

MarketView

Detroit Industrial

First Quarter 2013

CBRE Global Research and Consulting

US Unemployment Rate
7.6%

Michigan Unemployment Rate
8.8%

Metro Detroit Unemployment Rate
10.3%

HIGH OCCUPANCY HIGHLIGHTS THE FIRST QUARTER...

Quick Stats

| Q1 2013 | | QoQ | YoY |
|--------------------------|------------|-----|-----|
| Total Vacancy | 8.6% | ↓ | ↓ |
| Direct Asking Lease Rate | \$4.51 | ↑ | ↑ |
| Net Absorption | 2,576,584 | ↑ | ↑ |
| Under Construction | 752,956 SF | ↑ | ↑ |

*The arrows indicate a trend and do not represent a positive or negative value for the underlying statistic (e.g. Net Absorption could be negative, but still represent a positive trend over the time period).

Hot Topics

- Automakers sold 1.19 million vehicles during the month of February, a 3.7% increase over the period a year earlier
- American consumers continue to buy more fuel-efficient cars
- G.M. sold 224,000 vehicles in February, a 7.2% increase from the same month in 2012
- Ford sold 195,000 vehicles during February, representing a 9.3% year over year gain
- Chrysler sold 139,000 vehicles in February, a 4.1% increase over a year earlier

Market Activity

Net absorption in Detroit's industrial market for the first quarter of 2013 was approximately 2,576,584 square feet. The high amount of absorption plays into the quantity of deals the market experienced near the end of the fourth quarter, as well as favorable market activity to begin the new year. Notable move-ins include Lear Corporation taking 140,000 square feet in Highland Park (Western Wayne), Integrated Manufacturing & Assembly, occupying 155,000 square feet in the city of Detroit, Chrysler, occupying 360,600 square feet in the city of Detroit and Piston Properties, 364,000 square feet in Romulus (Downriver).

Notable lease transactions for the first quarter include General Motors with 225,000 square feet at 20001 Brownstown Center Drive in the Downriver submarket and Lear Corporation with 140,000 square feet at 13000 Oakland Parkway in Highland Park, mentioned herein.

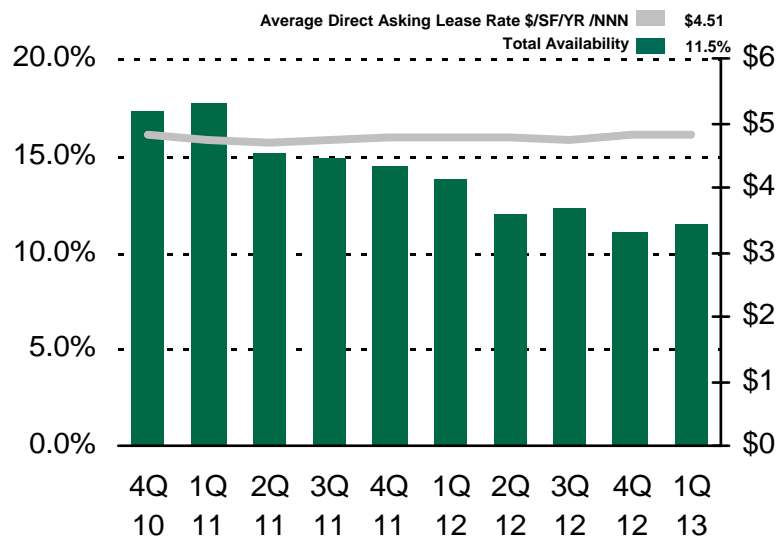
Auto

The auto industry continues to drive the industrial market in the state of Michigan with a majority of activity being linked to the industry. With sales reaching the highest marks since 2007, companies have been able to expand into more space throughout the market, creating a lack of supply in big-box industrial space. Analysts are predicting March sales may reach the highest point yet since mid year 2007, at 1.45 MM.

