

METRO DETROIT

MID YEAR 2021 INDUSTRIAL REPORT



DEMAND & DEVELOPMENT SHOWING NO SIGNS OF SLOWING

In the first half of 2021, the Metro Detroit industrial market continued to strengthen with increasing rental rates, leasing volume, and net absorption, significant spec development, and stable sales volume.

The ecommerce boom during the pandemic, coupled with the region's growing automotive electrification industry, has spurred a nearly insatiable demand for modern warehouse distribution facilities, driving rental rates and construction volume to unprecedented levels due to the lack of available Class A/B warehouse and distribution properties. Approximately 4MM square feet (sf) of industrial inventory was delivered in the first half of 2021 to meet this demand, with an additional 33 properties totaling ±7.4MM sf under construction, the highest level on record. The current level of spec development, ±4.7MM sf, is the highest level in 10+ years. Missouri-based firms Flint Development and NorthPoint Development are responsible for ±3.1MM sf of the spec development, indicative of the short and long-term demand confidence in the Detroit Metro industrial/flex market. Driven by significant deliveries and leasing volume, net absorption was 1,668,886 sf, the highest level since the second half of 2019. Occupancy decreased by 0.40% compared to the second half of 2020, a result of the increased supply rather than faltering demand.

The demand growth is also spurring creative repurposing of functionally obsolete assets, such as the planned redevelopment of Eastland Center, a 78.9 acre site in Harper Woods, into ±1MM sf of industrial warehouse distribution space with construction beginning in 2022. Redevelopment's delivered in the first half of 2021 include: Tri-County Commerce Center—Building 3 on the former Hazel Park Raceway site occupied by General Motors and Mayville; Dakkota Integrated System Kettering Plant on the former site of Kettering High School in Detroit that will exclusively supply to Stellantis; and DET3 Amazon Fulfillment Center on the former Silverdome site, the most recent addition to their four existing Michigan fulfillment centers. Redevelopment's under construction include: Wixom Assembly Park—Building A on the former Wixom Ford Assembly site; Oakland Logistics Park on the former Pontiac East Assembly Plant; and M3 Commerce Center on the former Cadillac Stamping Plant in Detroit.

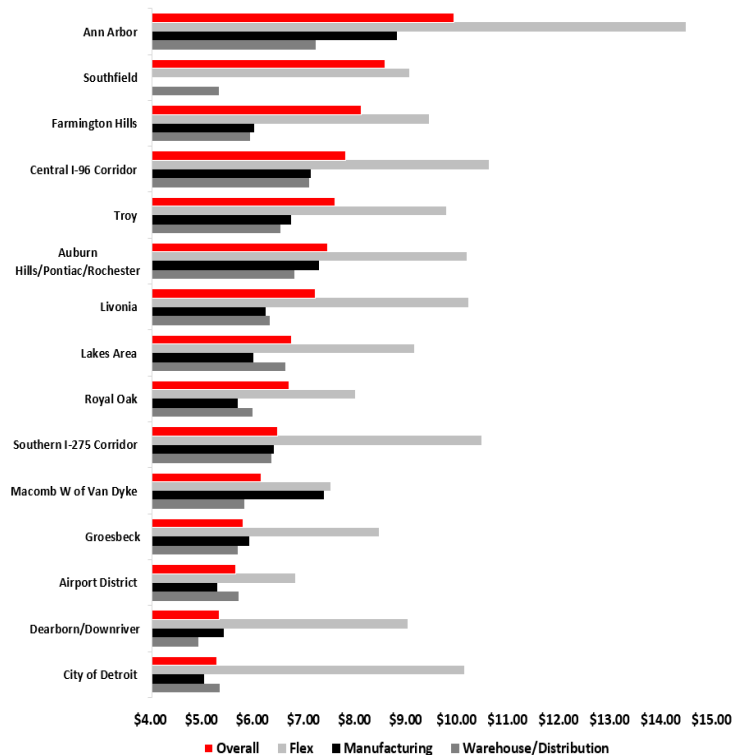
Cap rates were lower in the first half of 2021, averaging 7.2% compared to the second and first half of 2020 when they averaged a respective 8.3% and 8.7%.

Looking ahead to the rest of the year, with demand showing no signs of slowing, we forecast continued strengthening fundamentals. Amazon announced plans for their 6th Michigan fulfillment center, a 3.8MM square foot building in Detroit, along with an additional 29.6MM sf of proposed development, positive signals to sustain confidence in the Detroit Metro industrial market.

