

DEMAND CONTINUES TO EXCEED SUPPLY WITH NO END IN SIGHT

In the second half of 2021, the Metro Detroit industrial market continued to strengthen with record net absorption, increased rental rates, a robust construction pipeline, and stable occupancy despite significant deliveries.

SUPPLY AND DEMAND

The continued growth of ecommerce and the region's automotive electrification industry has spurred unprecedented levels of industrial demand, specifically for modern distribution and hi-tech manufacturing facilities to replace an antiquated industrial inventory. The extraordinary demand has materialized in net absorption of 7.2MM SF, the highest level on record, which included the 3.4MM SF in industrial inventory delivered, and resulted in a 0.40% increase in overall occupancy to 96.3%.

Over 80% of net absorption was in warehouse distribution facilities (5.8MM SF), which indicates continued insatiable demand for modern warehouse distribution facilities and justifies the 6.6MM SF currently under construction. There are 186 proposed industrial/flex developments, totaling 30.4MM SF or 5.5% of current inventory, 48 of which are speculative warehouse distribution developments, totaling 16.3MM SF. This unprecedented level of planned development and sustained activity by out-of-state developers, including Northwood Development, Flint Development, and Hillwood Development, is further indication of the long-term confidence in the Detroit Metro industrial market. Developers continue to redevelop functionally obsolete assets (Eastland Center, Pontiac Silverdome site, Hazel Park Raceway, Cadillac Stamping Plant, and the vacant American Motors HQ) into industrial use.

Due to increased construction costs, which are up 13.7% year-over-year (YOY), and the constrained supply of industrial inventory, asking rates have increased 6.4% YOY, which is the largest increase in the past 10 years, and warehouse distribution facilities asking rent growth of 8.0% YOY.

With a robust automotive infrastructure and significant state incentives, Southeast Michigan will continue to be a leader in the rapidly growing electric vehicle industry. General Motors announced a \$4B investment in converting and expanding their Lake Orion assembly plant for electric pickup assembly, and a \$2.6B joint venture investment with LG Energy Solutions for battery cell manufacturing in suburban Lansing. The projects received \$824MM in state incentives from the Michigan Strategic Fund and are expected to generate 4,000 jobs and thousands more in ancillary positions.

