

Industrial Market Report

West Michigan | Q2 2018



GRAND RAPIDS The Market



1,058,079

Total Population



130+

International Companies



\$60,212

Average Household Income



35.7

Median Age



3.5%

Unemployment Rate

Grand Rapids-Wyoming, MI Metropolitan
Statistical Data.

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

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



SOLD

88 54th St. SW

Buyer: Clyde Park Holdings
20,830 SF



SOLD

3070 Shaffer Ave. SE

120,600 SF



SOLD

19342 Lake Montcalm Rd. W

68,500 SF



LEASED

1310 60th St. SW

Tenant: Camp Bow Wow
8,250 SF



LEASED

**5758 Vinton Ave. NW,
Suite 2**

Tenant: Weekes Forest
Products
34,906 SF



LEASED

2601 Elmridge Dr. NW

Tenant: Ridgefield Company
42,786 SF

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.

2018 Q2 Industrial Snapshot

Submarket	Total RBA	Vacant Available SF	Vacancy Rate	Total Average NNN Rate (\$/SF/Yr)	Total Net Absorption (SF)
Lakeshore					
Warehouse	11,055,397	308,910	2.8%	\$3.48	-38,440
Manufacturing	23,413,014	469,520	2.0%	\$3.51	-48,070
Hightech Flex	1,778,225	164,290	9.2%	\$5.50	4,430
Total	36,246,636	942,720	2.6%	\$3.60	-82,080
Northeast					
Warehouse	5,462,579	5,100	0.1%	\$5.88	0
Manufacturing	7,034,679	11,511	0.2%	\$4.01	9,511
Hightech Flex	565,606	0	0%	\$7.25	0
Total	13,062,864	16,611	0.1%	\$4.93	9,511
Northwest					
Warehouse	5,166,183	172,312	3.3%	\$3.17	39,620
Manufacturing	12,600,314	188,710	1.5%	\$3.34	60,513
Hightech Flex	1,215,975	0	0%	\$7.25	0
Total	18,982,472	361,022	1.9%	\$3.54	100,133
Southeast					
Warehouse	22,777,882	539,311	2.4%	\$3.77	47,096
Manufacturing	26,075,274	342,645	1.3%	\$4.29	-9,552
Hightech Flex	3,038,832	37,975	1.2%	\$8.01	-13,600
Total	51,891,988	919,931	1.8%	\$4.28	23,944
Southwest					
Warehouse	9,186,611	64,180	0.7%	\$8.82	56,260
Manufacturing	21,903,802	69,995	0.3%	\$3.81	36,269
Hightech Flex	768,227	0	0%	\$6.99	0
Total	31,858,640	134,175	0.4%	\$5.33	92,529
Total Overall					
Total Overall	152,042,600	2,374,459	1.6%	\$4.30	144,037