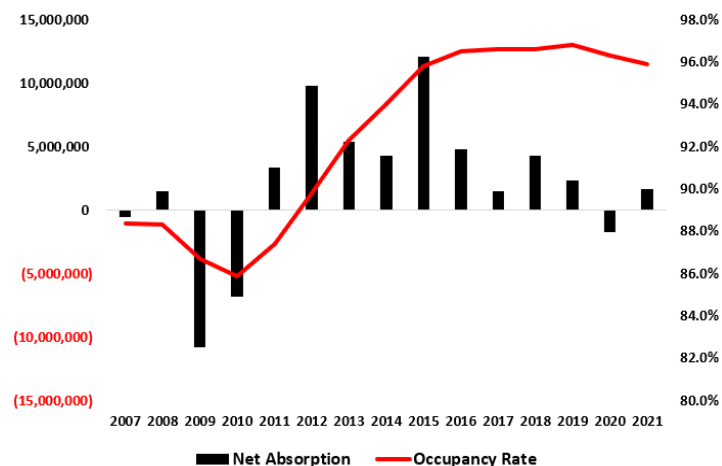
MARKET AT A GLANCE

	PRIOR YEAR Q1 & Q2 2020	PRIOR YEAR Q3 & Q4 2020	CURRENT Q1 & Q2 2021	
# Of Industrial/Flex Buildings	16,860	16,871	16,889	↑
Market Size (SF)	586,129,022	586,927,233	590,917,586	↑
Direct Avg Asking Rental Rate	\$6.28	\$6.40	\$6.46	↑
Overall Occupancy	96.6%	96.3%	95.9%	↓
Half Year Net Absorption	(778,543)	(916,184)	1,668,886	↑
Half Year Leasing Volume	8,798,223	5,619,570	7,382,215	↑
Half Year Sales Volume	\$272,514,981	\$490,879,331	\$314,329,161	↓
# Prop Under Construction	37	38	33	↓
SF Under Construction	4,855,052	7,375,802	7,470,948	↑

AVERAGE ASKING RENTAL RATES BY SUBMARKET



OCCUPANCY & ABSORPTION



METRO DETROIT INDUSTRIAL STATS



SUBMARKET	# BLDGS	INVENTORY (SF)	NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	OVERALL OCC. (%)	AVG ASKING RENT (NNN)	ASKING RENT (NNN)			TOTAL SALES VOLUME	SALES PER SF
								WHS / DISTRIB	MFG	FLEX		
Ann Arbor	888	32,918,186	(522,620)	133,000	5.20%	94.80%	\$9.92	\$7.20	\$8.80	\$14.45	\$9,321,000	\$67.00
Airport District	1,037	53,992,694	1,062,902	1,395,666	4.78%	95.22%	\$5.63	\$5.69	\$5.27	\$6.80	\$18,788,501	\$57.00
Auburn Hills/ Pontiac/ Rochester	1,094	48,805,222	105,176	968,329	5.56%	94.44%	\$7.44	\$6.78	\$7.27	\$10.16	\$18,636,000	\$76.00
Central I-96 Corridor	1,164	34,371,475	(51,354)	1,553,715	4.37%	95.63%	\$7.79	\$7.08	\$7.11	\$10.59	\$19,397,416	\$81.00
City of Detroit	2,041	88,290,077	1,640,350	684,000	5.12%	94.88%	\$5.27	\$5.32	\$5.02	\$10.12	\$15,073,893	\$80.00
Dearborn/ Downriver	1,191	69,008,075	(1,212,377)	0	4.81%	95.19%	\$5.32	\$4.91	\$5.40	\$9.00	\$64,672,003	\$67.00
Farmington Hills	428	11,683,879	139,559	0	6.33%	93.67%	\$8.10	\$5.92	\$6.00	\$6.00	\$5,285,000	\$55.00
Livonia	1,108	42,192,352	265,368	0	2.89%	97.11%	\$7.19	\$6.30	\$6.23	\$10.19	\$27,602,000	\$86.00
Southern I- 275 Corridor	579	19,326,754	348,828	290,000	5.74%	94.26%	\$6.45	\$6.34	\$6.39	\$10.46	\$18,029,399	\$61.00
Lakes Area	385	7,574,471	59,043	0	1.43%	98.57%	\$6.73	\$6.61	\$5.99	\$9.13	\$1,960,000	\$131.00
Groesbeck	2,994	67,265,071	38,940	176,132	3.08%	96.92%	\$5.79	\$5.67	\$5.91	\$8.45	\$58,910,351	\$56.00
Macomb W of Van Dyke	1,339	63,645,315	(234,899)	1,083,934	1.45%	98.55%	\$6.13	\$5.80	\$7.36	\$7.50	\$17,655,000	\$93.00
Royal Oak	952	14,865,975	(118,781)	1,186,172	1.97%	98.03%	\$6.69	\$5.96	\$5.67	\$7.98	\$775,000	\$132.00
Southfield	248	6,154,095	71,231	0	4.07%	95.93%	\$8.56	\$5.30	N/A	\$9.04	\$14,110,598	\$125.00
Troy	1,441	30,823,945	77,520	0	3.69%	96.31%	\$7.59	\$6.51	\$6.72	\$9.76	\$20,423,000	\$96.00
TOTAL	16,889	590,917,586	1,668,886	7,470,948	4.10%	95.90%	\$6.46	\$6.05	\$6.07	\$10.05	\$314,329,161	\$74.07