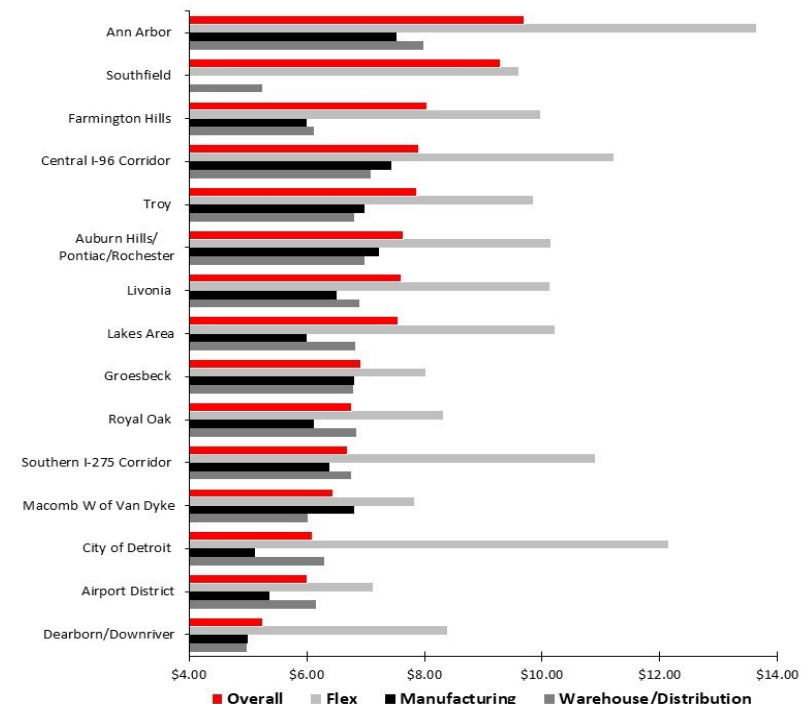
SALES

Total industrial sales volume remained stable at \$351MM SF, below the 5-year average of \$397MM SF, indicating that although all other market fundamentals are strengthening and there is a lot of capital chasing deals, there are few sellers. Therefore, investors are creating new opportunities through development of new product. Despite this, investment demand remains strong due to the improved fundamentals with average cap rates compressing 0.80% YOY to 7.5%.

MARKET AT A GLANCE

	PRIOR PERIOD H2 2020	PRIOR PERIOD H1 2021	CURRENT H2 2021	
# Of Industrial/Flex Buildings	16,871	16,889	16,910	↑
Market Size (SF)	586,927,233	590,917,586	601,571,913	↑
Direct Avg Asking Rental Rate	\$6.40	\$6.46	\$6.82	↑
Overall Occupancy	96.3%	95.9%	96.3%	↑
Half Year Net Absorption	(916,184)	1,668,886	7,217,053	↑
Half Year Leasing Volume	5,619,570	7,382,215	7,824,488	↑
Half Year Sales Volume	\$490,879,331	\$314,329,161	\$351,414,137	↑
# Prop Under Construction	38	33	38	↑
SF Under Construction	7,375,802	7,470,948	9,554,420	↑

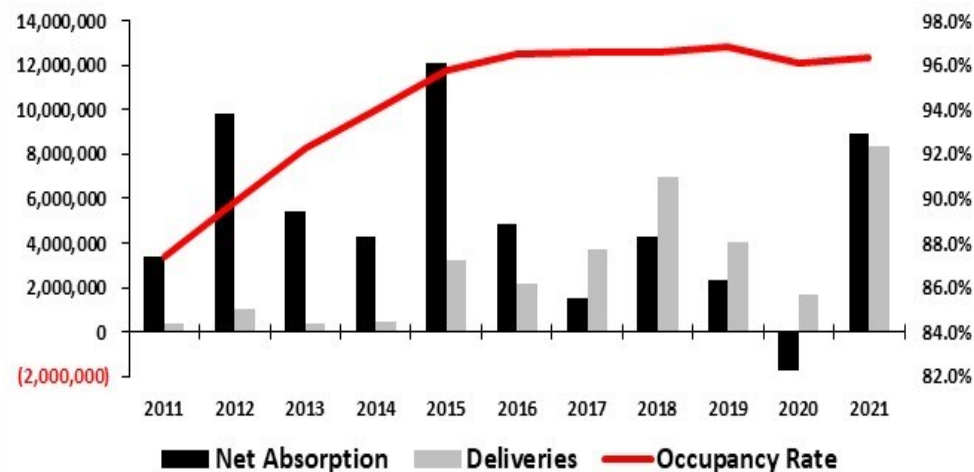
AVERAGE ASKING RENTAL RATES BY SUBMARKET



