

Q2'  
2020

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.



1,073,608

Total Population



130+

International Companies



\$61,548

Average Household Income



36.8

Median Age

Grand Rapids-Wyoming, MI Metropolitan Statistical Data.

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

## Industrial Market Trends

Who would have thought that the second quarter of 2020 would be so life-altering? In the beginning of 2020, the terms “Social Distancing” and “COVID-19” were not even in our vocabulary. No one would have ever dreamed that our robust, booming economy would come to a screeching halt. Now, unfortunately, we are all growing accustomed to what this new normal means for our daily lives.

There is still a lot of uncertainty about what the rest of 2020 will hold. Uncertainty coupled with an “election year” usually would be the recipe for a disastrous real estate market. When the future is unknown, companies tend to hold onto their cash and freeze any and all expansion plans. The industrial market might just be a bright spot amidst this storm. Michiganders are fighters. We adjust. We improvise. We survive!

During the second quarter, many manufacturers converted their dark and quiet facilities into plants that produced masks, hospital beds, sanitizer, and other necessary items to support those on the front lines of this pandemic. In addition to the creativity our manufacturing base showed, people forced to “Shelter in Place” utilized online shopping either out of necessity or out of boredom. Either way, the warehouse and supply chain sector saw a big increase in business and demand. We project this will continue as the trend toward online shopping is not going away.

We continue to see high demand and a very limited supply of industrial buildings throughout West Michigan. In many respects, it feels like the industrial market is just as hot today as it was at the first of the year. A recent search for a client wanting to purchase 20,000SF of manufacturing space revealed only a few options in all of Greater Grand Rapids. It is hard to predict how long before the industrial sector will experience a fall out from COVID-19, but at some point, the supply/demand curve will begin to move toward becoming better balanced.



Kurt Kunst, CCIM, SIOR  
Partner/Industrial Specialist

Cover Feature: Industrial Building For Sale - 3710 Northridge Ave NW, Walker, MI

# Q2' 2020 Industrial Transactions



2547 3 Mile Rd. NW,  
Walker  
206,250 SF



2689 Walkent Ave. NW,  
Walker  
56,950 SF



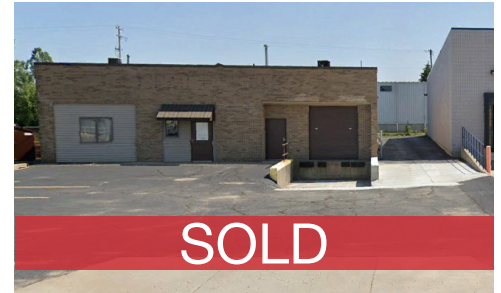
1501 Buchanan Ave. SW,  
Grand Rapids  
161,000 SF



8074 Clyde Park Ave. SW,  
Byron Center  
40,000 SF



13725 Van Buren St.,  
Holland  
7,873 SF



292 Mart St. SW,  
Wyoming  
5,946 SF

## Market Activity

- › General Truck Parts & Equipment, a Chicago-based truck parts supplier opened its first Michigan facility in Walker at 2686 Three Mile Road. The new facility will be a combination of storefront, warehouse space, and a remanufacturing facility. With the opening of the new operation, General Truck Parts plans to bring seven to 10 jobs to the West Michigan area over the next several years.
- › Grand River Aseptic Manufacturing (GRAM) recently opened its new 61,500-square-foot facility at 524 Butterworth St. SW. The expansion cost \$60 million and took 20 months to complete. The new facility features Grade C cleanroom, two formulation suites, \$15 million worth of high-speed equipment, as well as room to expand on the building's second floor. The expansion has led to 40-50 new jobs and GRAM is still currently hiring.

# Q2' 2020 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 RATE (\$/SF/YR)	TOTAL NET ABSORPTION (SF)
<b>Lakeshore</b>					
Warehouse	19,947,850	378,573	1.9%	\$3.71	-45,960
Manufacturing	30,715,488	1,188,806	3.9%	\$3.62	51,200
Hightech Flex	2,104,448	509,669	24.2%	\$6.82	1,540
Total	52,767,786	2,077,048	3.9%	\$3.62	6,780
<b>Northeast</b>					
Warehouse	5,654,542	69,913	1.2%	\$5.95	57,620
Manufacturing	7,152,869	135,411	1.9%	\$6.03	-7,430
Hightech Flex	579,383	0	0%	\$7.95	0
Total	13,386,794	205,324	1.5%	\$6.08	50,190
<b>Northwest</b>					
Warehouse	5,725,764	146,008	2.6%	\$5.16	-38,500
Manufacturing	12,793,248	488,383	3.8%	\$3.18	84,005
Hightech Flex	1,204,236	30,146	2.5%	\$7.25	6,045
Total	19,723,248	664,537	3.4%	\$4.00	51,550
<b>Southeast</b>					
Warehouse	23,628,632	559,894	2.4%	\$4.04	61,931
Manufacturing	27,658,696	1,297,694	4.7%	\$3.25	603,591
Hightech Flex	3,033,127	87,448	2.9%	\$8.15	-10,988
Total	54,320,455	1,945,036	3.6%	\$3.87	654,534
<b>Southwest</b>					
Warehouse	9,163,068	359,540	3.9%	\$4.62	-1,085
Manufacturing	22,368,804	274,403	1.2%	\$4.19	-57,608
Hightech Flex	695,408	0	0%	\$4.25	0
Total	32,227,280	633,943	2.0%	\$4.31	-58,693
<b>Total Overall</b>					
Total Overall	172,425,563	5,525,888	3.2%	\$4.11	704,361

