

# Industrial Market Report

## West Michigan | Q1 2017



**NAI** Wisinski of  
West Michigan

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\*Also serving the Kalamazoo & Southwest  
Michigan

Office • Industrial • Retail • Multi-Family

GRAND RAPIDS, MI  
The Market

“The combination of strong demand and a lack of inventory continue to challenge the industrial real estate market, which has caused a further drop in overall vacancy and an increase to average rental rates”

- Brad Bruinsma  
General Manager

## Dedicated to Achieving The Results You Deserve

4600-4656 44th St. SE, Kentwood



### The Opportunity



NAI Wisinski of West Michigan began property management and leasing operations of 4600-4656 44th St. SE in Fall 2015. At the time, there were a number of expiring leases & vacancies.

### The Idea



In order to increase occupancy and rental income, we took 2 large open sections of the building, and converted to 5 units. In addition, we negotiated extensions of a number of leases.

### The Result



This building is now 93% occupied. 13 leases were extended and 6 new tenants have been added due to the close working relationship between our NAI agents and our NAI property management team.

Committed to West Michigan. Connected to the World.



**5641 West River Rd.**  
27,364 SF  
3.24 Acres



**2547 3 Mile Rd. NW**  
80,000 SF  
Tenant: Foremost Graphics  
Group LLC

**Foremost**  
GRAPHICS GROUP  
Print Packaging Communications



**10451 Northland Dr. NE**  
36,000 SF  
4 Acres



**88 54th St. SW**  
3,140 SF  
Tenant: Tatweer, LLC



**5599 Amy School Rd.**  
27,226 SF  
4.02 Acres



**3380 Highland Dr.**  
8,262 SF  
Tenant: Suburban Inns

### 2017 Q1 Snapshot

Submarket	Total RBA	Vacant Available SF	Vacancy Rate	Total Average NNN Rate (\$/SF/Yr)	Total Net Absorption (SF)
<b>Lakeshore</b>					
Warehouse	9,944,009	110,744	1.1%	\$4.19	65,774
Manufacturing	23,472,191	871,240	3.7%	\$2.42	13,119
Hightech Flex	1,766,629	71,050	4.0%	\$6.07	71,050
<b>Total</b>	<b>35,182,829</b>	<b>1,053,034</b>	<b>3.0%</b>	<b>\$3.10</b>	<b>149,943</b>
<b>Northeast</b>					
Warehouse	4,859,792	5,040	0.1%	\$4.09	78,300
Manufacturing	7,159,112	132,022	1.8%	\$2.87	4,121
Hightech Flex	565,606	-	-	\$7.25	3,690
<b>Total</b>	<b>12,584,510</b>	<b>137,062</b>	<b>1.0%</b>	<b>\$3.54</b>	<b>86,111</b>
<b>Northwest</b>					
Warehouse	4,653,452	76,485	1.6%	\$3.32	-7,810
Manufacturing	12,761,293	307,665	2.4%	\$3.46	6,000
Hightech Flex	1,218,068	-	-	\$7.25	-1,810
<b>Total</b>	<b>18,632,813</b>	<b>384,150</b>	<b>2.0%</b>	<b>\$3.67</b>	<b>-3,620</b>
<b>Southeast</b>					
Warehouse	21,748,350	293,056	1.3%	\$3.40	153,660
Manufacturing	25,657,954	217,923	0.8%	\$4.00	138,183
Hightech Flex	3,038,832	122,694	4.0%	\$6.88	55,598
<b>Total</b>	<b>50,445,136</b>	<b>633,673</b>	<b>1.3%</b>	<b>\$3.91</b>	<b>347,441</b>
<b>Southwest</b>					
Warehouse	7,651,600	60,901	0.8%	\$3.15	37,106
Manufacturing	21,863,177	67,575	0.3%	\$3.94	16,897
Hightech Flex	763,625	17,600	2.3%	\$6.99	-
<b>Total</b>	<b>30,278,402</b>	<b>146,076</b>	<b>0.5%</b>	<b>\$3.64</b>	<b>54,003</b>
<b>Total Overall</b>	<b>147,123,690</b>	<b>2,353,995</b>	<b>1.6%</b>	<b>\$3.82</b>	<b>633,878</b>

