

# INTEGRATED MANUFACTURING & ASSEMBLY

6501 E. NEVADA STREET | DETROIT, MICHIGAN



OFFERING MEMORANDUM

CAPITAL MARKETS | INVESTMENT PROPERTIES

**CBRE**

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# INVESTMENT HIGHLIGHTS & ASSET OVERVIEW

## THE OFFERING

CBRE, Inc. has been retained by the owner as the exclusive marketing advisor for the disposition of the Integrated Manufacturing and Assembly Plant located at 6501 E. Nevada Street in Detroit, Michigan 48234.

## INVESTMENT OVERVIEW

Integrated Manufacturing & Assembly (IMA) has been a tenant since 2010 in which they recently extended their lease through April 30, 2022 with 6.42 years remaining. The lease is equipped with a rental increase of 19.78% in May, 2016 and an additional increase of 5.0% in May, 2019. IMA is on a NNN lease in which they are responsible for procuring and paying for all common area maintenance as well as reimbursing the landlord for real estate taxes and property insurance. The only landlord responsibilities are roof, structure of the improvements and foundation.

The facility consists of 223,250 square feet on an 8.79 acre parcel. It is 100% occupied with 30,425 square feet of office space (13.63%) and 192,825 square feet of industrial manufacturing space (86.37%) on a 8.79-acre parcel. The facility has a ceiling height of 23', 24 dock high doors and 20 truck wells with heavy power. The building also includes an interior rail bay; however, the tenant is not paying rent on this rail bay and the spur has since been abandoned. As an inducement for the tenant to extend their lease early, the landlord recently replaced the roof for approximately 129,671 square feet (58% of the building) which included the office and middle portions of the building.

IMA was formed as a joint venture between Lear Corporation and Comer Holdings, LLC. IMA is a minority supplier for Lear and their key products are seat subassemblies and seating systems. The majority of their business is from Lear (reportedly close to 99%) as they strategically located to this facility to supply seating components to Lear's Rochester Hills and Highland Park plants. IMA invested a significant amount of money into this facility (between \$350,000 and \$500,000) including adding truck docks, extensive HVAC work, added buss duct, air loop and compressors and conveyors. They use this facility as warehouse space and sequencing on a "just-in-time" basis.

## FREE AND CLEAR OF EXISTING FINANCING

This asset is being offered free and clear of existing financing. This marketing package includes proposed financing terms which can be found on page 11.

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### INVESTMENT HIGHLIGHTS



#### TENANT EXERCISED RENEWAL OPTIONS EARLY

The tenant recently exercised two consecutive renewal options, creating a lease expiration date of April 30, 2022.



#### TENANT HEAVILY INVESTED IN THE FACILITY

Integrated Manufacturing & Assembly invested a significant amount of money in the facility including adding truck docks, HVAC work, buss ducts, an air loop and a compressor.



#### BELOW MARKET RENTAL RATE

Even considering the rental increase scheduled in May, 2016, the subject property is operating below the average rental rate in the submarket.



#### STABLE, CREDIT TENANT SERVICING LEAR

The tenant is a subsidiary of Lear Corporation and utilizes this facility to service two Lear plants (Rochester Hills and Highland Park) under a long term supply agreement.



