low inventory trend is expected to continue as we see strong performance from the warehousing and manufacturing sectors, especially due to the push toward ecommerce accentuated by COVID-19.

New construction is expected to continue through 2021 as the continued lack of inventory has kept demand near an all time high. That said, skyrocketing construction costs have some developers waiting until costs come down again before breaking ground on new projects.

Average rental rates for Q2 sit at \$4.76 PSF triple net, which is up from the average \$4.28 PSF triple net rental rates we saw in Q1. These numbers are signs of the record high demand we are seeing in the West Michigan Industrial Market and speak to the lack of inventory available for lease. We expect these rates to remain high through 2021 but should start to level off as new construction comes available and helps satisfy demand.

Many deals are continuing to take place off market, which can be frustrating for businesses waiting to find options on the market. Many of these off market transactions happen before signs are out and are based on relationships and needs understood within the brokerage community. Quality buildings that find their way onto the marketplace tend to go quickly.

The investment market has been hot and is projected to stay that way. 1031 buyers are becoming more aggressive, especially with speculation about the government's potential plans for the 1031 exchange program. This remains to be seen, but the thought has driven investment demand up even further. A lack of product has caused many investors to widen their field of view as options are limited.

Any of our advisors would be happy to discuss your needs and determine the best way to meet them in this highly competitive industrial market.



Andrew Kapanowski
Industrial Specialist

Q2' 2021 Industrial Transactions



**943 West River Center Dr NE,
Comstock Park**
9,320 SF



**6670 Patterson Ave SE,
Caledonia**
184,500 SF



**3070 Shaffer Ave SE,
Kentwood**
120,600 SF



**2601 28th St SW,
Wyoming**
62,740 SF



**900 40th St SE,
Grand Rapids**
15,050 SF



**1014 Scribner Ave NW,
Grand Rapids**
6,600 SF

Market Activity

- › Mission Design & Automation, a Holland-based custom industrial automation and robotics integrator, is completing a new 50,000 SF facility at 9898 Black River Court in Holland, MI. Mission invested over \$5 million into the expansion and plans to add at least 109 high-tech jobs in West Michigan. They are receiving financial support for job training from The Michigan Strategic Fund of the Michigan Economic Development Corporation and West Michigan Works!, as well as a 12-year industrial facilities tax exemption from Holland Charter Township.
- › Autocam Medical, a Kentwood-based global contract manufacturer of precision surgical and medical components and devices, is investing \$60 million through 2024 to build a new headquarters and manufacturing facility in Kentwood. The new facility will be 100,000 SF, located at Broadmoor Avenue and 36th Street, and will be ready for occupancy in January.

Q2' 2021

WEST MICHIGAN

INDUSTRIAL SUBMARKET STATISTICS

Methodology: The industrial market report includes industrial buildings within each of the defined submarkets. Excluded are government buildings and institutional properties.

SUBMARKET	TOTAL RBA	VACANT AVAILABLE SF	VACANCY RATE	TOTAL AVERAGE NNN RATE (\$/SF/YR)	TOTAL NET ABSORPTION (SF)
Lakeshore					
Warehouse	20,491,667	614,491	3.0%	\$3.83	-391,677
Manufacturing	31,156,463	364,247	1.2%	\$4.53	-14,538
Hightech Flex	2,096,096	495,121	23.6%	\$5.83	5,894
Total	53,744,226	1,473,859	2.7%	\$4.53	-400,321
Northeast					
Warehouse	5,647,037	149,012	2.6%	\$5.63	11,155
Manufacturing	7,557,423	90,167	1.2%	\$6.10	20,266
Hightech Flex	579,383	0	0%	\$7.95	0
Total	13,783,843	239,179	1.7%	\$5.99	31,421
Northwest					
Warehouse	5,571,609	244,639	4.4%	\$5.59	-22,136
Manufacturing	13,321,479	105,201	0.8%	\$2.97	-62,720
Hightech Flex	1,185,817	252,881	21.3%	\$7.25	-8,676
Total	20,078,905	602,721	3.0%	\$3.95	-93,532
Southeast					
Warehouse	23,950,295	525,607	2.2%	\$5.17	-40,138
Manufacturing	27,958,577	1,707,983	6.1%	\$5.11	124,254
Hightech Flex	3,138,230	154,634	4.9%	\$8.48	15,563
Total	55,047,102	2,388,224	4.3%	\$5.33	99,679
Southwest					
Warehouse	9,277,091	704,088	7.6%	\$5.05	-140
Manufacturing	22,682,947	200,112	0.9%	\$4.27	66,540
Hightech Flex	703,067	95,718	13.6%	\$5.44	0
Total	32,663,105	999,918	3.1%	\$4.52	66,400
Total Overall	175,317,181	5,703,901	3.3%	\$4.76	-296,353

