

METROPOLITAN
DETROIT
MARKET

INDUSTRIAL
Q2 2021
MARKET STATISTICS

METROPOLITAN DETROIT

INDUSTRIAL MARKET REVIEW

ECONOMIC OVERVIEW

Second quarter 2021 closed with a direct vacancy rate of 5.11%, an overall vacancy rate of 5.55%, and an average asking direct rental rate reported at \$7.09 psf. In June, the Michigan unemployment rate was recorded at 5.0%, a decrease of 16.2 percentage points compared to this time last year, while the U.S. unemployment rate was recorded at 5.9%, a decrease of 5.2 percentage points from one year ago. U.S. job openings surged to a record high as available positions escalated to 9.21M in May compared to April's 9.19M. As the economy begins to rebound, social activity begins to grow, and more individuals become vaccinated U.S. employers are in high demand to fill a growing number of positions yet continue to face challenges. Many employers have begun offering incentives and increased wages to attract new employees and retain existing ones. Despite the 5% increase in the consumer price index over the past year, the largest increase since 2008, additional indicators and resources are pointing to an improving economy. Indicators include available job openings, an increase in travel, a spike in U.S. home construction that increased from 3.6% in May to 6.3% in June, and a growth in the manufacturing sector despite issues with the supply chain.

STATS ON THE GO

	Q2 2020	Q2 2021	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	5.49%	5.55%	0.06%	▲
Direct Asking Rents (psf/yr)	\$6.73	\$7.09	5.40%	▲

INDUSTRIAL MARKET DISCUSSION

Several large warehouse distribution lease transactions closed this quarter. The most significant was a 10-year lease inked by Mayville Engineering Company, Inc. totaling 445,432 sf located at 1430 E. 10 Mile Road, Hazel Park in the Tri-County Commerce Center III. The company plans to hire up to 390 employees and invest between \$35-45M in capital over the next year with operations starting in 2022. In Romulus, Hodges Bonded Warehouse, Inc. leased 228,671 sf at 36501 Van Born Road in the Romulus Business Center I. Lastly in Brownstown Twp., Dicastal Logistics Group signed a lease totaling 100,000 sf located at 20505 Sibley Road.

A considerable number of sales closed during the second quarter. Two of the largest sales took place in the East Corridor. First, the 248,040 sf warehouse distribution facility located at 25295 Guenther Road in Warren was purchased as an investment by Stag Industrial Holdings. In Clinton Twp., RECARO North America, Inc. purchased the 100,892 sf manufacturing building located at 24801 Capital Boulevard and will be a user of the building. While in the I-96 Corridor, Holden, LLC purchased the hi-tech property located at 1235 Holden Avenue and will be a user of the building. Lastly in the North Corridor, the hi-tech property located at 30700-30750 Stephenson Highway in Madison Heights was purchased as an investment by Costco Wholesale.