## INTEGRATED MANUFACTURING & ASSEMBLY | 6501 E NEVADA STREET | DETROIT, MICHIGAN 48234

### PROPERTY SUMMARY



**DETROIT**  
MARKET



**1958**  
YEAR BUILT



**223,250 SF**  
NET RENTABLE AREA



**8.79**  
ACRES



**\$2.78/SF**  
RENTAL RATE



**100%**  
CURRENT OCCUPANCY



**321**  
PARKING SPACES



**\$599,935**  
IN-PLACE NOI

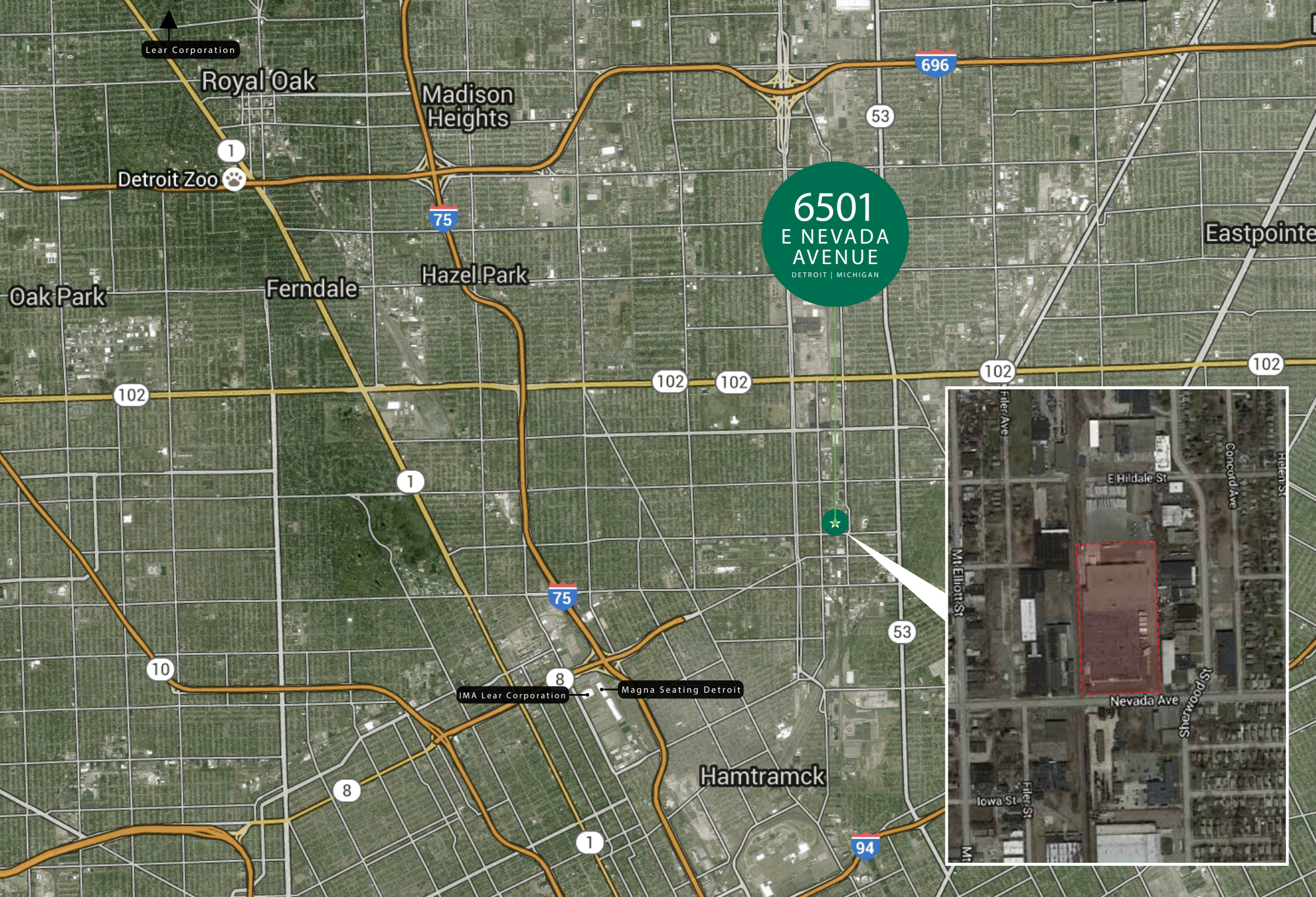


	CAP RATE	PRICE PER SQUARE FOOT
ASKING PRICE \$7,272,000	8.25%	\$32.57

### INTEGRATED MANUFACTURING & ASSEMBLY

PARCEL NUMBER	15004385.001
ZONING	Industrial
PROPERTY TYPE	Single Tenant Industrial
TYPE OF OWNERSHIP	Fee Simple
EXTERIOR WALLS	Concrete Tilt-Up with Brick Veneer
ROOF	Rubber Membrane (58% Replaced in November, 2015)
FOUNDATION	Concrete
FIRE PROTECTION	To Code
POWER	Heavy (460V, 12,000A, 3 phase)
CEILING HEIGHT	23'
DOORS/TRUCK WELLS	20 truck wells 24 dock high doors





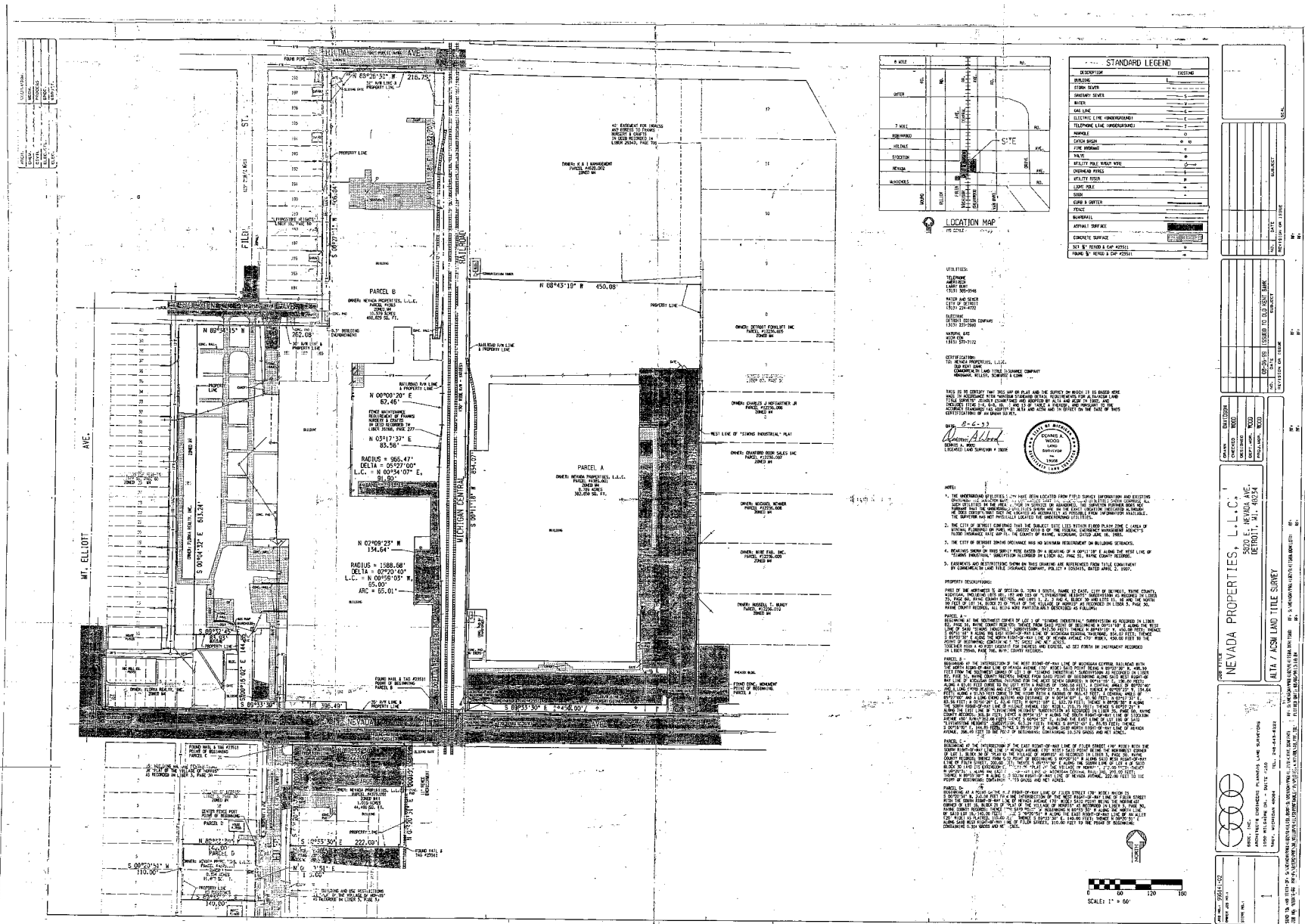
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## PROPERTY PHOTOS