*WHS / DISTRIB = Warehouse / Distribution

*MFG = Manufacturing

TOP MID YEAR 2021 INDUSTRIAL SALES (BASED ON SALES PRICE)



Property Name	Property Address	Property City	Building SF	Sale Price	Price PSF	Property Type
Comprehensive Logistics	6000 Wyoming St (Part of Portfolio)	Detroit	366,103	\$39,628,923	\$108.25	MFG
	9400 McGraw St (Part of Portfolio)	Detroit	121,497	\$13,151,477	\$108.25	MFG
	7295 N Haggerty Rd	Canton	170,000	\$11,374,399	\$66.91	MFG
International Paper	21405 Trolley Industrial Dr	Taylor	180,986	\$10,800,000	\$59.67	WHS/DISTRIB
Riverwood Research Center	24461-24491 W 10 Mile Rd	Southfield	68,142	\$10,506,000	\$154.18	FLEX
	23751 Hoover Rd	Warren	65,521	\$10,250,000	\$156.44	MFG
	6100 Sims Dr	Sterling Heights	91,261	\$10,150,000	\$111.22	WHS/DISTRIB
	1 ATS Dr	Wixom	117,709	\$9,350,000	\$79.43	MFG
	1515 Equity Dr	Troy	46,650	\$7,900,000	\$169.35	FLEX
Form Tech Building	18450 15 Mile Rd	Fraser	186,443	\$7,600,000	\$40.76	MFG
	52585 Dequindre Rd	Rochester Hills	96,460	\$7,000,000	\$72.57	MFG
Sauk Trail Business Park	151 S Industrial Dr	Saline	70,087	\$4,550,000	\$64.92	MFG
	12811 Farmington Rd	Livonia	21,280	\$4,200,000	\$197.37	WHS/DISTRIB
Ralco	1025 Doris Rd	Auburn Hills	49,592	\$3,750,000	\$75.62	MFG
	20950-21000 Macarthur Blvd (Part of Portfolio)	Warren	100,510	\$3,725,000	\$37.06	MFG
	12163 Globe St	Livonia	57,895	\$3,567,000	\$61.61	MFG
Metro West Industrial Pk	45657 Port St	Plymouth	48,300	\$3,150,000	\$65.22	MFG
	4306 Normandy Ct	Royal Oak	53,346	\$3,000,000	\$56.24	WHS/DISTRIB
	4220 Wyoming St (Part of Portfolio)	Dearborn	7,893	\$2,737,095	\$346.77	WHS/DISTRIB
	13281 Merriman Rd	Livonia	34,353	\$2,675,000	\$77.87	WHS/DISTRIB
Belden Industrial Park	12400 Belden Ct	Livonia	30,000	\$2,500,000	\$83.33	WHS/DISTRIB
	36000 Mound Rd	Sterling Heights	36,095	\$2,425,000	\$67.18	MFG
Freeway Industrial Park	23350 Commerce Dr	Farmington Hills	23,872	\$2,400,000	\$100.54	WHS/DISTRIB
	11850 Mayfield St	Livonia	39,818	\$2,300,000	\$57.76	WHS/DISTRIB
	21535 Telegraph Rd (Part of Portfolio)	Southfield	33,617	\$2,254,598	\$67.07	WHS/DISTRIB
	985 W Entrance Dr	Auburn Hills	53,898	\$2,156,000	\$40.00	FLEX
	8655 E 8 Mile Rd (Part of Portfolio)	Warren	77,283	\$2,100,000	\$27.17	WHS/DISTRIB
Sharper Image Building	40230 Grand River Ave	Novi	26,660	\$2,010,000	\$75.39	MFG
Beck North Corporate Park	29770 Hudson Dr	Novi	21,443	\$1,850,000	\$86.28	FLEX
	11530 Stephens Rd	Warren	76,880	\$1,800,000	\$23.41	WHS/DISTRIB
	2002 Stephenson Hwy	Troy	21,850	\$1,800,000	\$82.38	MFG
Goesbeck Commerce Park	26692 Goesbeck Hwy	Warren	32,016	\$1,800,000	\$56.22	WHS/DISTRIB
	2625 E Michigan Ave	Ypsilanti	25,577	\$1,775,000	\$69.40	WHS/DISTRIB
Troy Business Center	780 W Maple Road	Troy	18,000	\$1,775,000	\$98.61	FLEX
	6315 Highland Rd	Waterford	13,200	\$1,725,000	\$130.68	WHS/DISTRIB
	2900 Auburn Ct	Auburn Hills	23,285	\$1,700,000	\$73.01	WHS/DISTRIB
	32225-32229 Schoolcraft Rd	Livonia	23,198	\$1,700,000	\$73.28	MFG
Beck West Corporate Park	46785 Magellan Dr	Novi	16,040	\$1,700,000	\$105.99	WHS/DISTRIB
	7700 19 Mile Rd	Sterling Heights	25,812	\$1,650,000	\$63.92	MFG
	18050-18070 15 Mile Rd	Fraser	41,203	\$1,600,000	\$38.83	FLEX
	7010 Middlebelt Rd	Romulus	34,615	\$1,560,000	\$45.07	WHS/DISTRIB
	41255 Technology Park Dr	Sterling Heights	17,500	\$1,500,000	\$85.71	WHS/DISTRIB
	15960 Common Rd	Roseville	10,080	\$1,495,000	\$148.31	WHS/DISTRIB
	41150 Joy Rd (Part of Portfolio)	Plymouth	30,440	\$1,486,204	\$48.82	MFG
TOTAL MID YEAR 2021 MARKET SALES			5,168,563	\$314,329,161	\$74.07	