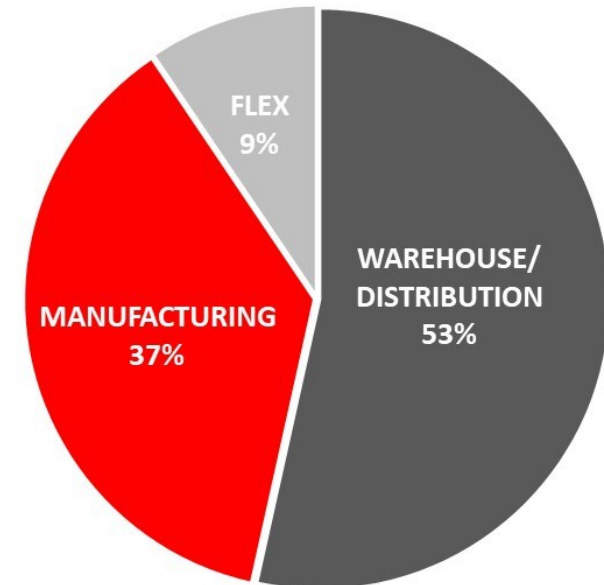
2022 OUTLOOK

- **Growing Industries:** Michigan's low cost of living, central location, lower cost of power, existing industrial infrastructure, and low ranking on the National Risk Index (lack of natural disasters), is expected to result in increased development of general manufacturing, data center, and electric-vehicle related facilities.
- **Increased Rental Rates:** We expect moderate overall asking rates due to constrained supply and increased construction and labor costs associated with new development. New warehouse distribution developments asking rents are currently over \$7.00 PSF NNN compared to the \$6.34 PSF NNN average.
- **Continued Development Activity:** 8.9MM SF of positive net absorption in 2021 demonstrates incredible demand for industrial space. 3.7% vacancy represents a very constrained supply, a portion of which is antiquated inventory. These fundamentals support the continued development of new industrial product to accommodate ongoing demand.