## SITE PLAN







## TENANT OVERVIEW

Integrated Manufacturing and Assembly (IMA) is a world class, minority owned and certified automotive seating and seating components supplier. IMA was founded in 2005 and is a joint venture between Comer Holdings LLC and Lear Corporation. The joint venture produces seating parts, exterior mirrors and other vehicle components at five plants in Michigan, Indiana and Kentucky. Headquartered in Detroit, MI, IMA is a leader in JIT manufacturing and sequencing. IMA supplies seat complete assemblies, seating sub-assemblies and interior service parts to Chrysler, Fiat, Ford, General Motors, Lear and Mazda.

## TENANT INFORMATION

TENANT TRADE NAME	Integrated Manufacturing and Assembly (IMA)
CREDIT RATING	Not Rated
TENANT OWNERSHIP	Private, Joint Venture between Lear Corporation and Comer Holdings, LLC
FOUNDED	2005
WEBSITE	<a href="http://comerholdings.com/ima.html">http://comerholdings.com/ima.html</a>
HEADQUARTERS	Detroit, Michigan

# FINANCIAL OVERVIEW



## FINANCIAL ANALYSIS

	CAP RATE	PRICE PER SQUARE FOOT
ASKING PRICE \$7,272,000	8.25%	\$32.57

### PROPOSED FINANCING TERMS

PROPOSED FINANCING	Down Payment: 30% Interest Rate: 5.50% AM Schedule: 25 Years Loan Term: 5 Years
FINANCING	The asset is being offered free and clear of existing financing.

### INCOME ESTIMATES

SCHEDULED BASE RENT	The scheduled base rent for the first year of the analysis assumes the rental income from the tenant based on the year one income of 12/2015 - 11/2016. Please note that the rate increases on May 1, 2016 to \$3.27 per square foot.
EXPENSE REIMBURSEMENT	The tenant is responsible for procuring and paying for all common area maintenance items. The landlord is responsible for procuring and paying the real estate taxes and property insurance and billing it back to the tenant.
VACANT SPACE	The asset is currently 100% occupied.

### EXPENSE ESTIMATES

REAL ESTATE TAXES - REAL PROPERTY	The real estate taxes have been estimated based on the 2014 SEV of \$1,000,000 (same as the 2014 taxable value) for a total tax expense of \$78,270.
COMMON AREA EXPENSES	Due to the fact that the tenant procures and pays direct; therefore, have not included an estimate.
INSURANCE	Estimated based on an expense of \$0.25 per square foot for a total expense of \$55,813.
MANAGEMENT FEE	Estimated at 4.0% of effective gross revenue.
VACANCY AND COLLECTION LOSS	The analysis has not applied a vacancy factor due to the single tenant nature of the asset.
REPLACEMENT RESERVES	The analysis has included replacement reserves of \$0.25 per square foot above the NOI line.



## LEASE ABSTRACT

TENANT	Integrated Manufacturing and Assembly, LLC
GUARANTOR	Integrated Manufacturing and Assembly, LLC
LEASE TYPE	NNN
COMMENCEMENT DATE	11/1/2010
EXPIRATION DATE	4/30/2022 (6.42 years Remain)
LEASE TERM	Initial 5.5 year lease with recent six year extension
RENT PER SQUARE FOOT	\$2.73
CURRENT ANNUAL RENT	\$609,472
RENTAL ESCALATIONS	5/1/2016: \$3.27 per SF 5/1/2019: \$3.44 per SF
RENEWAL OPTIONS	None remaining
RIGHT OF FIRST REFUSAL	None
OPTION TO PURCHASE	None

TERMINATION OPTION	None
	<p><u>Repairs:</u> The tenant agrees at its own cost and expense to keep the Premises, including all electrical, mechanical, plumbing, interior walls, overhead doors, doors, windows, plumbing and sewage facilities, including free flow up to the main sewer line, fixtures, heating and air conditioned and sprinkler system, landscaped areas, sidewalks, driveway and parking areas and all other systems and equipment.</p> <p><u>Utilities:</u> Tenant shall pay before delinquency all charges for water, gas, heat, air cooling, electricity, power, telephone, etc.</p> <p><u>Insurance:</u> The tenant agrees to pay the landlord for the premiums for insurance as additional rent.</p> <p><u>Taxes:</u> The tenant agrees to pay to the landlord as additional rent for the Premises all taxes and assessments.</p>
OPERATING COSTS	



## YEAR ONE CASH FLOW ESTIMATES

Proposed Financing					
	Price		\$7,272,000		
	Down Payment	30%	\$2,181,600		
	Proposed Financing		\$5,090,400		
	Rentable Square Feet		223,250		
	Price per Square Foot		\$32.57		
	Cap Rate		8.25%		
Income			Year One 12/2015 - 11/2016	Per Month	Per SF
Base Rent					
Integrated Manufacturing and Assembly					
11/2010 - 4/2022					
6.42 Years Remain	100%	223,250 SF	\$680,175	\$56,681	\$3.05
Total Base Rent			\$680,175	\$56,681	\$3.05
Expense Reimbursements					
Real Estate Taxes			\$78,270	\$6,523	\$0.35
Common Area Expenses - <i>Tenant to Procure and Pay Direct</i>			\$0	\$0	\$0.00
Property Insurance			\$55,813	\$4,651	\$0.25
Total Expense Reimbursements			\$134,083	\$11,174	\$0.60
Gross Potential Income			\$814,258	\$67,855	\$3.65
Vacancy/Collection Allowance	0.0%		\$0	\$0	\$0.00
Effective Gross Income			\$814,258	\$67,855	\$3.65
Operating Expense Estimates					
Real Estate Taxes			\$78,270	\$6,523	\$0.35
Common Area Expenses - <i>Tenant to Procure and Pay Direct</i>			\$0	\$0	\$0.00
Property Insurance			\$55,813	\$4,651	\$0.25
Total Operating Expenses			\$134,083	\$11,174	\$0.60
Management Fee	3.0%		\$24,428	\$2,036	\$0.11
Replacement Reserve	\$0.25		\$55,813	\$4,651	\$0.25
Total Expenses			\$214,323		\$0.96
<b>Net C E</b>			<b>\$599,935</b>	<b>\$67,855</b>	<b>\$2.69</b>
Net Cash Flow Before Debt Service			\$599,935		\$2.69
Debt Service-Proposed Financing			(\$379,486)		(\$1.70)
Debt Service Coverage Ratio			1.58		
Net Cash Flow After Debt Service			\$220,449		\$0.99
<b>Year One Cash on Cash Return</b>			<b>10.10%</b>		
Principal Reduction			\$88,023		\$0.39
Total Return			\$308,472		\$1.38
<b>Year One Total Return</b>			<b>14.14%</b>		