Market Outlook

The lack of quality big-box warehouse space is a on-going issue in the market. Possibility now exist for build-to-suit opportunities in the future months as it may be the only viable solution in addressing real estate for companies searching for large space, with all required modern features. With activity expected to continue at a thriving rate along with the lack of product, expect asking rates to drive upwards at a moderate rate.

Chart # 1: Total Availability vs. Average Direct Asking Lease Rate



Source: CBRE, Q1 2013

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Market Statistics

| Submarket | Building SF | Total Availability % | Total Vacancy % | 1Q Net Absorption | Last 4 Qtrs Net Absorption | Under Construction | Average Asking Direct Lease Rate (\$/SF/Yr)* |
|-------------------|--------------------|----------------------|-----------------|-------------------|----------------------------|--------------------|--|
| Detroit | 88,712,060 | 18.3 | 13.4 | 873,203 | 1,257,420 | 0 | \$3.86 |
| Downriver | 60,466,364 | 13.1 | 11.6 | 819,665 | 1,460,471 | 250,000 | \$3.88 |
| I-75 Corridor | 79,072,469 | 12.6 | 9.4 | -21,058 | 1,128,140 | 0 | \$5.12 |
| Macomb | 101,636,442 | 7.3 | 4.4 | 237,951 | 1,291,936 | 422,000 | \$4.09 |
| Northwest Suburbs | 52,730,969 | 9.8 | 7.9 | 39,795 | 490,896 | 80,956 | \$6.32 |
| SE Oakland | 13,846,538 | 6.6 | 5.7 | 96,284 | 231,860 | 0 | \$4.84 |
| Washtenaw | 22,611,572 | 9.0 | 6.4 | -1,764 | 36,703 | 0 | \$6.84 |
| Western Wayne | 95,946,814 | 9.8 | 7.1 | 532,508 | 1,386,019 | 0 | \$4.12 |
| Totals | 515,023,228 | 11.0 | 8.6 | 2,576,584 | 7,283,445 | 752,956 | \$4.51 |

Source: CBRE, Q1 2013

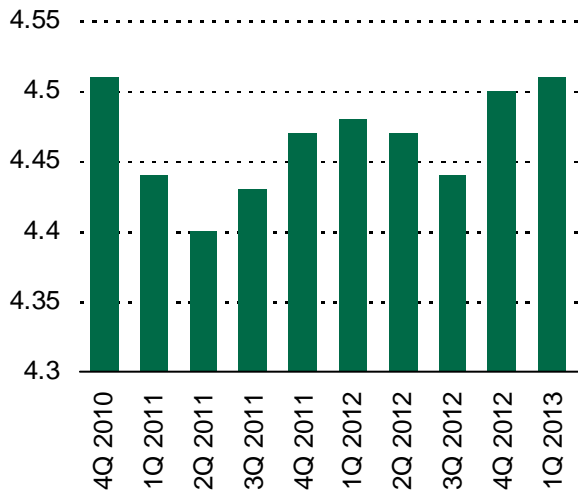
*Rates include R&D/Flex, warehousing, manufacturing and other industrial properties. They are not completed transactions
 *Certain adjustments were made to more accurately reflect the current state of the market

| Property Type | Building SF | Available SF | Total Availability % | Average Asking Direct Lease Rate |
|------------------------|-------------|--------------|----------------------|----------------------------------|
| Manufacturing | 270,464,061 | 26,998,985 | 10.0 | \$4.03 |
| R&D/Flex | 46,833,147 | 7,464,295 | 15.9 | \$7.65 |
| Warehouse/Distribution | 174,360,967 | 23,092,093 | 13.2 | \$4.25 |
| Other | 23,365,053 | 1,485,710 | 6.4 | \$4.39 |

Source: CBRE, Q1 2013

*Property types in the 'Other' category include: cold storage, self-storage, showroom, special purpose and truck terminal