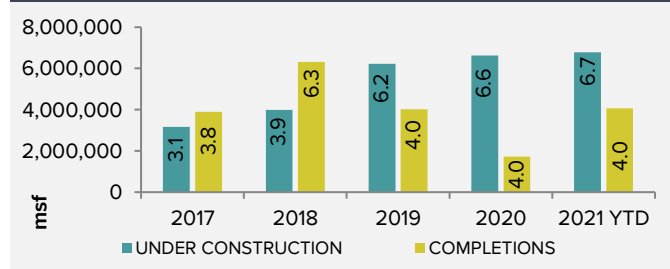
OUTLOOK

At the close of second quarter the Metro Detroit industrial market continues moving in a positive direction as leasing and sales activity remain strong, new developments and construction are on the rise in turn creating jobs. Flex-N-Gate Group recently announced plans to invest \$52M toward building out a new 205,000 sf manufacturing facility in Troy which will create 245 new jobs and will receive \$1M from the Michigan Business Development Corporation. While in Livonia, Ashley Capital purchased roughly 19 acres, a piece of the former GM Delco Chassis Plant, with plans to invest nearly \$32M toward building 370,000 sf of logistics space next to the 1.5MSF, 2-building center constructed a few years ago, occupied by Amazon.com, Inc. and Republican National Distribution Company. While on the Eastside, demolition of the Eastland Center shopping mall in Harper Woods is expected to be completed by late spring 2022 and will evolve into a \$94.2M development of industrial and warehouse space. Current plans include 514,000 sf to be built on 36 acres, 310,000 sf on 24.1 acres and 207,000 sf on 18.8 acres with 15 acres remaining to be developed.

UNDER CONSTRUCTION

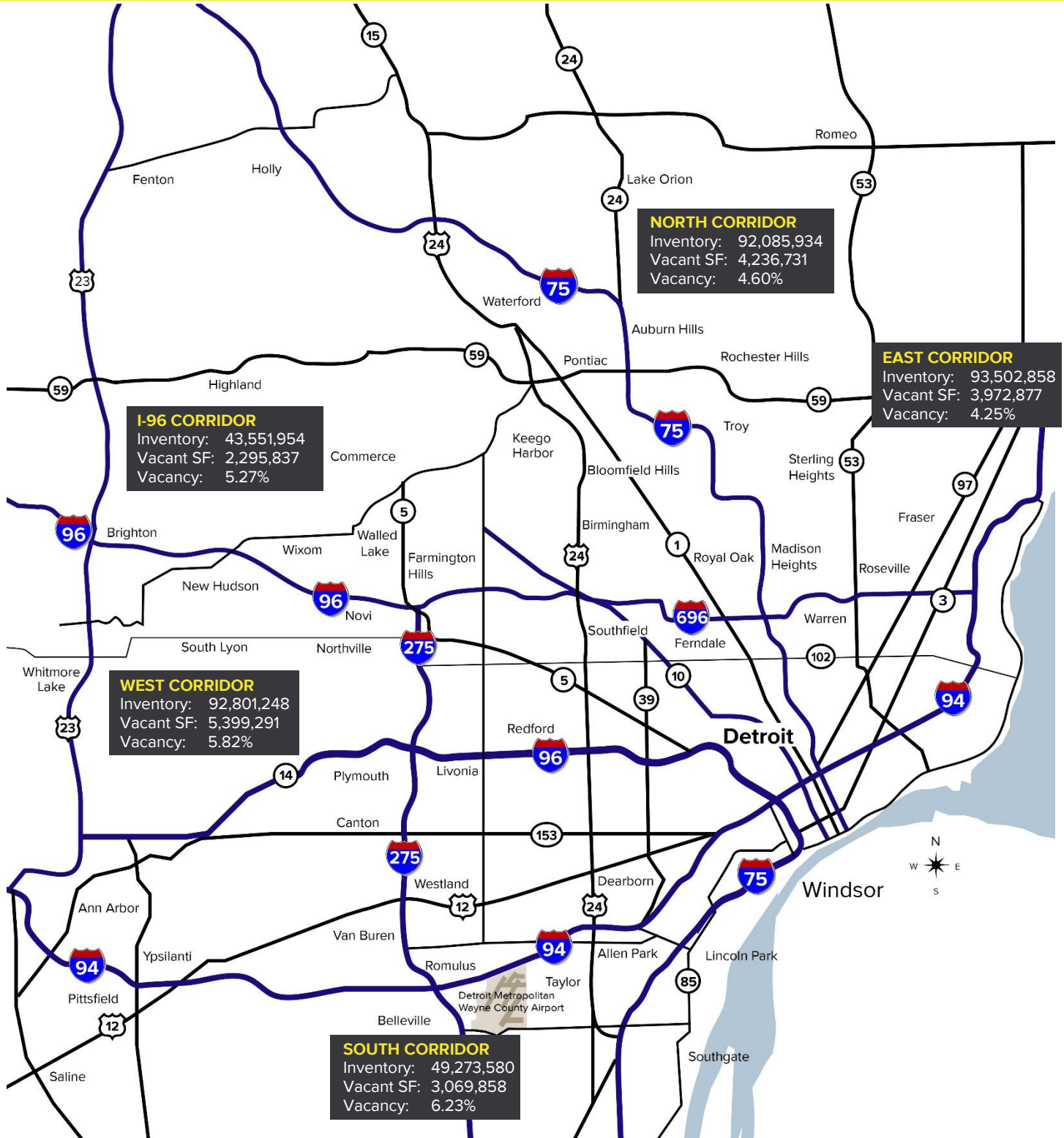
BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION
10160 Assembly Park Drive I-96 Corridor	Wixom	741,993	October 2021
7080 23 Mile Road Bldg. 2 East Corridor	Shelby Twp.	359,226	May 2022
2150 Executive Hills Drive North Corridor	Auburn Hills	146,000	October 2021