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

2Q20 vs. 2Q21



NET ABSORPTION



VACANCY RATE



CONSTRUCTION



ASKING RATES

1Q21 vs. 2Q21



NET ABSORPTION



VACANCY RATE



CONSTRUCTION

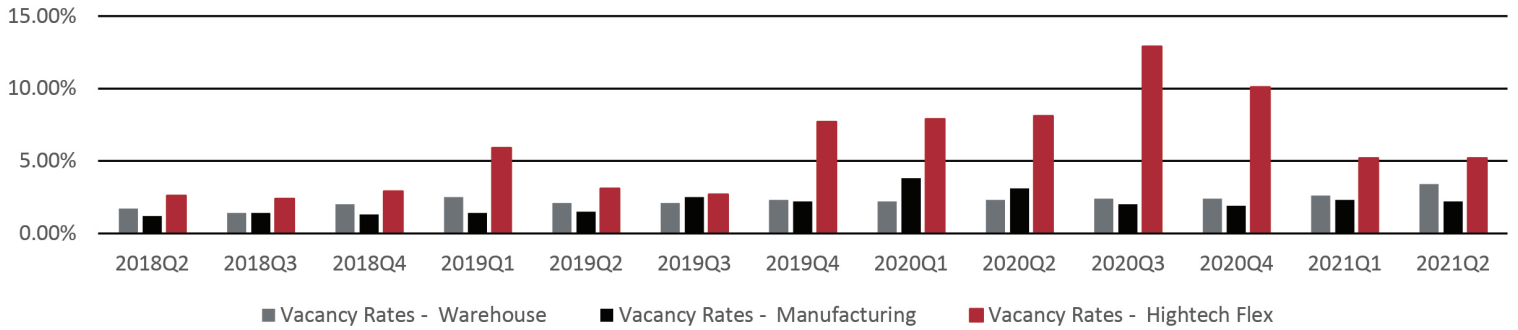


ASKING RATES

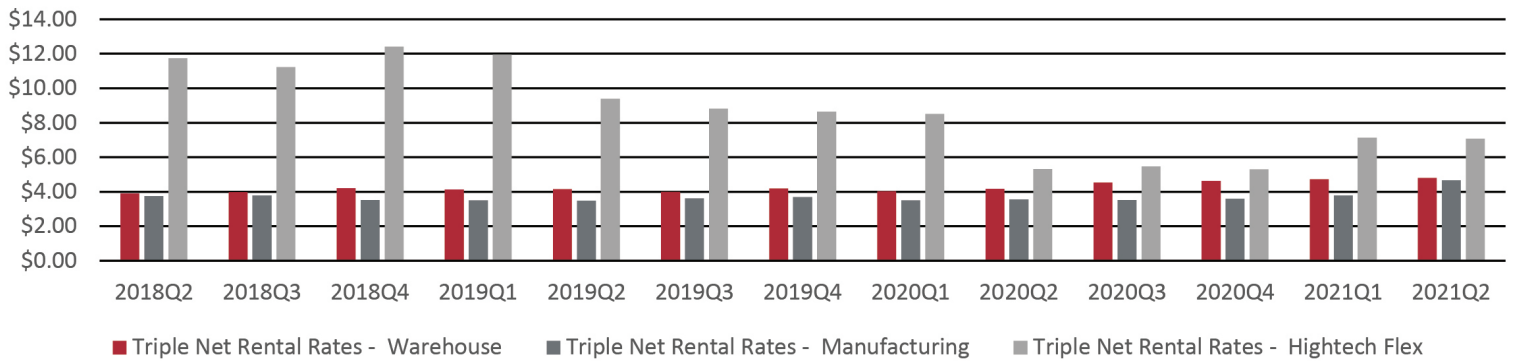
*Disclaimer: Historical data figures are subject to change based upon the timing of when CoStar receives market information. NAIWWM uses the numbers available at the time each quarterly report is published.