Chart # 2: Direct Asking Lease Rate \$4.51



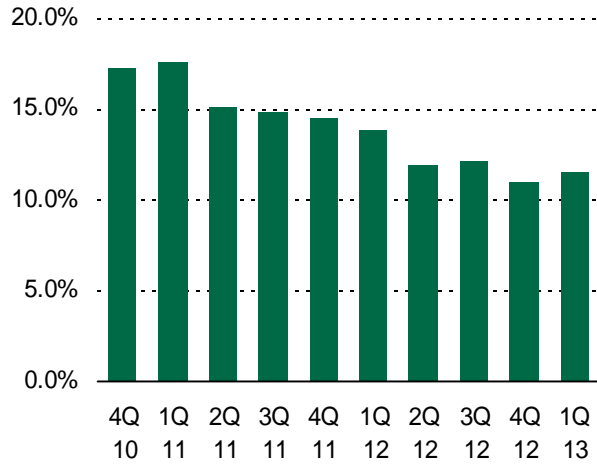
Source: CBRE, Q1 2013

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Metro Detroit's direct asking lease rate for the first quarter of 2013 was \$4.51. The asking rate for industrial space has remained within the \$4.40 - \$4.50 range since mid-year 2010. With minimal quality warehouse space available in the market, expect the rate to trend upwards in the next year, if demand significantly increases, rates will head upward quickly.

The Northwest Suburbs and Washtenaw submarkets show the highest asking rates of any submarkets ranging from averages of \$6.32 - \$6.84. The high rates are driven from the markets large inventory in the R&D/flex property type. The average asking rates for R&D/flex, manufacturing, warehouse/distribution space are \$7.65, \$4.03, \$4.39, respectively.

Chart # 3: Total Availability % 11.5%

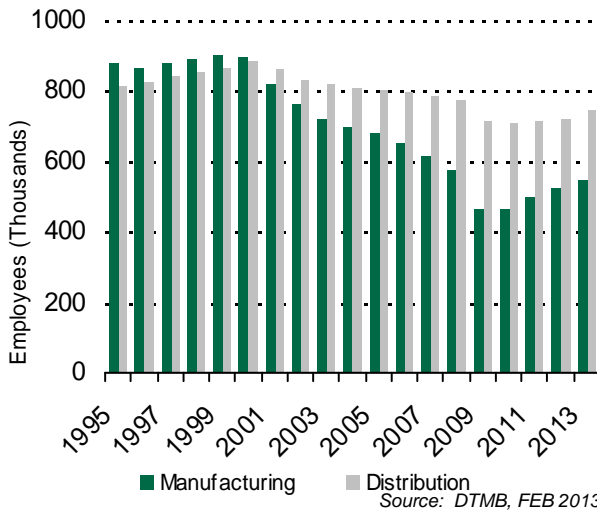


The Metro Detroit industrial market's total availability increased slightly (0.05%) in the first quarter of 2013. Although total availability has risen, the market did experience a drop in vacancy rate due to a high amount of first quarter absorption.

The Downriver submarket saw their total availability of industrial product decrease 1.3%, with the market absorbing over 819,000 square feet of space. Other markets showed little or no change in terms of market changes.

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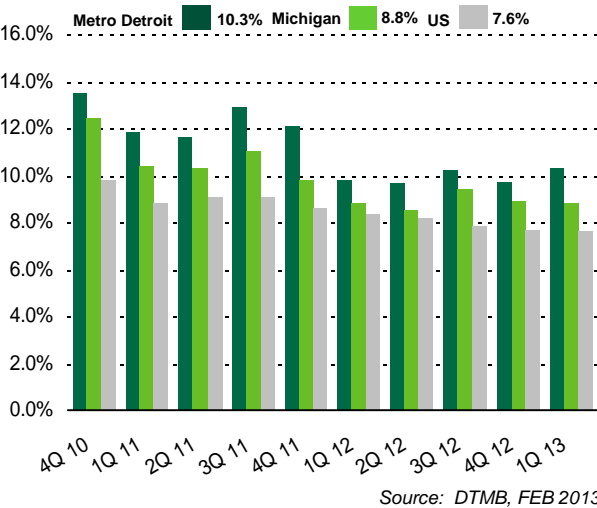
Chart # 4: Michigan Manufacturing & Distribution Employment



Employment is on the rise again to begin 2013 in both the manufacturing and distribution fields. The number of employed workers in Michigan for the manufacturing and distribution sectors are 549,000 and 741,3000, respectively.