UNDER CONSTRUCTION VS. COMPLETION



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Submarket: Buildings 5,000 Sq. Ft. & Up	Total Buildings	Total Inventory Square Feet	Available Square Feet Overall	Vacancy % Overall	Available Square Feet Direct	Vacancy % Direct	Direct Vacancy % Change 1 st - 2 nd Quarter
NORTH CORRIDOR							
Auburn Hills	328	21,068,190	1,389,794	6.60%	1,246,438	5.92%	1.44%
Madison Heights	429	10,797,400	644,357	5.97%	624,157	5.78%	-0.69%
Orion Twp/Lake Orion	67	4,674,239	139,380	2.98%	139,380	2.98%	-1.77%
Rochester/Rochester Hills	311	10,116,152	658,174	6.51%	604,941	5.98%	-1.36%
Royal Oak Area*	672	16,516,544	571,588	3.46%	564,006	3.41%	-2.33%
Southfield/Bloomfield Twp	276	7,599,662	375,318	4.94%	350,161	4.61%	-1.48%
Troy	843	21,313,747	1,029,683	4.83%	707,648	3.32%	-0.46%
TOTAL SUBMARKET	2,926	92,085,934	4,808,294	5.22%	4,236,731	4.60%	-0.64%
EAST CORRIDOR							
Chesterfield Twp	226	8,409,025	167,981	2.00%	167,981	2.00%	-0.24%
Clinton Twp	447	8,995,079	383,652	4.27%	383,652	4.27%	0.73%
Fraser	260	6,098,130	212,494	3.48%	212,494	3.48%	-0.06%
Mt. Clemens	98	2,965,203	282,811	9.54%	282,811	9.54%	0.00%
Roseville	278	7,083,548	593,848	8.38%	458,146	6.47%	0.54%
Shelby Twp/Macomb Twp	402	11,941,817	553,459	4.63%	541,620	4.54%	0.02%
Sterling Heights	532	18,383,260	566,028	3.08%	566,028	3.08%	-0.29%
Warren	977	29,626,796	1,429,145	4.82%	1,360,145	4.59%	0.30%
TOTAL SUBMARKET	3,220	93,502,858	4,189,418	4.48%	3,972,877	4.25%	0.13%
SOUTH CORRIDOR							
Brownstown Twp	58	5,831,258	288,311	4.94%	288,311	4.94%	-1.86%
Dearborn/Dearborn Heights	309	11,736,194	1,009,509	8.60%	893,065	7.61%	1.33%
Romulus	388	20,564,164	1,438,054	6.99%	1,232,297	5.99%	-0.82%
Taylor	306	11,141,964	656,185	5.89%	656,185	5.89%	1.22%
TOTAL SUBMARKET	1,061	49,273,580	3,392,059	6.88%	3,069,858	6.23%	0.03%
WEST CORRIDOR							
Ann Arbor	382	10,996,672	745,119	6.78%	669,212	6.09%	0.55%
Farmington/Farmington Hills	422	12,113,316	1,102,744	9.10%	914,756	7.55%	0.67%
Livonia	813	30,732,629	851,590	2.77%	685,152	2.23%	-0.50%
Plymouth/Canton	483	20,185,255	1,755,367	8.70%	1,747,467	8.66%	0.79%
Redford	202	5,839,626	311,437	5.33%	311,437	5.33%	2.38%
Van Buren Twp	60	6,140,850	782,661	12.75%	782,661	12.75%	0.76%
Wayne/Westland	280	6,792,900	311,106	4.58%	288,606	4.25%	-0.08%
TOTAL SUBMARKET	2,642	92,801,248	5,860,024	6.31%	5,399,291	5.82%	0.35%
I-96 CORRIDOR							
Brighton/Genoa Twp/Green Oak Twp	255	6,925,445	136,439	1.97%	136,439	1.97%	-0.08%
Fowlerville/Howell	119	4,203,051	251,288	5.98%	251,288	5.98%	-0.97%
Lyon Twp/South Lyon/Milford/New Hudson	128	4,850,066	536,847	11.07%	536,847	11.07%	2.12%
Novi	310	11,291,866	922,075	8.17%	875,908	7.76%	-0.23%
Walled Lake/Commerce Twp	203	4,643,350	138,879	2.99%	131,409	2.83%	-0.22%
Wixom	371	11,638,176	380,520	3.27%	363,946	3.13%	-1.39%
TOTAL SUBMARKET	1,386	43,551,954	2,366,048	5.43%	2,295,837	5.27%	-0.31%
METRO DETROIT INDUSTRIAL MARKET TOTAL	11,235	371,215,574	20,615,843	5.55%	18,974,594	5.11%	-0.07%