Industrial Overall Market Report

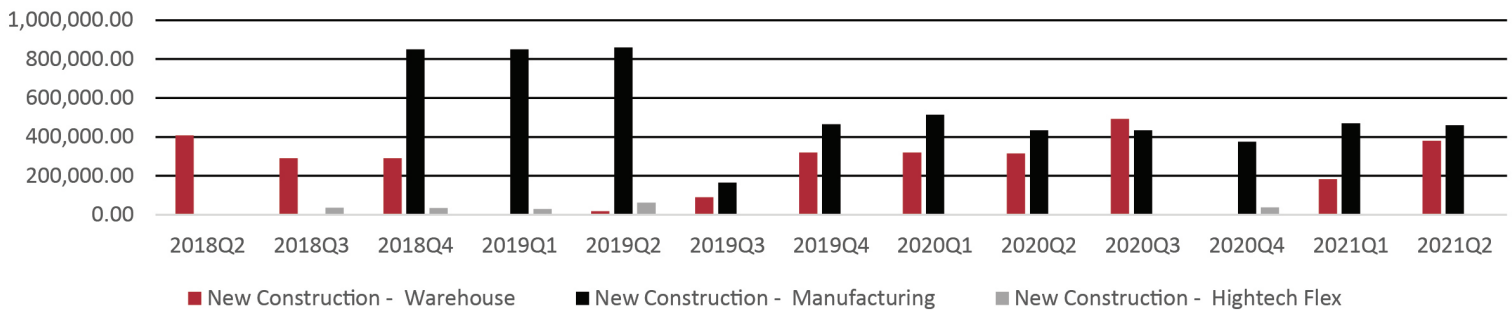
Vacancy Rate



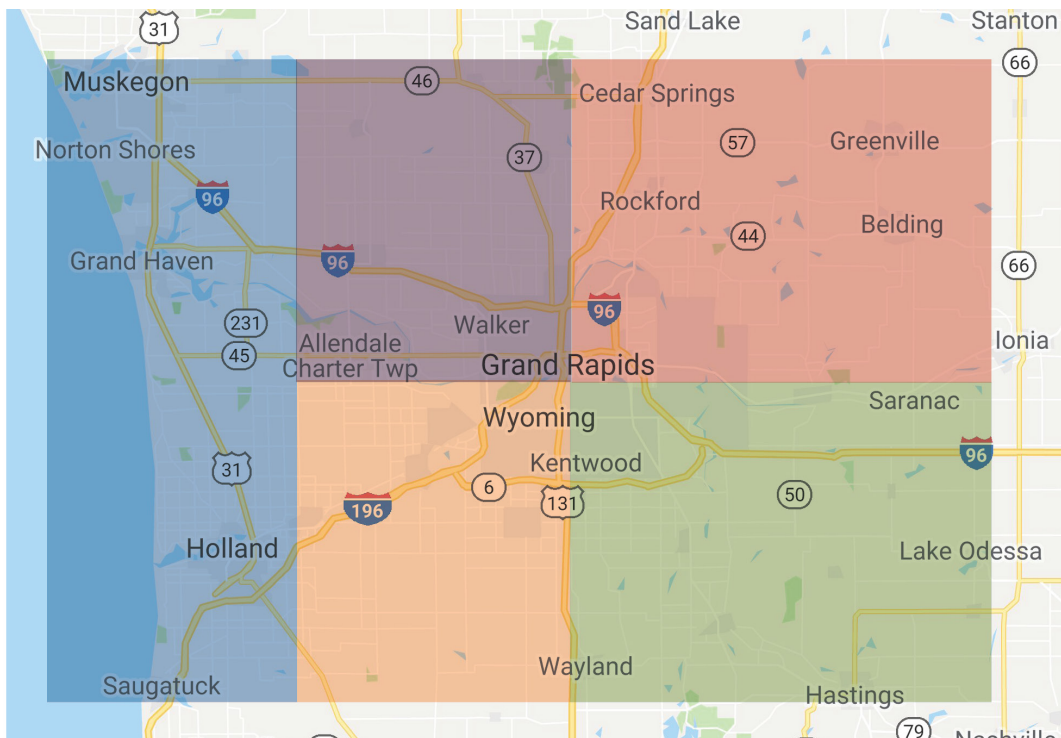
Triple Net Rental Rates



New Construction



Methodology | Definitions | Submarket Map



Submarket Key

- Lakeshore
- Northwest
- Northeast
- Southwest
- Southeast

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.

Deliveries

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

Hightech Flex

This type of space is only found in Flex buildings. It can be used as office, medical, industrial, warehouse, distribution, quasi-retail, or research and development space.

Manufacturing

A sub-type of industrial building primarily used for manufacturing products May also include warehousing or distribution areas.

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.

Vacancy Rate

All physically unoccupied lease space, either direct or sublease.

Warehouse

A secondary type of industrial building generally used for storage and or distribution.

*The Lakeshore submarket was expanded to include Muskegon, MI.

Our Team

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 300 affiliate offices throughout the world.
NAI Wisinski of West Michigan: Local Knowledge, Global Reach, Achieve More.*