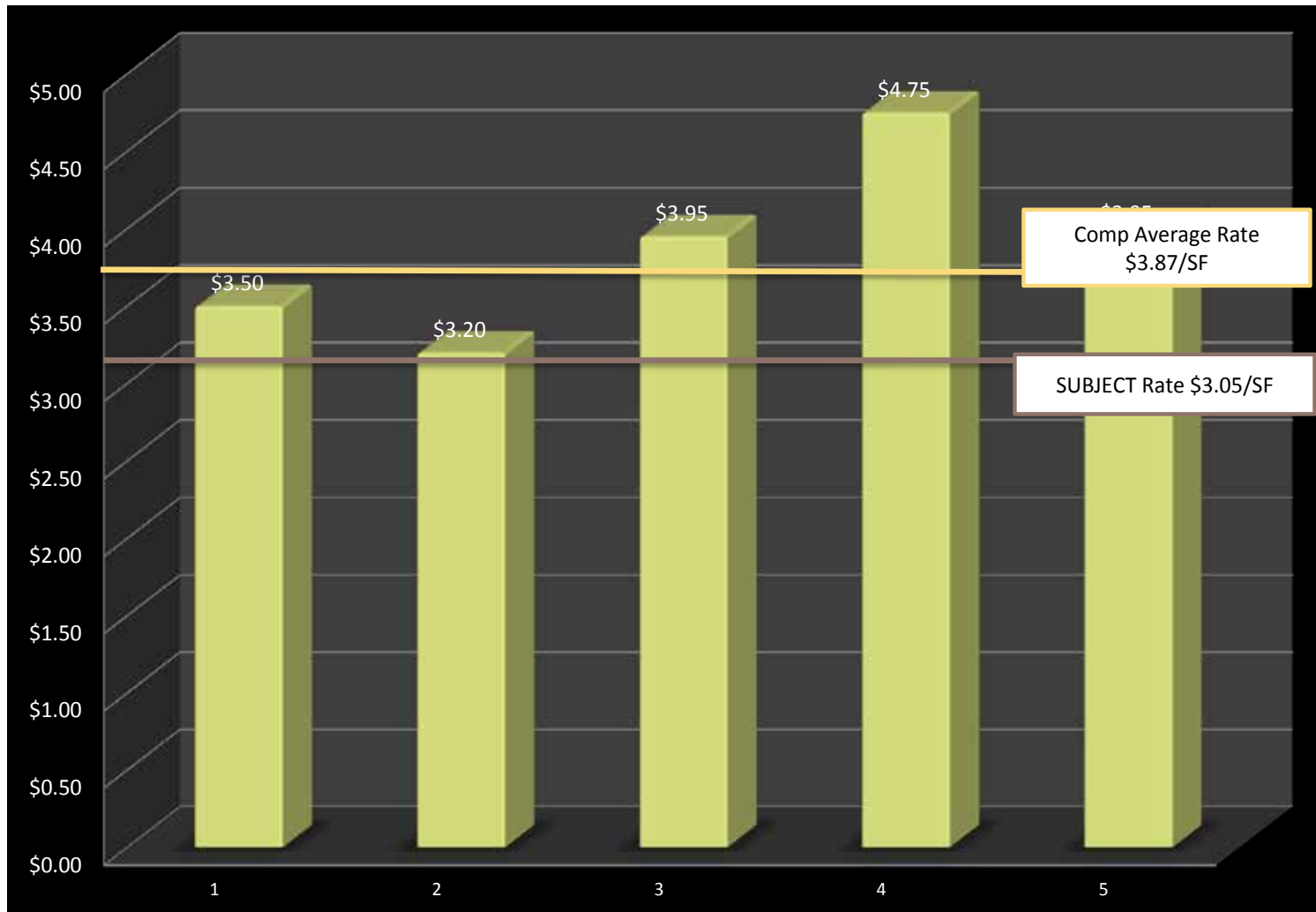
# RENT COMPARABLES



## RENT COMPARABLES

Lease Comparable Transactions										
	Property Name and Address	Lease Term	Building Size (SF)	Year Built	Office Percentage	SF Signed/Leased	Actual Rental Rate	Expense Recovery Type	TI Allowance	Comments
★	Integrated Manufacturing and Assembly, LLC 6501 E. Nevada Avenue Detroit, MI	6.42 Years Remain	223,250	1958	11.20%	223,250	\$3.05	NNN	N/A	Integrated Manufacturing and Assembly signed a new lease commencing November, 2010 and recently extended the lease for six years through April 30, 2022. They are on a NNN lease in which they are responsible for reimbursing the landlord for real state taxes and insurance, yet they are responsible for procuring and paying for maintenance items with the landlord responsible for roof and structure.
1	Industrial / Manufacturing 1840 Hollbrook Avenue Detroit, MI	2013 - 2018	648,023	1926 / 1942	16.00%	359,000	\$3.50	NNN	N/A	American Axle signed a new five year sale leaseback for \$3.50 per square foot for a flat rate.
2	Pinnacle Commerce Center 12723 Telegraph Road Redford, MI	2013 - 2020	826,240	1950	6.10%	263,947	\$3.20	NNN	N/A	Piston Properties, LLC signed a new seven year lease for \$3.20 per square feet with annual rental escalations. The building has a ceiling height of 18-24'.
3	Class C Industrial Manufacturing 19451 Sherwood Street Detroit, MI	On Market	220,000	1967 / 1985	N/A	220,000	\$3.95	NNN	N/A	The building has a ceiling height of 26' to 35' with one rail spot and five drive in doors.
4	Proposed Industrial Warehouse Building 3900 East Outer Drive Detroit, MI	On Market	250,000	Proposed	N/A	250,000	\$4.75	NNN	N/A	The building is a proposed industrial warehouse building with 26 dock doors, a ceiling height of 32' and 10 external rail spots.
5	Class C Industrial Manufacturing 19451 Sherwood Street Detroit, MI	On Market	220,000	1967 / 1985	N/A	220,000	\$3.95	NNN	N/A	The building has five drive in doors, a ceiling height of 26' to 35' with one internal rail spot. There are also six cranes ranging from 25 to 40 tons each.
Actual Signed Lease Comparable Averages					11.05%		\$3.87			

## RENTAL RATE ANALYSIS



The average rental rate for properties in the comparable market is \$3.87 per square foot NNN; therefore, the subject property, at a rental rate for the first year of the analysis of \$3.05 per square foot, is operating just below the comparable market average.