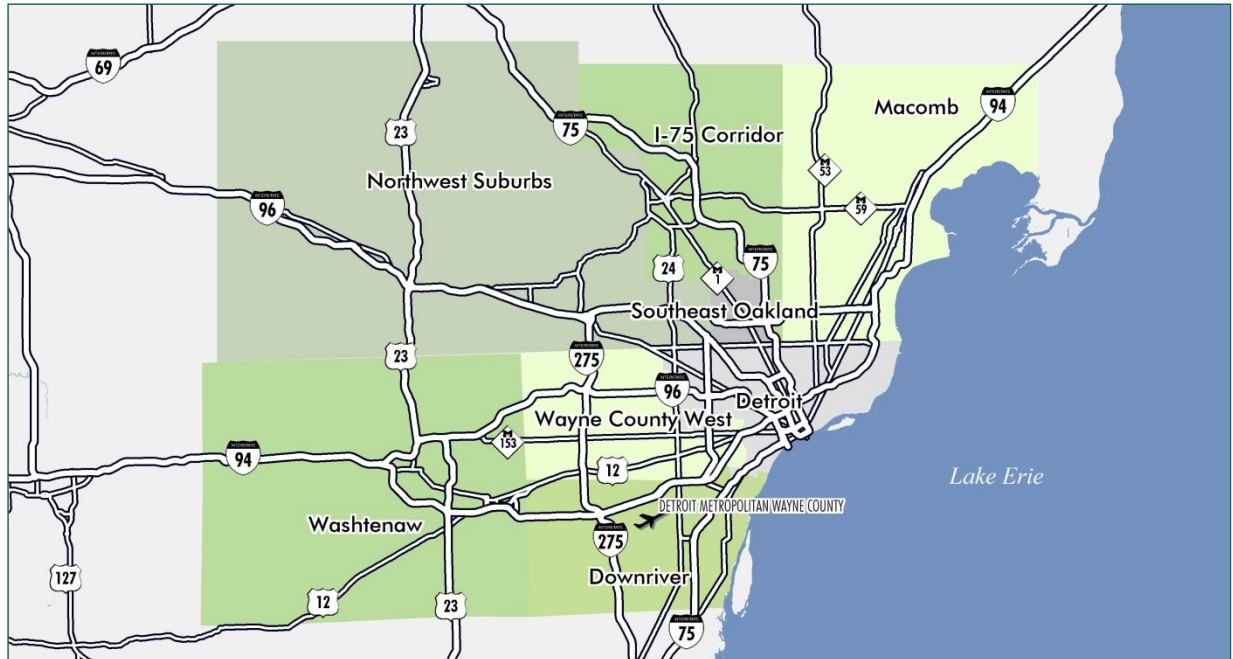
The auto industry has led the charge in the increase of employment in both the manufacturing and distribution fields. However, auto sales over the next eighteen to twenty-four months will add far fewer new jobs than the previous two year period, causing gains in the manufacturing and distribution fields to flatten out.

Chart # 5: Unemployment Rate %



Michigan's unemployment rate as of February 2013 is 8.8%, a small decrease since year end 2012 (8.9%). Employers added 14,000 new jobs in February, primarily in professional and business services, which gained 6,000 jobs, education and health services, gaining 5,000 jobs and the distribution sector, gaining 3,000 jobs. The only sector witnessing large loss was Michigan government, losing 4,000 jobs.

Metro Detroit's unemployment rate increased over 10.0%, after falling below double digits in fourth quarter 2012. National unemployment remained below 8.0%, maintaining its lowest mark in over four years.



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