By The Numbers

REAL ESTATE PROFESSIONALS

52



7

CCIM

DESIGNEES

8

SIOR SIOR

DESIGNEES

Industrial Specialists

Jim Badalucco, SIOR
616.575.7029
jimbad@naiwwm.com

Bob Lotzar
616.575.7041
bobl@naiwwm.com

Joel Burgess
616.242.1112
joelb@naiwwm.com

Jodi K. Milks, CCIM
269.207.1040
jodim@naiwwm.com

Dane Davis
269.459.0434
daned@naiwwm.com

Chris Prins
616.242.1107
chrisp@naiwwm.com

Jonathon Hallberg
269.459.0438
jonathonh@naiwwm.com

Kara Schroer, CCIM
269.459.0435
karas@naiwwm.com

Joshua Jacobs
269.459.0430
joshuaj@naiwwm.com

Dave Smies, CCIM, SIOR
616.242.1122
daves@naiwwm.com

Andrew Kapanowski
616.242.1111
andrewk@naiwwm.com

Doug Taatjes, CCIM, SIOR
616.242.1117
doug@naiwwm.com

Stu Kingma, SIOR
616.575.7022
skingma@naiwwm.com

Chris Vanderband
616.242.1115
chrisv@naiwwm.com

Kurt Kunst, CCIM, SIOR
616.242.1116
kurtk@naiwwm.com

Chadwick Versluis, SIOR
616.242.1125
chadv@naiwwm.com



NAI Wisinski of West Michigan

COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

Grand Rapids Office

100 Grandville Ave SW Suite 100

Grand Rapids, MI 49503

616.776.0100

naiwmm.com

Kalamazoo Office

1803 Whites Rd Suite 2

Kalamazoo, MI 49008

269.353.0311