### Industrial Statistical Changes

Last Quarter vs. This Quarter

1Q17 vs. 4Q16



NET ABSORPTION



VACANCY RATE



CONSTRUCTION



ASKING RATES

Last Year vs. This Year

1Q17 vs. 1Q16



NET ABSORPTION



VACANCY RATE



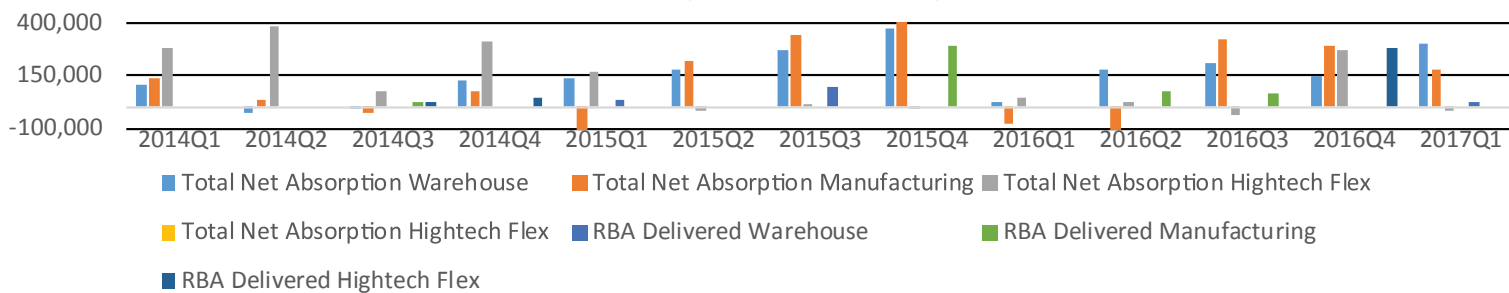
CONSTRUCTION



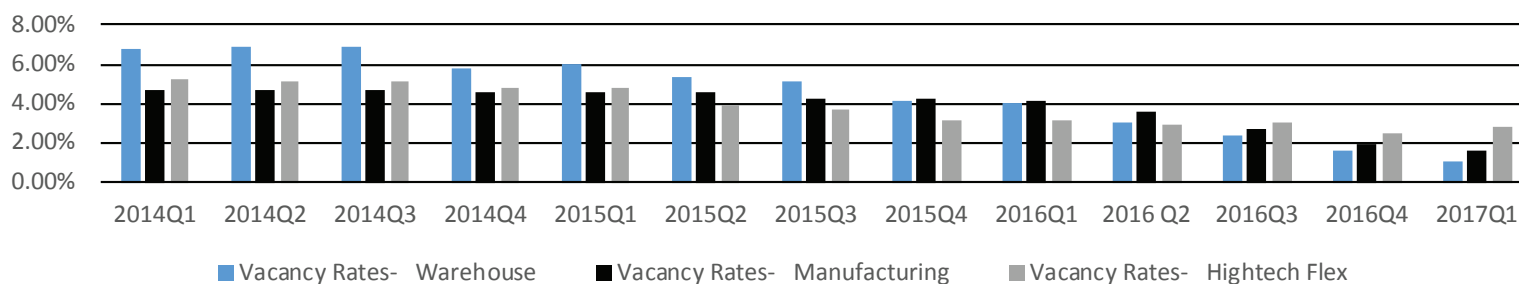
ASKING RATES

# Industrial Total Market Report

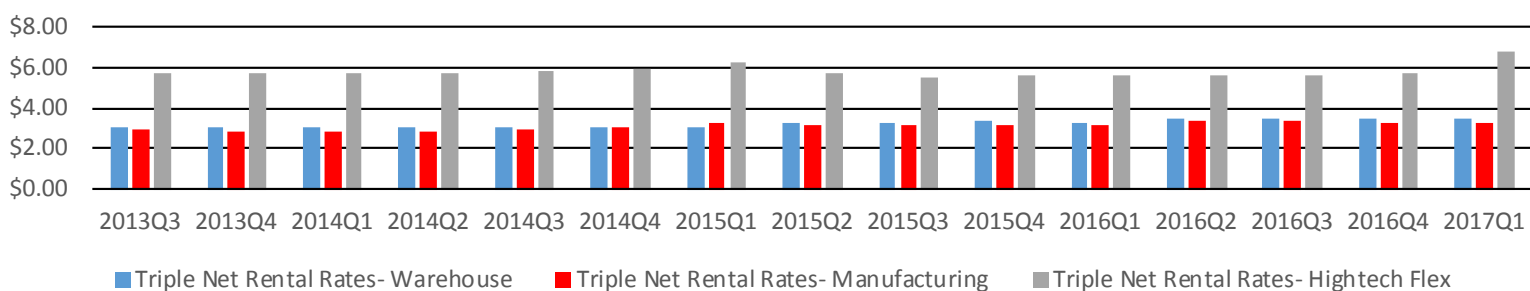
## Absorption & Delivery



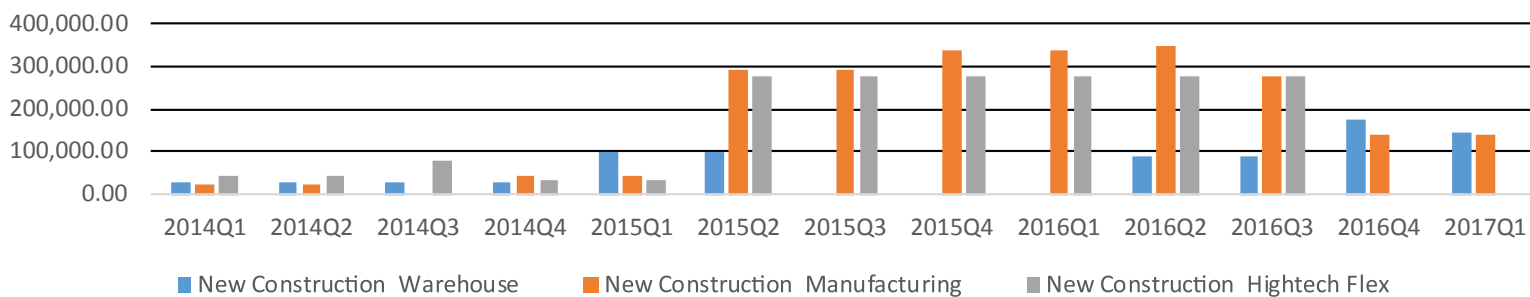
## Vacancy Rate



## Triple Net Rental Rates

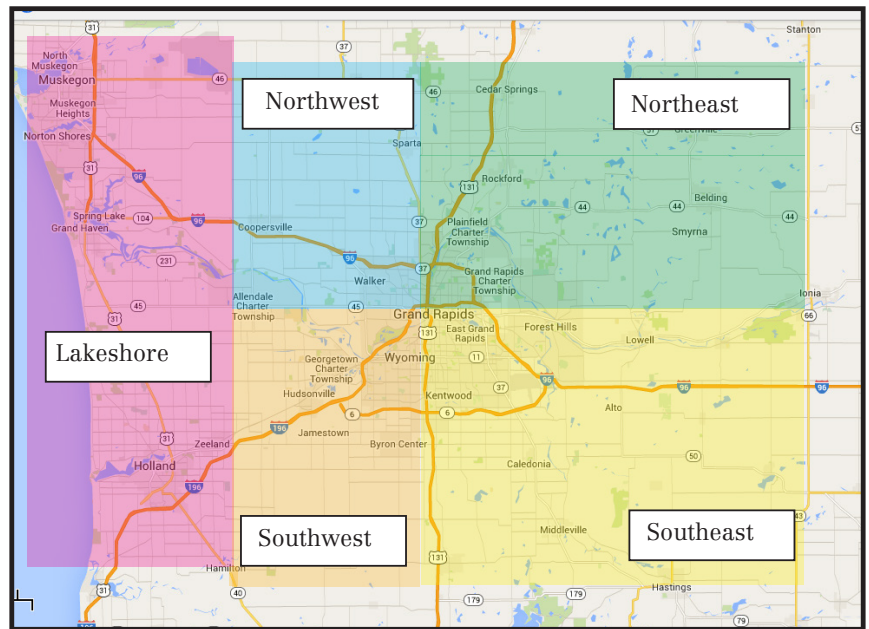


## New Construction



## 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.



# Local Knowledge. Global Reach. Achieve More.

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 an average of over 20 years experience, possess the knowledge and expertise to manage the most complex transactions in industrial, office, retail, and multifamily specialties throughout West Michigan.

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

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