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

### 2Q20 vs. 2Q19



NET ABSORPTION



VACANCY RATE



CONSTRUCTION



ASKING RATES

### 2Q20 vs. 1Q20



NET ABSORPTION



VACANCY RATE



CONSTRUCTION

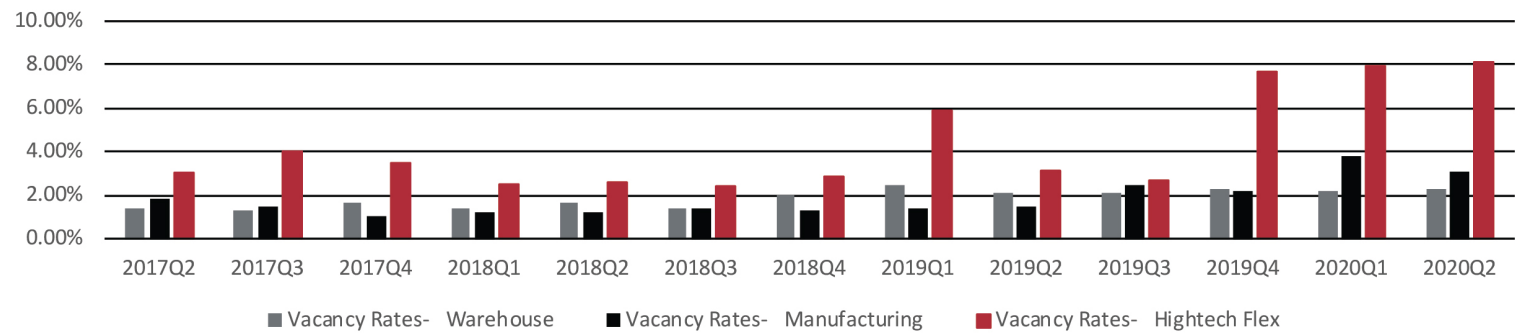


ASKING RATES

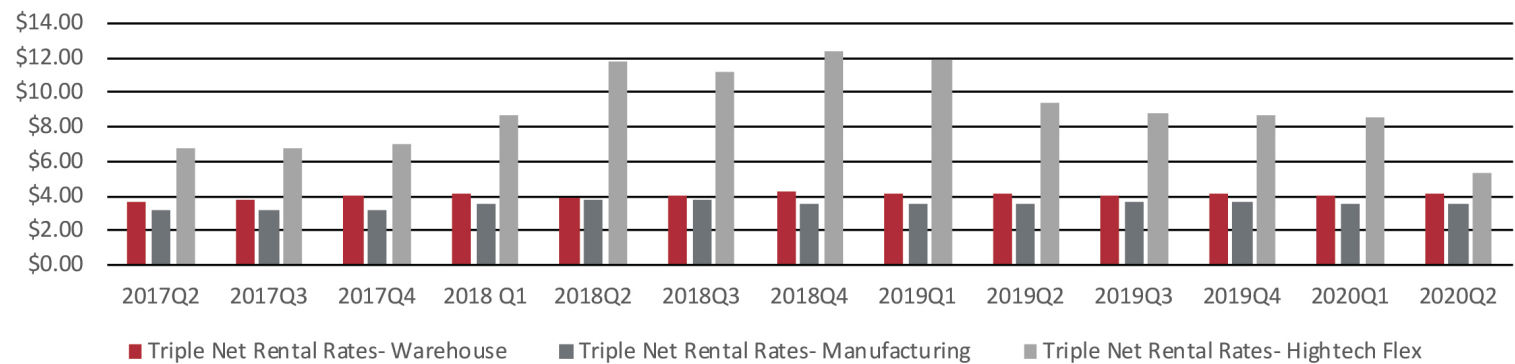
\*Disclaimer: Historical data figures are subject to change based upon the timing of when CoStar receives market information. NAIWM uses the numbers available at the time each quarterly report is published.