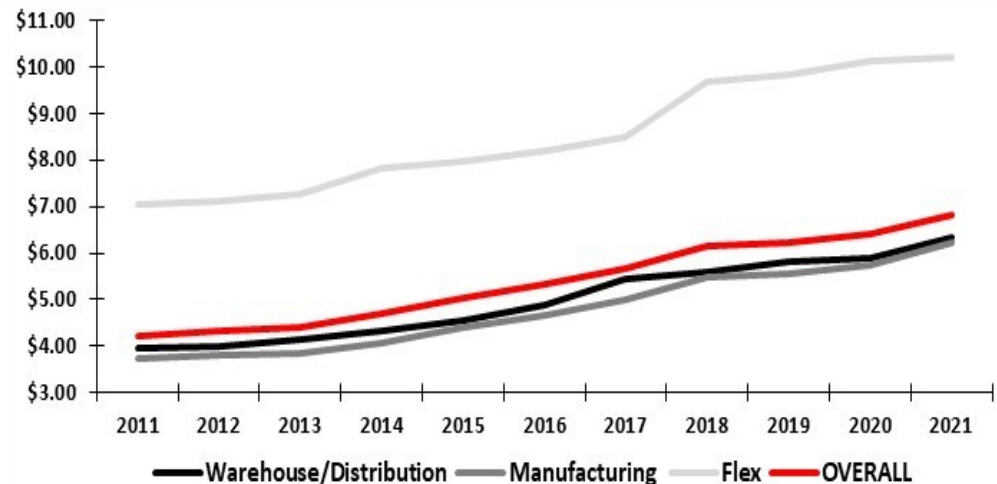
OCCUPANCY AND ABSORPTION



INVENTORY BY CLASS



AVERAGE ASKING RENT BY PROPERTY TYPE



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SUBMARKET STATS



SUBMARKET	# BLDGS	INVENTORY (SF)	NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (NNN)	ASKING RENT (NNN)			TOTAL SALES VOLUME	SALES PER SF
									W/D	MFG	FLEX		
Ann Arbor	887	33,353,133	283,381	133,000	4.40%	6.00%	95.60%	\$9.69	\$7.98	\$7.52	\$13.64	\$7,605,000	\$98.00
Airport District	1,038	55,025,509	1,278,540	2,089,779	3.80%	6.60%	96.20%	\$6.00	\$6.16	\$5.36	\$7.13	\$25,498,357	\$95.94
Auburn Hills/Pontiac/Rochester	1,094	53,997,380	1,809,258	1,475,905	4.10%	6.50%	95.90%	\$7.64	\$6.98	\$7.22	\$10.14	\$16,369,000	\$75.90
Central I-96 Corridor	1,166	34,676,801	399,595	1,443,765	3.80%	7.90%	96.20%	\$7.91	\$7.09	\$7.44	\$11.22	\$7,799,200	\$86.06
City of Detroit	2,053	89,213,628	172,476	1,320,408	4.90%	10.60%	95.10%	\$6.10	\$6.30	\$5.12	\$12.15	\$34,049,409	\$43.52
Dearborn/Downriver	1,192	69,969,085	419,147	-	4.20%	6.80%	95.80%	\$5.25	\$4.98	\$4.99	\$8.39	\$11,266,310	\$55.44
Farmington Hills	430	11,725,563	218,238	-	4.70%	8.10%	95.30%	\$8.05	\$6.12	\$6.00	\$9.96	\$5,325,000	\$91.97
Livonia	1,108	42,290,633	26,295	740,658	2.80%	4.30%	97.20%	\$7.60	\$6.89	\$6.50	\$10.12	\$7,269,500	\$57.45
Southern I-275 Corridor	579	19,459,492	320,655	601,600	4.60%	7.40%	95.40%	\$6.69	\$6.75	\$6.38	\$10.89	\$23,281,543	\$64.43
Lakes Area	385	7,575,520	32,862	-	1.00%	3.40%	99.00%	\$7.55	\$6.82	\$6.00	\$10.21	\$8,518,900	\$57.08
Groesbeck	2,995	67,600,067	776,358	133,571	2.30%	4.20%	97.70%	\$6.92	\$6.79	\$6.81	\$8.02	\$77,987,141	\$109.72
Macomb W of Van Dyke	1,338	63,780,898	411,633	1,615,734	2.60%	4.20%	97.40%	\$6.44	\$6.02	\$6.80	\$7.83	\$75,073,649	\$58.71
Royal Oak	957	15,903,611	950,232	-	2.10%	3.20%	97.90%	\$6.77	\$6.85	\$6.13	\$8.32	\$7,900,000	\$42.76
Southfield	248	6,165,270	9,429	-	3.90%	7.20%	96.10%	\$9.29	\$5.25	N/A	\$9.59	\$16,850,000	\$82.60
Troy	1,440	30,835,323	108,954	-	3.50%	4.10%	96.50%	\$7.87	\$6.80	\$6.99	\$9.85	\$26,621,128	\$77.10
TOTAL	16,910	601,571,913	7,217,053	9,554,420	3.70%	6.40%	96.30%	\$6.82	\$6.34	\$6.23	\$10.20	\$351,414,137	\$65.22

*W/D= Warehouse / Distribution

*MFG = Manufacturing

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TOP SALES (BASED ON SALES PRICE)