TOP MID YEAR 2021 INDUSTRIAL LEASES (BASED ON SF)



Tenant	Building	Submarket	SF	Property Type
Fedex	Crossroad Distribution Center North	Airport District	659,546	WHS/DISTRIB
Hollingsworth	Browntown Business Center North	Dearborn/Downriver	493,264	WHS/DISTRIB
Mayville Engineering Company	Tri-County Commerce Center	Royal Oak	445,432	WHS/DISTRIB
Hodges Bonded Warehouse	Romulus Business Center	Airport District	228,671	WHS/DISTRIB
General Motors	Ecorse Commons—Building 1	Airport District	149,900	WHS/DISTRIB
Maclean-Fogg Company	23400 Haggerty	Farmington Hills	142,278	WHS/DISTRIB
US Autoforce	48238 Frank	Central I-96 Corridor	138,000	WHS/DISTRIB
Hearn Industrial Services	35660 Clinton	Airport District	126,700	MFG
Z Brothers Express*	12350 Sears	Livonia	124,750	WHS/DISTRIB
Windshield Guyz	12850 E 9 Mile	Groesbeck	122,548	WHS/DISTRIB
Westrock Box on Demand	20505 Sibley	Dearborn/Downriver	116,950	WHS/DISTRIB
DMW Holdings	151 Lafayette	Groesbeck	103,288	WHS/DISTRIB
United States Postal Service	18765 Seaway	Dearborn/Downriver	102,400	WHS/DISTRIB
DLG International	20505 Sibley	Dearborn/Downriver	100,000	WHS/DISTRIB
Moba Americas Inc.	28355 Lakeview	Central I-96 Corridor	92,630	MFG
C-MAC Transportation	Romulus Business Center	Airport District	91,475	WHS/DISTRIB
Great Lakes Weather Authority	19000 Rialto	Dearborn/Downriver	85,926	WHS/DISTRIB
Matrix Quality Services*	32500 Van Born	Airport District	80,000	MFG
Armaly Sponge Company	3160 Dallavo	Central I-96 Corridor	79,632	MFG
Kintetsu World Express*	27651 Hildebrandt	Airport District	75,693	WHS/DISTRIB
Emhart Technologies	50501 E Russell Schmidt	Groesbeck	68,300	WHS/DISTRIB
Wallside	27050 Trolley Industrial	Airport District	67,200	WHS/DISTRIB
Everfresh Beverage	25800-25840 Sherwood	W of Van Dyke/Macomb	62,800	MFG
+Vantage Corporation	12623 Newburgh	Livonia	56,050	WHS/DISTRIB
DCS	6525 Center	W of Van Dyke/Macomb	53,119	WHS/DISTRIB
Doxim Utilities	1911 Woodslee	Troy	52,303	WHS/DISTRIB
Nissin International	Van Buren Business Center	Airport District	51,771	WHS/DISTRIB
International Paper Solutions	32505 Industrial	Troy	47,013	WHS/DISTRIB
Pella Windows & Doors	Orion Commerce Center	Auburn Hills/Pontiac/Rochester	44,732	WHS/DISTRIB