*Royal Oak Area includes: Berkley, Ferndale, Hazel Park, Oak Park and Royal Oak.

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TOP SALE TRANSACTIONS

Building	City	Market	Size/SF	Sale Type	Buyer
25295 Guenther Road	Warren	East Corridor	248,040	Investment	Stag Industrial Holdings, LLC
24801 Capital Boulevard	Clinton Twp.	East Corridor	100,892	User	RECARO North America, Inc.
1235 Holden Avenue	Milford	I-96 Corridor	73,793	User	Holden, LLC
30700-30750 Stephenson Highway	Madison Heights	North Corridor	56,650	Investment	Costco Wholesale
2840 Auburn Court	Auburn Hills	North Corridor	45,360	User	MP Auburn, LLC

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
1430 E. 10 Mile Road	Hazel Park	North Corridor	445,432	Direct	Mayville Engineering Company, Inc.
36501 Van Born Road	Romulus	South Corridor	228,671	Direct	Hodges Bonded Warehouse, Inc.
20505 Sibley Road	Brownstown Twp.	South Corridor	100,000	Direct	Dicastal Logistics Group
27050 Trolley Industrial Drive	Taylor	South Corridor	67,200	Direct	Wallside Windows
12623 Newburgh Road	Livonia	West Corridor	56,050	Direct	+Vantage Corporation

SIGNATURE QUICK FACTS

<p>Q2 2021 SIGNATURE LISTED...</p> <p>NEW 204 NEW PROPERTIES</p> <p>1,825,006 SQUARE FEET</p> <p>186.9 ACRES</p>	<p>Q2 2021 SIGNATURE CLOSED....</p> <p>CLOSED 375 TRANSACTIONS</p> <p>7,011,190 SQUARE FEET</p> <p>2,637.21 ACRES</p>	<p> 42% CONSISTENT MARKET SHARE</p> <p>FULL-SERVICE COMMERCIAL REAL ESTATE</p> <p>TCN  MEMBER FIRM WORLDWIDE REAL ESTATE SERVICES</p>
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