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

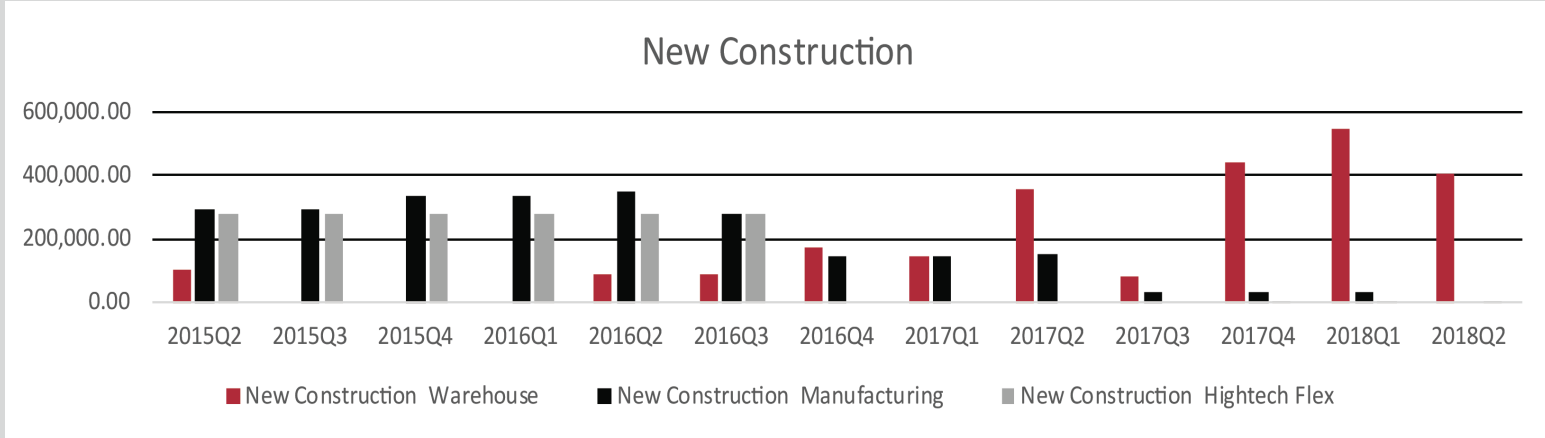
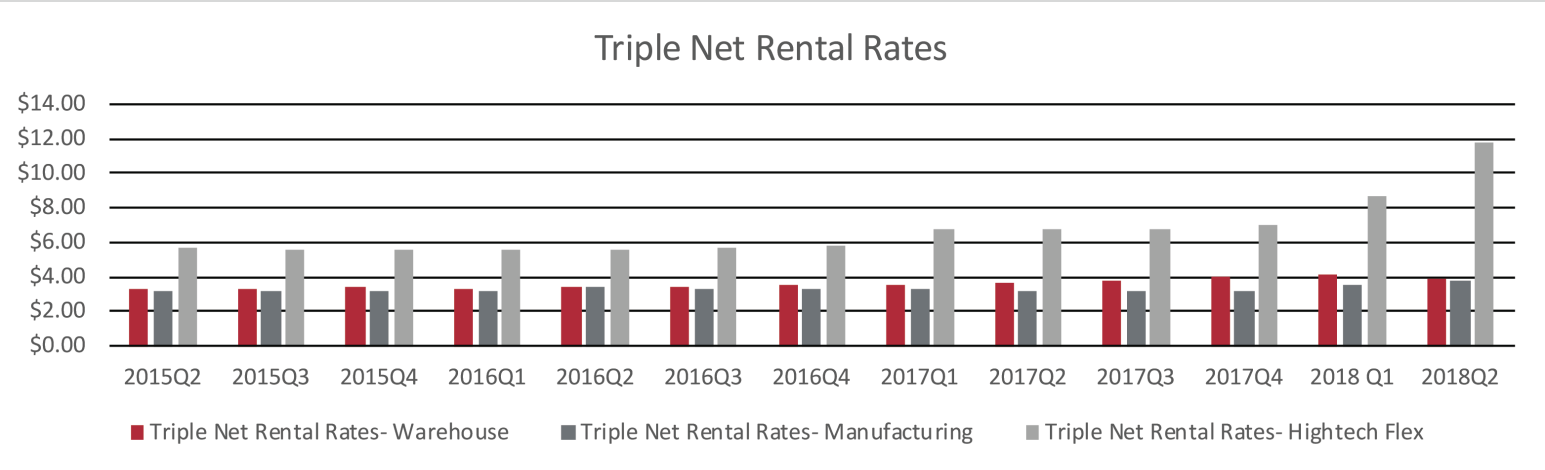
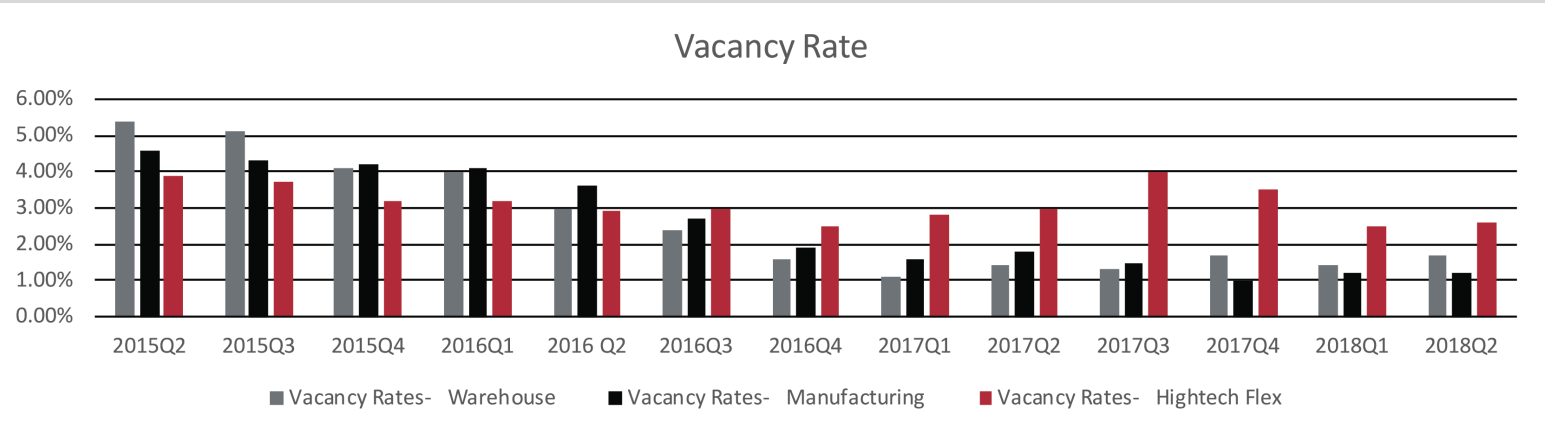
2Q18 vs. 2Q17