Production Spring LLC*	1151 Allen	Troy	41,200	MFG
Gedia Michigan	Orion Commerce Center	Auburn Hills/Pontiac/Rochester	41,131	WHS/DISTRIB
Northville Lumber Company	3160 Dallavo	Central I-96 Corridor	38,318	MFG
Oxus America	2046 Brown	Auburn Hills/Pontiac/Rochester	37,456	WHS/DISTRIB
Luna Mart	51560 Celeste	Groesbeck	37,335	WHS/DISTRIB
IGT Global Solutions Corporation	8462 Ronda	Southern I-275 Corridor	37,318	WHS/DISTRIB
Detroit Hot Wheel City	21770 Wyoming	Royal Oak	36,011	MFG
KSS Enterprises	39133 Webb	Southern I-275 Corridor	35,488	WHS/DISTRIB
8 Mile Pros, LLC	7021 Sterling Ponds	W of Van Dyke/Macomb	35,098	MFG
KSI	Grand Oaks Commerce Center	Central I-96 Corridor	32,500	WHS/DISTRIB
Gudel	45145 W 12 Mile	Central I-96 Corridor	31,809	FLEX

*Renewal

TOP MID YEAR 2021 INDUSTRIAL DEVELOPMENTS (BASED ON SF)



TOP INDUSTRIAL PROPERTIES DELIVERED (BASED ON SF)

Property Name	Property Address	Property City	SF	Developer	Delivered	Property Type
DET3 Amazon Fulfillment Center	1220 Featherstone Rd	Pontiac	1,000,000	Seefried Properties	Q2 2021	WHS/DISTRIB
Tri-County Commerce Center - Building 3	1430 E 10 Mile Rd	Hazel Park	911,172	Ashley Capital	Q2 2021	WHS/DISTRIB
Crossroad Distribution Center North - Building 5	42000 Ecorse Rd	Van Buren Township	659,546	Ashley Capital	Q1 2021	WHS/DISTRIB
Dakota Integrated Systems - Kettering Plant	6101 Van Dyke St	Detroit	600,000	Dakota Integrated Systems	Q1 2021	MFG
Ecorse Commons - Building 1	37350 Ecorse Rd	Van Buren Township	409,158	NorthPoint Development	Q2 2021	WHS/DISTRIB
	14200 N Haggerty Rd	Plymouth	300,000	Hillside Investments	Q1 2021	MFG
Crossroad Distribution Center North - Building 4	42000 Ecorse Rd	Van Buren Township	261,561	Ashley Capital	Q1 2021	WHS/DISTRIB
Jefferson North Assembly Extension	11509 Mack Ave	Detroit	250,000	Stellantis	Q2 2021	MFG
Ecorse Commons - Building 2	37350 Ecorse Rd	Van Buren Township	245,400	NorthPoint Development	Q2 2021	WHS/DISTRIB
	4130 S Lapeer Rd	Lake Orion	73,100	Kemp Building & Development	Q2 2021	WHS/DISTRIB
Subaru Research and Development	50015 Michigan Ave	Van Buren Township	70,000	Ben Griffin	Q1 2021	FLEX