# SALE COMPARABLES



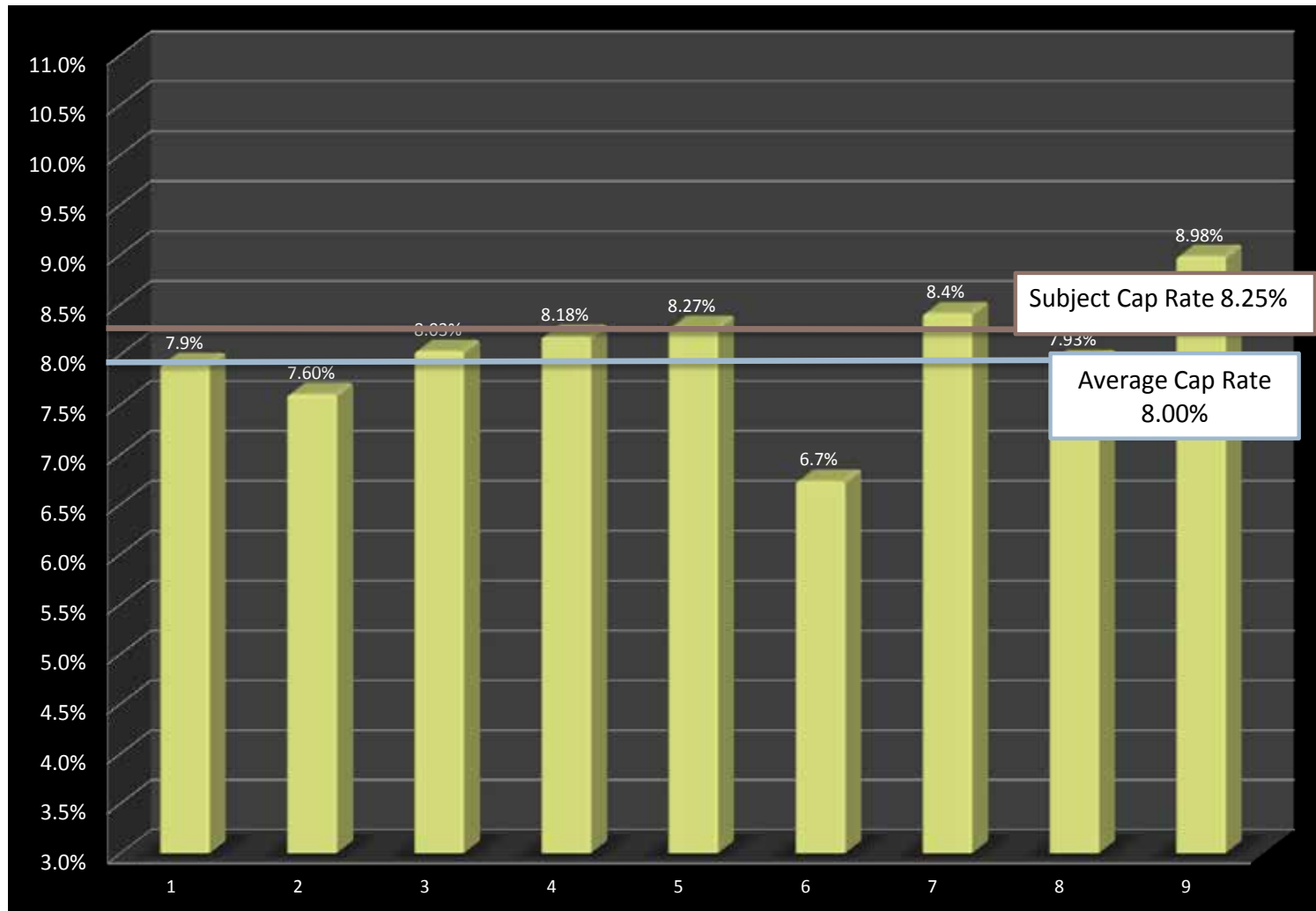
## SALE COMPARABLES

	Property Name Address	Year Built	Building Size (SF)	Office Percentage	Sale Date	Sales Price	Price/SF	Cap Rate	Comments
★	Integrated Manufacturing and Assembly, LLC 6501 E. Nevada Avenue Detroit, MI	1958	223,250	14%		\$7,272,000	\$33	8.25%	Integrated Manufacturing and Assembly signed a new lease commencing November, 2010 and recently extended the lease for six years through April 30, 2022. They are on a NNN lease in which they are responsible for reimbursing the landlord for real state taxes and insurance, yet they are responsible for procuring and paying for maintenance items with the landlord responsible for roof and structure.
1	Faurecia 2800 High Meadow Circle Auburn Hills, MI	2014	278,000	100%	1/15/2015	\$40,025,000	\$137	7.9%	Faurecia USA Holdings is on a 15 year lease expiring 4/30/2028. They are on an absolute NNN lease with annual rental escalations of 2 percent.
2	JCIM 1833 Frenchtown Center Dr and 2200 Revard Rd Frenchtown Township, MI	2003 / 2005	535,000	N/A	12/23/2014	\$30,750,000	\$57	7.60%	At the time of sale, the buildings were 100% leased by JCIM, LLC with a lease expiration of August 31st 2023, indicating approximately 8.7 years remaining on its lease. JCIM is a 98.3% owned subsidiary of Johnson Controls, Inc., which has a credit rating of BBB (S&P) and Baa2 (Moody's). The property includes two industrial buildings with a total of 535,500 square feet situated on 56.28 acres. The building at 2200 Revard Rd is 220,500 square feet and was built in 2003. The building is metal panel construction with a 28-38' clear height and 20 docks/2 grade doors. The building at 1833 Frenchtown Center Dr is 315,000 square feet and was built in 2005. The building is concrete tilt-up construction with a 34' clear height and 26 docks/4 grade doors.
3	Continental Structural Plastics Corporate HQ Sale Leaseback 255 Rex Boulevard Auburn Hills, MI	1989 / 2013	68,830	81%	12/12/2014	Confidential		8.03%	Continental Structural Plastics signed a brand new 10 year lease at the close of escrow. This new 10 year lease is equipped with annual rental escalations of 2 percent. Additionally, the lease will provide for two, five-year renewal options, also equipped with annual increases of 2 percent. Continental will be on an absolute NNN lease in which they are responsible for procuring and paying all operating expenses including property insurance and real estate taxes, as well as repairs and maintenance of the roof, structure and parking areas. Exclusively listed and sold by Bill O'Connor.