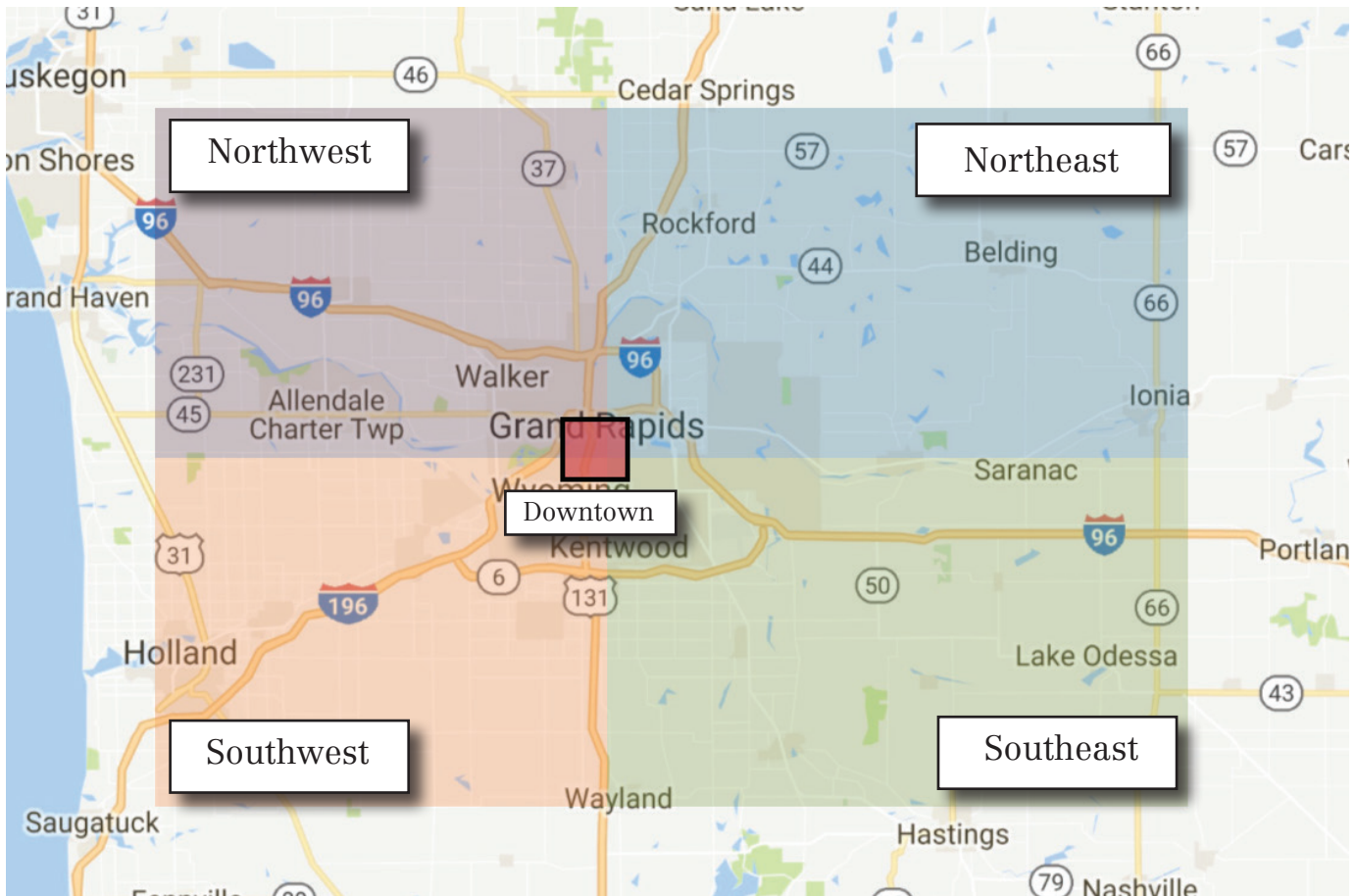


2Q18 vs. 1Q18



Industrial Overall Market Report





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.



Commercial Real Estate Services, Worldwide.

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



8

CCIM 
DESIGNEES

7

SIOR  SIOR
DESIGNEES

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