TOP INDUSTRIAL PROPERTIES UNDER CONSTRUCTION (BASED ON SF)

Property Name	Property Address	Property City	SF	Developer	Delivery	Property Type
Wixom Assembly Park - Building A	10160 Assembly Park Dr	Wixom	741,993	Flint Development	Q2 2022	WHS/DISTRIB
Oakland Logistics Park	2100 S Opdyke Rd	Pontiac	713,796	Flint Development	Q2 2022	WHS/DISTRIB
M3 Commerce Center	9501 Conner St	Detroit	684,000	NorthPoint Development	Q1 2021	WHS/DISTRIB
Crossroad Distribution Center North - Building 6	42000 Ecorse Rd	Van Buren Township	659,549	Ashley Capital	Q4 2021	WHS/DISTRIB
Livonia West Commerce Center 2	12950 Eckles Rd	Livonia	375,846	Ashley Capital	Q2 2022	WHS/DISTRIB
Shelby Commerce Center - Building 2	7080 23 Mile Rd	Shelby Township	359,226	NorthPoint Development	Q2 2022	WHS/DISTRIB
Pinnacle Landing Commerce Park - Building A	17991 Wahrman Rd	New Boston	351,520	Hillwood	Q1 2021	WHS/DISTRIB
Shelby Commerce Center - Building 3	7080 23 Mile Rd	Shelby Township	332,186	NorthPoint Development	Q2 2022	WHS/DISTRIB
Shelby Commerce Center - Building 1	7080 23 Mile Rd	Shelby Township	312,322	NorthPoint Development	Q2 2022	WHS/DISTRIB
Lyon Distribution Center - I	Grand River Ave	Lynn Township	280,000	Walbridge	Q4 2021	WHS/DISTRIB
Midtown Business Center	15000 8 Mile Rd	Oak Park	275,000	Schostak	Q4 2021	WHS/DISTRIB
Pinnacle Landing Commerce Park - Building B	17991 Wahrman Rd	New Boston	249,600	Hillwood	Q1 2021	WHS/DISTRIB

METHODOLOGY & DEFINITIONS

The information included in this report is the result of a compilation and analysis of data from various sources on industrial warehouse/distribution, industrial manufacturing, and flex properties located in the metropolitan Detroit area. Friedman obtained the information from its own property representatives, Costar Group™, industry periodicals and magazines, our in-house property database, and other sources. Some of the data in this report has not been independently verified by Friedman. Friedman makes no warranties or representations as to the completeness or accuracy thereof.

Total Inventory (Market Size) The total square footage of gross rentable area in a specific submarket. It includes the gross rentable area in buildings that have received a certificate of occupancy. Total inventory increases when a new building is delivered and decreases when an existing building is destroyed, demolished or its use changes. For our survey, we include all industrial buildings except those deemed functionally obsolete, and designated flex light manufacturing/distribution as flex properties.

Vacancy Rate: A measurement expressed as a percentage of the total amount of vacant space divided by the total amount of inventory. Vacant space is inventory that is not currently occupied.

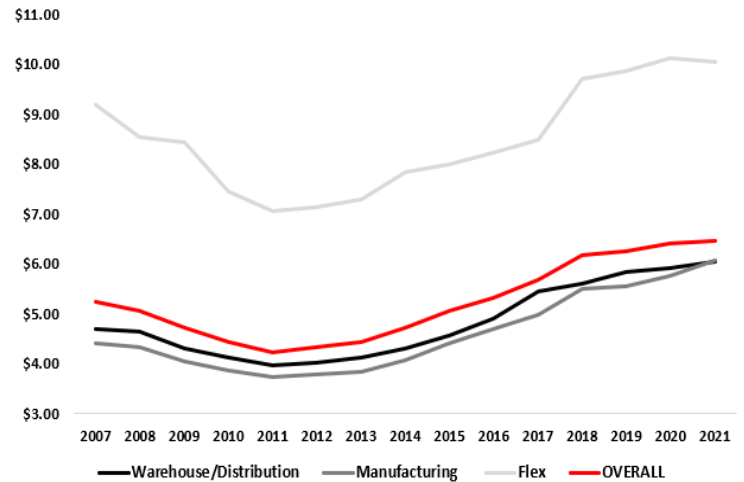
Net Absorption: The net change in occupied space in a given submarket between the current measurement period and the last measurement period. Net absorption can be either positive or negative and must include decreases as well as increases in inventory levels. For the purpose of this report, sublease space is included in the calculation of net absorption.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per SF per year. Industrial rents are reported as triple net where all costs of operation are paid for by the tenant. The asking rent for each building in the submarket is weighted by the amount of available space in the building.