# Industrial Overall Market Report

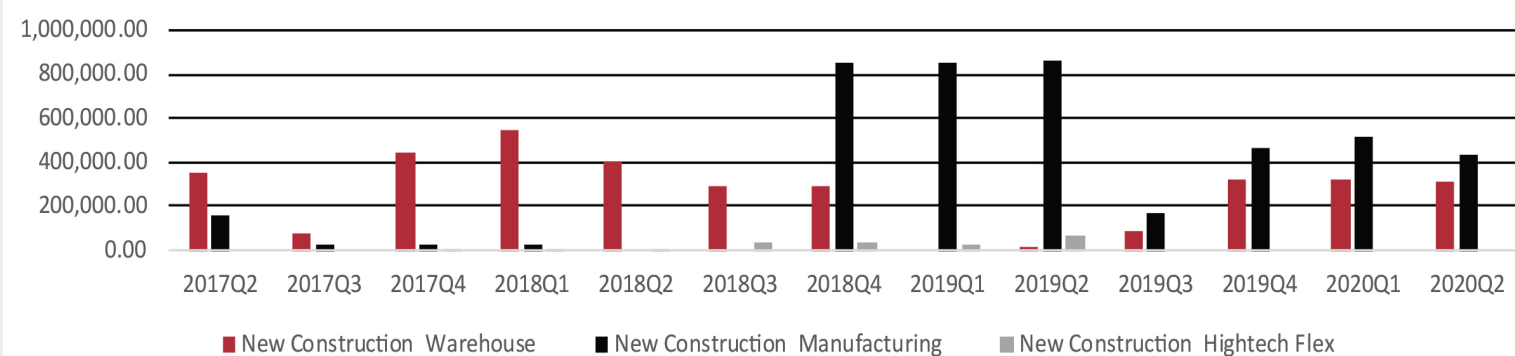
Vacancy Rate



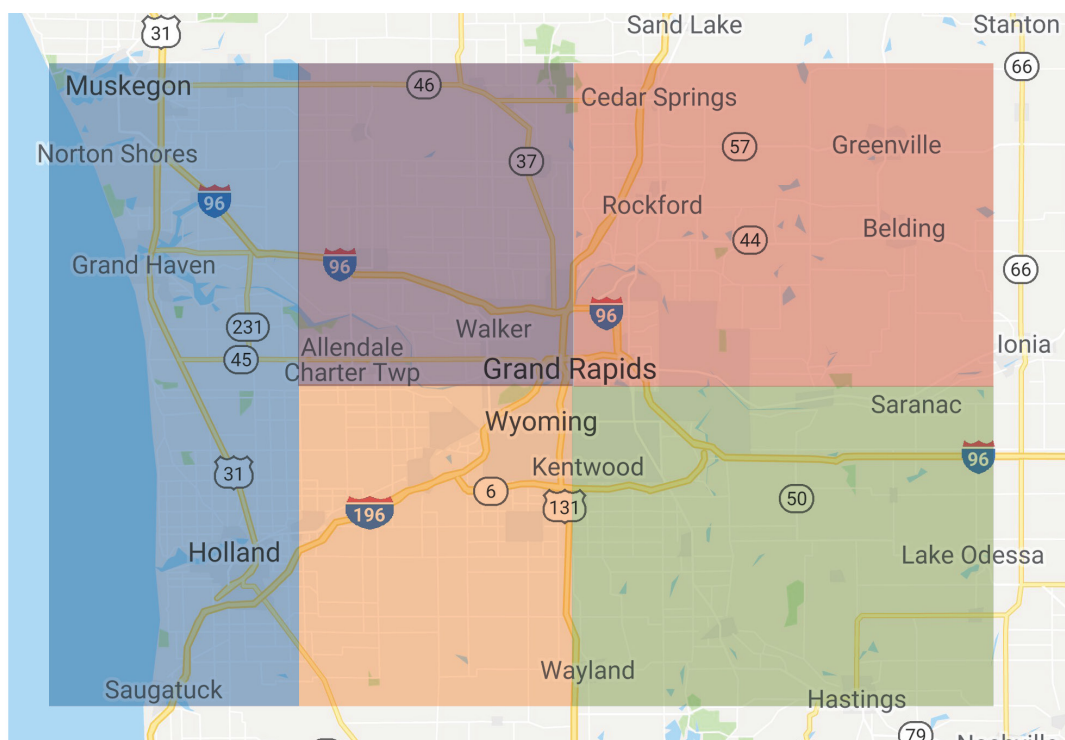
Triple Net Rental Rates



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 375 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

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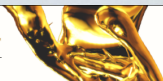
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