4	KAM Plastics 935 E. 40th Street Holland, MI	2001	88,302	17%	12/1/2014	\$3,875,000	\$44	8.18%	This comparable represents a 88,302 SF single-tenant manufacturing building located at 935 East 40th Street in south side of Holland within Allegan County, Michigan. The improvements are of Class S construction and are situated on an 11.69 acre site. The existing improvements were built in 2001 and contain 17% office area. Clear height for the building is 24 feet. The building is currently 100% occupied by KAM Plastics. The lease began on December 1, 2013 has a 10 year term. Rent is \$3.60 per square foot with annual increases of 2.5% starting in December 2014. The tenant acquired the building from the seller in a transaction unrelated to the lease.

## SALE COMPARABLES

	Property Name Address	Year Built	Building Size (SF)	Office Percentage	Sale Date	Sales Price	Price/SF	Cap Rate	Comments
★	Integrated Manufacturing and Assembly, LLC 6501 E. Nevada Avenue Detroit, MI	1958	223,250	14%		\$7,272,000	\$33	8.25%	Integrated Manufacturing and Assembly signed a new lease commencing November, 2010 and recently extended the lease for six years through April 30, 2022. They are on a NNN lease in which they are responsible for reimbursing the landlord for real state taxes and insurance, yet they are responsible for procuring and paying for maintenance items with the landlord responsible for roof and structure.
5	Victor Parkway 20255-20555 Victor Parkway Livonia, MI	1999	373,559	100%	9/27/2014	\$51,000,000	\$137	8.27%	The tenant was CHE Trinity with 8.3 years remaining on the current lease term.
6	KUKA 7408 Metro Parkway Sterling Heights, MI	2006	200,000	100%	9/25/2014	\$1,490,000	\$137	6.7%	KUKA was on a 10 year lease commencing in early 2014.
7	STNL Industrial 4425 Purks Road Auburn Hills, MI	1989 / 1998	183,717	8%	1/14/2014	\$8,200,000	\$44.63	8.4%	The seller was the lender. There were seven years remaining on current lease with ALT   e, a hybrid-electrical power train firm.
8	MMI Engineered Solutions 1715 East Woodland Drive Saline, MI	1997	73,200	7%	12/30/2013	\$2,500,000	\$34	7.93%	Currently, the property is 100.0% occupied and is considered to be in average overall condition. MMI Engineered Solutions occupies the entire building with two separate 10 year leases. The tenant's current lease rate is at \$3.25/SF and expires in October of 2019. When the tenant took over the space in 2009 they constructed an additional 2,600 square feet of office space bringing the total to 75,600 square feet; this is considered a leasehold improvement.
9	Avon Gear 11968 Investment Drive Shelby Township, MI	2001	110,900	14%	12/30/2013	\$5,900,000	\$53	8.98%	This comparable represents the sale of a single tenant industrial building located at 11968 Investment Dr in Shelby Township, MI. The building was built in 2001 and contains 110,900 square feet. The building has approximately 14.4% office space while the warehouse has a clear height of 28' and includes 3 grade doors/4 docks. At the time of sale, the building was 100% leased by Avon Gear (stable private company) on an absolute net basis, which had approximately 9 years of lease term remaining. The indicated capitalization rate was 8.98%.
Comparable Averages							\$80	8.00%	