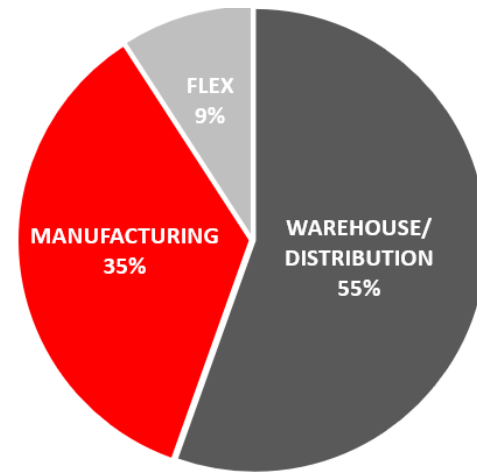
Under Construction Buildings where either: a) actual ground breaking has occurred (site excavation or foundation work) and construction is ongoing (not abandoned or discontinued) but for which a certificate of occupancy has not yet been issued; or b) properties undergoing conversion to industrial from another use or c) properties undergoing a major renovation where 75 percent or more of the building is not available for lease and building generally requires a certificate of occupancy to be made available for lease.

NOTE: Friedman’s MID-YEAR Industrial Market Report provides our clients and tenants with a snapshot of pertinent market data and information to help them make informed commercial real estate decisions. The data presented herein represents all industrial properties within the Metro Detroit area except those that are determined to be functionally obsolete.

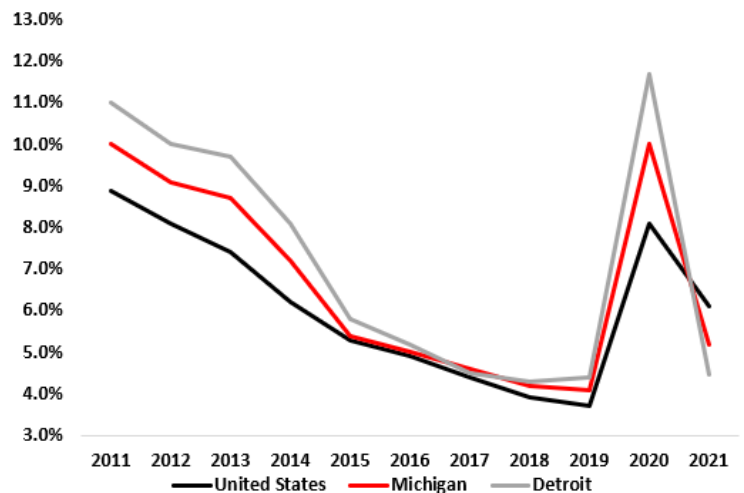
AVERAGE RENTAL RATES (BY PROPERTY TYPE)