BUILDING	ADDRESS	CITY	SF	SALE PRICE	PRICE/SF	PROPERTY TYPE
Art Van Furniture Inc HQ	6500 14 Mile Rd (Part of Multi-Property Sale)	Warren	1,012,168	\$49,237,774	\$48.65	W/D
Lipari Foods	26661 Bunert Rd (Part of Portfolio)	Warren	260,243	\$46,860,863	\$180.07	W/D
	37675 Van Born Rd (Part of Portfolio)	Romulus	150,000	\$21,188,357	\$141.26	W/D
Tower Automotive	43955 Plymouth Oaks Blvd (Part of Portfolio)	Plymouth	311,612	\$19,928,543	\$63.95	MFG
	2627 Clark St	Detroit	147,000	\$16,800,000	\$114.29	MFG
Warren Business Center	27600-27700 Donald Ct	Warren	82,421	\$10,122,750	\$122.82	FLEX
Hanson's	977 E 14 Mile Rd	Troy	156,787	\$9,250,000	\$59.00	FLEX
Central Business Park - West Campus	20901-20921 Lahser Rd	Southfield	64,650	\$6,200,000	\$95.90	FLEX
Reading Truck Equipment	55 E Silverdome Industrial Park	Pontiac	73,812	\$6,100,000	\$82.64	W/D
Cherry Creek Corporate Park	51786 Shelby Pkwy	Shelby Township	56,516	\$4,900,000	\$86.70	MFG
	1125 N Perry Rd	Pontiac	113,089	\$4,800,000	\$42.44	W/D
	30550 Ecorse Rd	Romulus	78,700	\$4,600,000	\$58.45	W/D
Central Business Park - West Campus	21107 Lahser Rd	Southfield	51,425	\$3,950,000	\$76.81	FLEX
American Commerce Centre	26545 American Dr	Southfield	51,954	\$3,800,000	\$73.14	FLEX
Parkland Plaza	265 Parkland Plz	Ann Arbor	32,840	\$3,700,000	\$112.67	W/D
	1408 Allen Dr	Troy	19,704	\$3,600,000	\$182.70	W/D
	19800 Gibraltar Rd	Gibraltar	67,865	\$3,400,000	\$50.10	MFG
	6353 E 14 Mile Rd	Sterling Heights	51,200	\$3,350,000	\$65.43	FLEX
	1095 N Crooks Rd	Troy	35,067	\$3,300,000	\$94.11	FLEX
E&E Special Products LLC	7200 Miller Dr	Warren	44,138	\$3,203,125	\$72.57	MFG
	111 E Twelve Mile Rd	Madison Heights	52,336	\$3,150,000	\$60.19	MFG
Beck West Corporate Park	46495 Humboldt Dr	Novi	36,080	\$3,060,000	\$84.81	W/D
	14451 W Chicago Rd	Detroit	243,000	\$2,935,000	\$12.08	W/D
Chicago Road Industrial	6881 Chicago Rd	Warren	52,574	\$2,875,000	\$54.68	W/D
	1525 Wanda St	Ferndale	56,134	\$2,850,000	\$50.77	MFG
Schmidt Industrial Park	50631 E Russell Schmidt Blvd	Chesterfield	54,226	\$2,800,000	\$51.64	W/D
TAN Industrial Park	1857 Enterprise Dr	Rochester Hills	27,963	\$2,500,000	\$89.40	W/D
Tonquish Industrial Park	39097-39109 Webb Dr	Westland	42,000	\$2,500,000	\$59.52	MFG
TOTAL H2 2021 MARKET SALES			10,199,538	\$351,414,137	\$65.22	

Note: Bold represents Friedman transaction

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TOP LEASES (BASED ON SF)

TENANT	BUILDING	SUBMARKET	SF	PROPERTY TYPE
Lear	9501 Conner St	Detroit	416,125	MFG
James Group International	38481 W Huron River Dr	Airport District	347,383	MFG
Walbridge	Lyon Distribution Center I	Central I-96 Corridor	280,000	W/D
C-MAC Transportation	19881 Browstown Center Dr	Dearborn/Downriver	274,311	W/D
Associated Couriers	Crossroad Distribution Center North - Building 4	Airport District	261,561	W/D
Integrated Manufacturing & Assembly*	6501 E Nevada Ave	Detroit	238,334	MFG
Hearn Industrial Services, Inc.	2500 Enterprise Dr	Dearborn/Downriver	229,201	MFG
Dematic Corporation	201 S Waterman St	Detroit	189,358	MFG
Gemini Import Export, LLC	2737 S Adams Rd	Auburn Hills/PontiacRochester	149,580	W/D
Packaging Corporation of America	Allied Commerce Center - Building 3	Livonia	109,968	MFG
HTI Cybernetics	42600 Merrill Rd	Macomb W of Van Dyke	108,000	W/D
United States Postal Service	18765 Seaway Dr	Dearborn/Downriver	102,400	W/D
TSS, Inc.*	21000 Hoover Rd	Groesbeck	100,000	W/D
C-MAC Transportation	26501 Van Born Rd	Airport District	91,475	W/D
Great Lakes Weather Authority	19000 Rialto Ave	Dearborn/Downriver	85,926	W/D
Cox Automotive Mobility Solutions	39635 S I-94 Service Dr	Airport District	75,751	W/D
RoboTire	13100-13250 N Haggerty Rd	I-275 Corridor	70,000	W/D
Matrix Quality Services, Inc.*	32500 Van Born Rd	Airport District	100,000	MFG
Target Steel	19800 Gibraltar Rd	Dearborn/Downriver	67,865	MFG
Hollingsworth*	20495-20501 Pennsylvania Rd	Dearborn/Downriver	66,256	W/D
Ann Arbor Learning Community	1901 E Ellsworth Rd	Ann Arbor	55,924	MFG
Cargo Force, Inc.	27100-27110 Trolley Industrial Dr	Airport District	51,643	W/D
Northern Plastics, Inc.	6451 15 Mile Rd	Macomb W of Van Dyke	51,285	W/D
Eastern Wholesale & Rugs, Inc.	13542 Helen St	Detroit	50,211	MFG
AGP	41600 Haggerty Circle	I-275 Corridor	46,348	W/D
RoboTire	41100 Plymouth Rd	I-275 Corridor	45,000	W/D
ECA Educational Services*	1981 Dallavo Dr	Central I-96 Corridor	42,200	W/D
First Transit, Inc.	25300 Northline Rd	Airport District	42,000	W/D