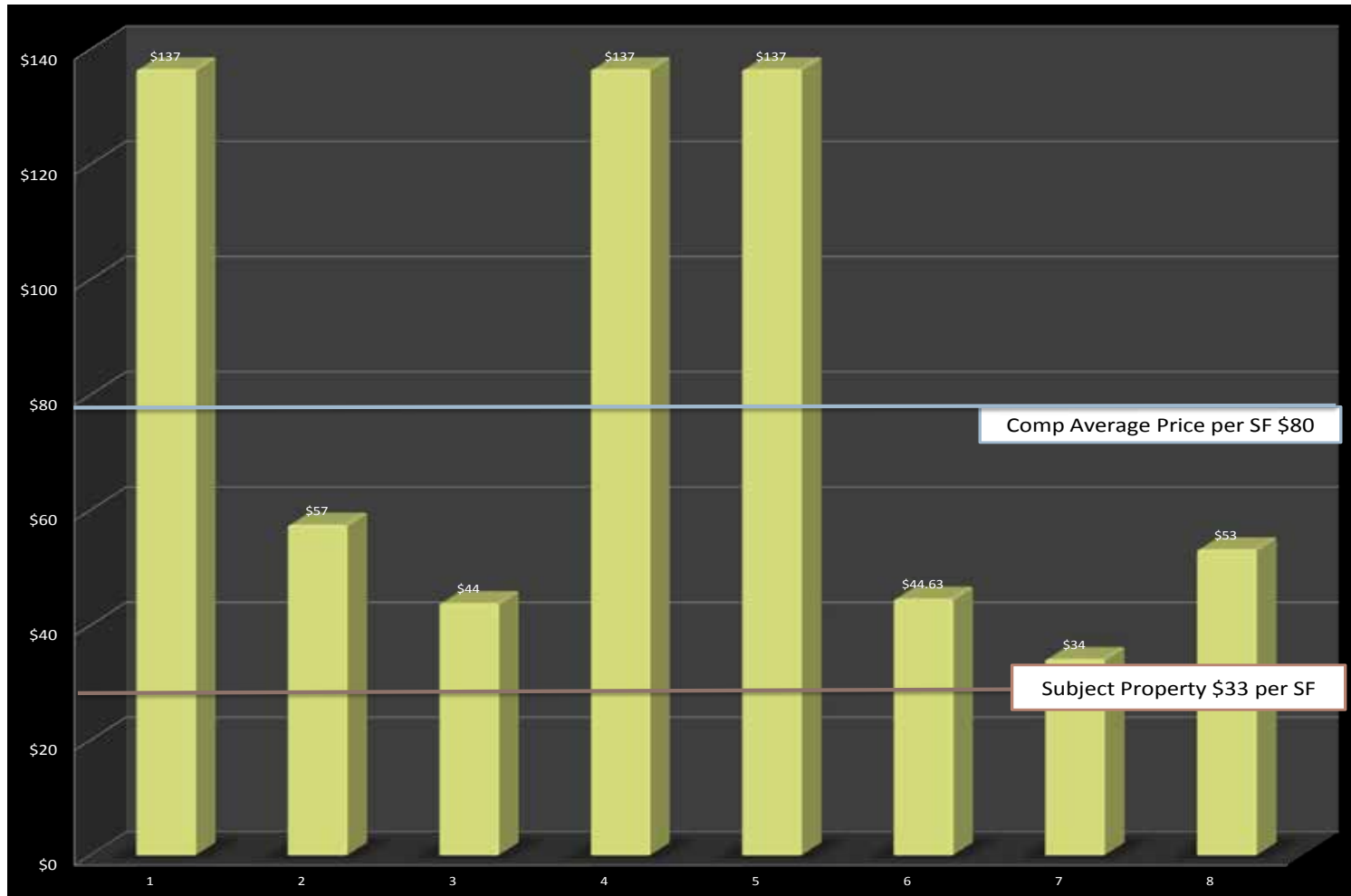
## CAP RATE ANALYSIS



The average cap rate for similar sale transactions is 8.00%; therefore, the subject property, at an asking cap rate of 8.25% is priced in line with the market.



## PRICE PER SQUARE FOOT ANALYSIS



The average price per square foot for similar sale comparables with similar lease term remaining is \$80.00 per square foot; however, some of these comparable buildings had higher percentages of office space and are newer construction. Therefore, the subject property, at a asking price of \$33.00 per square foot, is priced in line with, if not below the market average, especially considering its lower than market rental rate.

# MARKET OVERVIEW

## LOCATION OVERVIEW

### AREA OVERVIEW

Integrated Manufacturing & Assembly is located on the north side of Nevada Avenue, east of Mound Road and west of Van Dyke Road. The IMA Building is located within the Detroit East Area Submarket consisting of 770 industrial properties totaling 42.8 million square feet of industrial space.