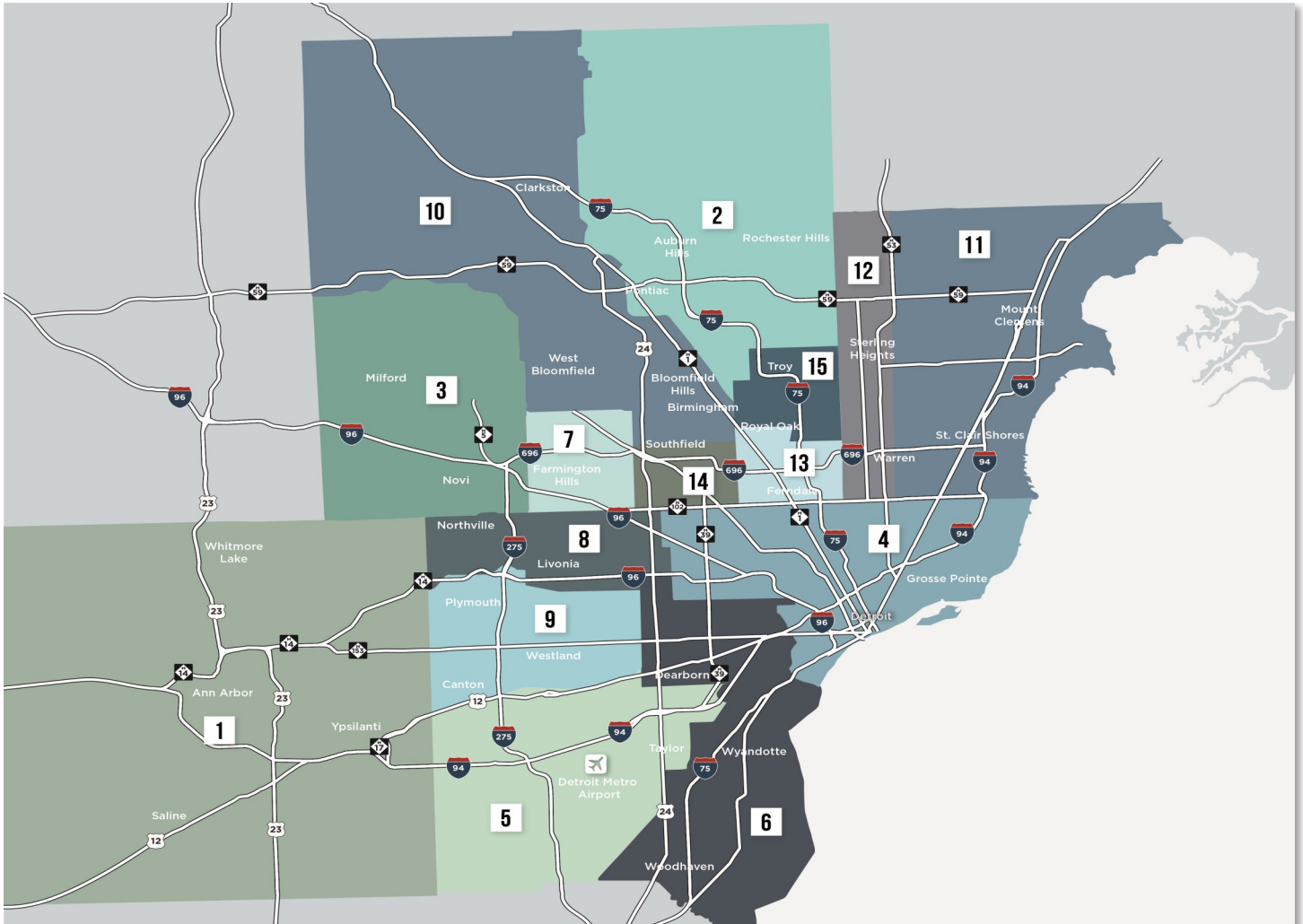
METRO DETROIT INDUSTRIAL INVENTORY BY TYPE



HISTORICAL UNEMPLOYMENT RATES



METRO DETROIT INDUSTRIAL SUBMARKET MAP



- | | |
|---|--------------------------------|
| 1 ANN ARBOR | 9 I-275 CORRIDOR |
| 2 AUBURN HILLS/PONTIAC/ROCHESTER | 10 LAKES AREA |
| 3 CENTRAL I-96 CORRIDOR | 11 GROESBECK |
| 4 DETROIT | 12 MACOMB W OF VAN DYKE |
| 5 AIRPORT DISTRICT | 13 ROYAL OAK |
| 6 DEARBORN/DOWNRIVER | 14 SOUTHFIELD |
| 7 FARMINGTON HILLS | 15 TROY |
| 8 LIVONIA | |

Friedman Research separates the Metro Detroit industrial submarkets in the manner shown to better reflect the way users, tenants, and brokers view our market. We believe this provides a more accurate statistical picture of each Submarket which allows our clients to make better informed decisions.

BROKERAGE SERVICES OVERVIEW



Commercial real estate market fundamentals are in flux, leading to opportunities for our clients. Contact Friedman today to discuss how we may be able to help you:

- Review and potentially restructure your existing lease.
- Reduce rental costs through renegotiation, consolidation, or relocation.
- Step up to a higher quality property.
- Acquire excess property from owners and companies that reduced their footprint during the past 18 months.
- Reconfigure your existing space with our in-house design, planning, and construction team.
- Review financing options with our in-house capital markets team.

CORE PROFICIENCIES



LANDLORD REPRESENTATION



PROPERTY MARKETING



TENANT REPRESENTATION



INVESTMENT ADVISORY SERVICES



LEASE MANAGEMENT



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