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**Renewal*

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TOP DEVELOPMENTS (BASED ON SF)

TOP INDUSTRIAL PROPERTIES DELIVERED (H2 2021)

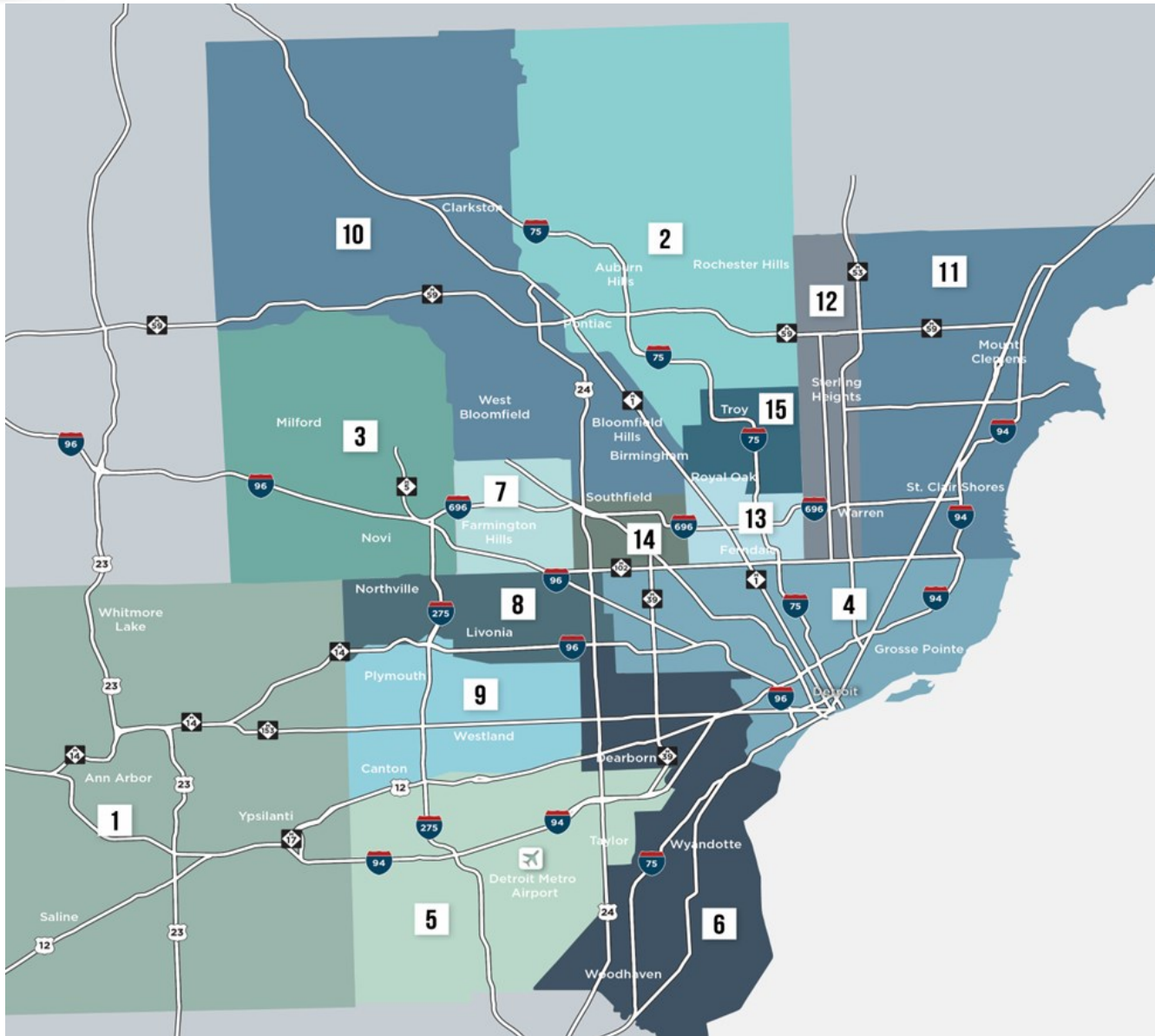
Property Name	Property Address	Property City	SF	Developer	Delivered	Property Type
Tri-County Commerce Center - Building 3	1430 E 10 Mile Rd	Hazel Park	911,172	Ashley Capital	Q3 2021	W/D
Amazon Robotics Fulfillment Center	1200 Featherstone Rd	Pontiac	823,000	Seefried Properties	Q3 2021	W/D
Amazon Fulfillment Center	17991 Wahrman Rd	New Boston	750,000	Hillwood	Q3 2021	W/D
Shelby Industrial Center	14670 23 Mile Rd	Shelby Township	253,000	Northpoint Development	Q4 2021	MFG
	51705 Grand River Ave	Wixom	170,000	Brivar Construction Company	Q4 2021	MFG