### DETROIT INDUSTRIAL OVERVIEW

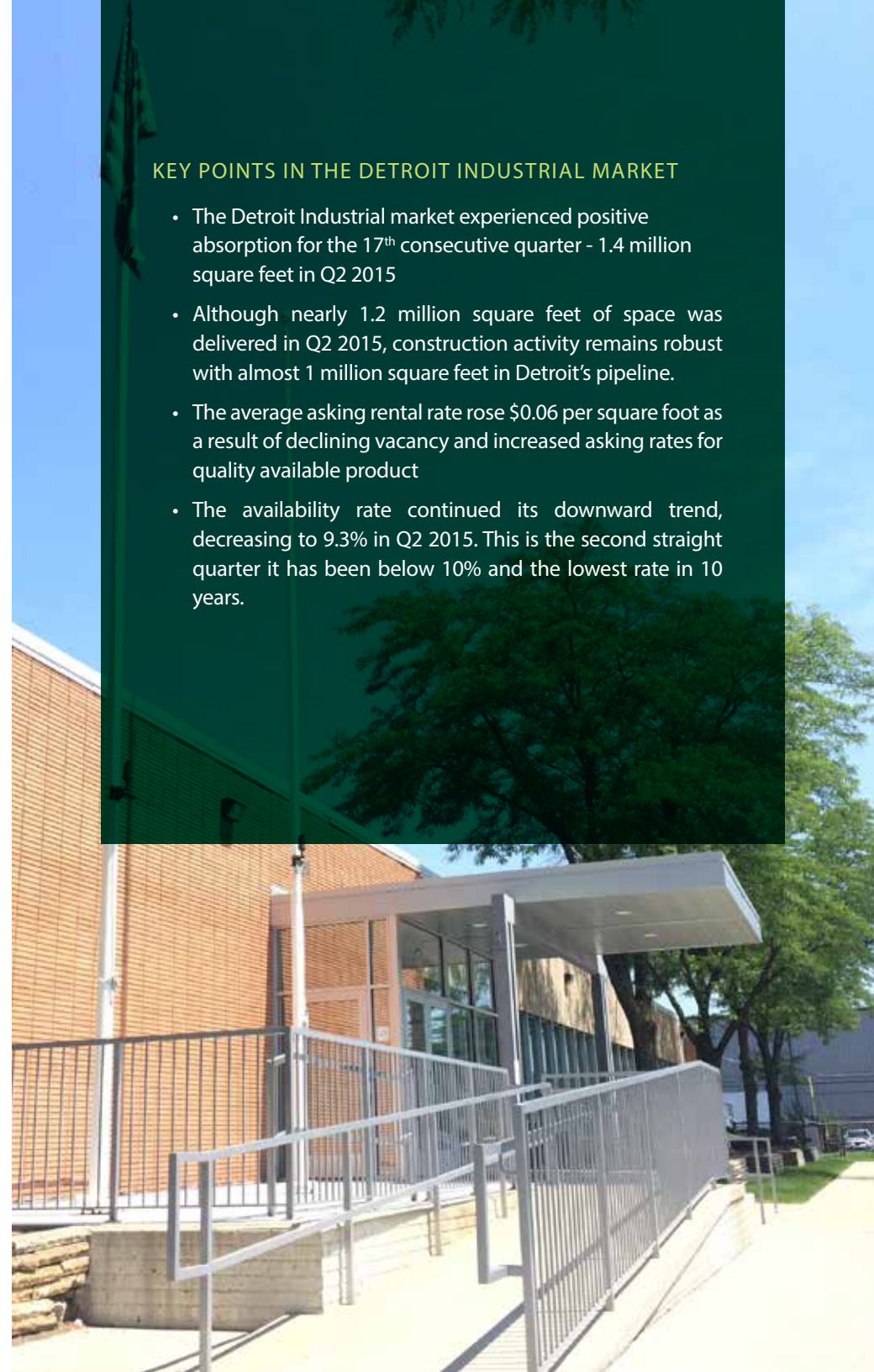
The Detroit Industrial market continues to show strong performance as market fundamentals continue to improve through Q2 2015. Total net absorption for Q2 2015 was 1.4 million square feet with a total of 3.5 million square feet absorbed in the Detroit market throughout the first half of 2015. The average direct asking lease rate increased to \$4.78 in Q2, a \$0.06 increase from Q1 2015. As the market continues to tighten, we will likely see an upwards trend in average asking rates in the second half of 2015. Investment opportunity in the Detroit market continues to remain stable in Q2 2015 as large institutional investors continue to show interest. While cap rates have stabilized, the market is seeing fewer value-add assets and an increase in stabilized long term tenant net leased assets.

### EMPLOYMENT

Michigan's unemployment rate continues to move in the right direction as the unemployment rate is down from 6.6% in Q4 2014 and 5.9% in Q1 2015. This trend continued in Q2 2015 with an unemployment rate of 5.5%. According to the Bureau of Labor Statistics, Michigan has added over 85,023 jobs since May 2014.








### KEY POINTS IN THE DETROIT INDUSTRIAL MARKET

- The Detroit Industrial market experienced positive absorption for the 17<sup>th</sup> consecutive quarter - 1.4 million square feet in Q2 2015
- Although nearly 1.2 million square feet of space was delivered in Q2 2015, construction activity remains robust with almost 1 million square feet in Detroit's pipeline.
- The average asking rental rate rose \$0.06 per square foot as a result of declining vacancy and increased asking rates for quality available product
- The availability rate continued its downward trend, decreasing to 9.3% in Q2 2015. This is the second straight quarter it has been below 10% and the lowest rate in 10 years.





## DEMOGRAPHICS

 POPULATION	1 Mile	3 Miles	5 Miles
2015 Population	11,685	135,366	355,526
2020 Population	10,944	129,209	341,374
2010 Population	12,707	143,688	374,823
2000 Population	16,974	186,934	490,723
Percent Pop Change: 2010 to 2015	-8.1%	-5.8%	-5.2%
Percent Pop Change: 2015 to 2020	-6.3%	-4.6%	-4.0%
 AGE			
2015 Median Age	34.0	32.4	35.0
2015 Average Age	36.2	34.9	36.8
 HOUSEHOLDS			
2015 Households	3,762	45,986	131,808
2020 Households	3,510	44,024	127,279
2010 Households	4,091	48,544	137,782
2000 Households	5,483	61,208	171,647
Percent HH Change: 2010 to 2015	-8.1%	-5.3%	-4.3%
Percent HH Change: 2015 to 2020	-6.7%	-4.3%	-3.4%
Average Household Size	2.9	2.9	2.6
 INCOME			
2015 Median Household Income	\$25,217	\$25,950	\$27,595
2015 Average Household Income	\$34,440	\$35,297	\$38,255
2015 Per Capita Income	\$11,088	\$11,991	\$14,183
 HOUSING UNITS			
2015 Housing Units	5,200	60,134	171,418
Occupied Units	3,762	45,986	131,808
Vacant Housing Units	1,438	14,147	39,610
2015 Owner-Occupied Housing Units	2,312	26,297	74,346
2015 Renter-Occupied Housing Units	1,450	19,689	57,462
 EDUCATION			
2015 Population Age 25 and Over	7,400	82,502	226,650
High School thru Associates	5,030 68.0%	54,215 65.7%	151,298 66.8%
Bachelor's Degree	228 3.1%	4,043 4.9%	15,548 6.9%
Graduate Degree	187 2.5%	2,084 2.5%	8,545 3.8%
 PLACE OF WORK			
Total Businesses	478	3,982	12,349
Daytime Employment (Total Employees)	4,974	38,373	143,256



PLEASE CONTACT

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