TOP INDUSTRIAL PROPERTIES UNDER CONSTRUCTION (H2 2021)

Property Name	Property Address	Property City	SF	Developer	Delivered	Property Type
Wixom Assembly Park - Building A	10160 Assembly Park Dr	Wixom	741,993	Flint Development	Q1 2022	W/D
Oakland Logistics Park	2100 S Opdyke Rd	Pontiac	713,796	Flint Development	Q2 2022	W/D
Crossroad Distribution Center North - Building 6	42000 Ecorse Rd	Van Buren Township	659,549	Ashley Capital	Q4 2022	W/D
	1030 Featherstone St	Pontiac	592,109	Kaltz Excavating	Q4 2022	W/D
Canton Business Park - Phase II	48620-48626 Michigan Ave	Canton	501,600	Oliver/Hatcher Construction	Q2 2022	W/D
	13751 Hamilton Ave	Highland Park	446,500	Means Group, Inc.	Q4 2022	W/D
Gateway Industrial Center	12601 Southfield Fwy	Detroit	425,000	The Opus Group	Q3 2022	W/D
Livonia West Commerce Center	Amrhein & Eckles Rd	Livonia	375,846	Ashley Capital	Q2 2022	W/D
Livonia West Commerce Center 2	12950 Eckles Rd	Livonia	364,812	Ashley Capital	Q3 2022	W/D
Shelby Commerce Center - Building 2	7080 23 Mile Rd	Shelby Township	359,226	Northpoint Development	Q2 2022	W/D
Romulus Trade Center - Building 3	1 Vining Rd	Romulus	349,492	Northpoint Development	Q2 2023	W/D

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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.

Note: Friedman's YEAR-END Industrial Market Report provides our clients with a snapshot of pertinent market data and information to help them make informed commercial real estate decisions. The information contained in this report is gathered from multiple sources believed to be reliable.