



Trends in Real Estate

Prepared by Siegle & Associates

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Flash Insight of Industrial Market in Macomb County, Michigan

Siegle & Associates has been carefully monitoring the impact of the COVID-19 pandemic and its consequences on the real estate market. We will continue to interview market participants, report quantifiable and anecdotal evidence, and adjust our values for market conditions accordingly. The following is a summary of findings as of early August 2020:

While it's difficult to decipher current trends, given few recent post-COVID transactions, Siegle & Associates recently appraised several industrial properties in Macomb County (part of southeast Michigan). The following insight was gleaned from several sales, and was verified by parties to the transactions.

The market ranges from somewhat stable to declining slightly when it comes to industrial properties, according to a broker involved in an industrial property transaction the firm is currently appraising. The broker also indicated that some landlords are becoming "a bit more aggressive."

For example, an industrial building located in northern Macomb County was listed in late fall 2019. The buyer and seller negotiations started pre-COVID, and when COVID hit, the



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Current Market Conditions and COVID-19

buyer started playing hardball and demanding a deeper discount. The seller agreed to discount the purchase price by 4 percent, post-COVID.

Another transaction, this one along Groesbeck Highway in Macomb County, was re-negotiated after COVID-19 struck. The buyer wanted a steeper discount of about 10 percent, the seller countered and the parties agreed to a reduction of approximately 2.5 percent in addition to including some manufacturing equipment.

Driving through an industrial subdivision in Fraser, it was observed that there were few “For Lease” and “For Sale” signs; however, there were a handful of buildings with no cars in the parking lot, which may or may not have been an indicator of

future vacancy rates, depending on when these facilities reopen (if they reopen).

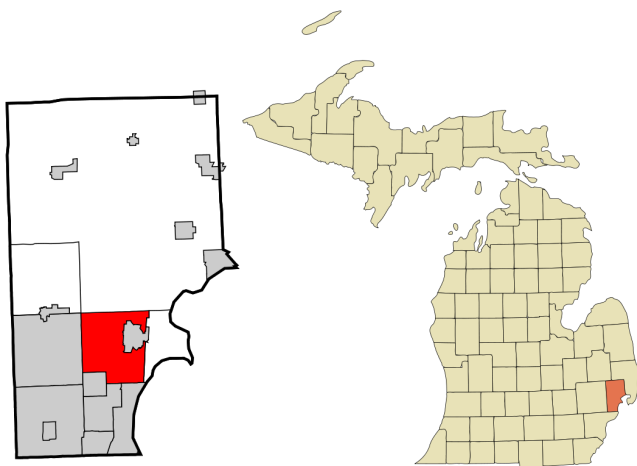
Siegle & Associates found that some manufacturing facilities maintained their pre-COVID level of staffing if the business was deemed essential. Other facilities were reopening with one-third to one-half of their number of production employees, and gradually bringing back additional employees, with some office staff continuing to work remotely.

While these transactions and observations are not a barometer of overall market activity, they provide a localized pulse of some current activity that Siegle & Associates has noticed in Macomb County.

As Siegle & Associates obtain more insight and observations

from participants within the market, the firm will keep clients advised. Those findings will be reflected in our reports, which will include continually updated signature sale/resale and rent/re-rent analyses reflecting changing market conditions.

With more than 80+ years of combined experience, Siegle & Associates is a team of seasoned real estate professionals who are available to assist with real estate appraisal services even during these challenging times. Ken Siegle, president and co-founder of Siegle & Associates, and his team bring unique insight as real estate professionals, as they are aware of issues with distressed real estate and have gone through a variety of adverse economic cycles.



Siegle & Associates serves Macomb County and other parts of southeastern and western Michigan along with parts of the northern lower peninsula. They have offices in Clinton Township and Petoskey.

During this time of uncertainty, Siegle & Associates will continue to provide the exceptional commercial and residential appraisal services that clients have come to expect for more than 17 years.

Visit our website at
siegleandassociates.com

Who we are...

Founded in 2003 by Ken and Kathy Siegle, Siegle & Associates is a full-service commercial and residential appraisal services firm specializing in property valuation, consulting, feasibility analysis, and appraisal review services primarily in Macomb, Oakland, Wayne, St. Clair, Monroe, and Lapeer counties. We also service other counties across Michigan.



Kenneth R. Siegle, MAI, M.S.F., was a commercial real estate loan servicing officer for seven years and a staff appraiser for six years. He has expertise in appraising a variety of properties, including apartments, general office buildings, medical office buildings, retail centers, subdivisions, industrial buildings, vacant land, single-family residential, self-storage facilities, car washes, and more. Ken holds a bachelor's degree in business administration with a minor in systems analysis from Taylor University, and a master's of science degree in finance from Walsh College. He is a Designated Member of the Appraisal Institute (MAI), as well as a state-certified general real estate appraiser. He presently serves as a member of the board of directors of the Great Lakes Chapter of the Appraisal Institute, and also serves in other capacities for the chapter. Ken is a member of the Macomb Township Board of Review.



Rhea D. Allen is a certified general real estate appraiser who began her appraisal career in 1997 as a research assistant at Stout Risius Ross Inc. After obtaining her limited license in 2003, she was promoted to an appraiser and then to senior appraiser in 2006, when she earned her certified general license. Rhea has appraised numerous properties including industrial buildings, self-storage facilities, retail buildings, general and medical office buildings, apartments, vacant land, and subdivisions. She joined Siegle & Associates in 2008. Rhea received a bachelor's degree in public relations from Grand Valley State University.



Gerald S. Daugherty has been involved in various aspects of the commercial and residential real estate industry since 1977. He was employed by a major financial institution for 25 years in a number of real-estate-related positions. As a residential REO property manager, he managed and sold hundreds of residential real estate properties. For nine years he was a commercial real estate loan senior analyst. His experience in this position included commercial real estate loan collateral analysis, and managing and selling foreclosed commercial real estate. He has been appraising real estate since the mid-1980s and has been a licensed real estate appraiser since the state appraisal licensing law was enacted in the 1990s. Jerry has a bachelor's degree in finance from Walsh College.



Kathy Siegle, chief financial officer, oversees the firm's financial operations. Her duties include supervising accounts receivable and accounts payable, as well as purchasing and tax preparation. Kathy also assists with a variety of office duties. She attended Prairie Bible Institute near Calgary, Alberta, Canada, and completed courses in business and accounting at Macomb Community College.



Don Pedde is a research assistant and limited license real estate appraiser. He's a graduate of Pensacola Christian College and holds a certificate of legal assistant studies from Oakland University, with specialties in business law and litigation. He has a wide range of professional experience, including teaching, production control, automotive management, and church ministry. Since joining Siegle & Associates in 2010, Don has gained valuable experience with commercial properties, and has focused on specialty properties including apartments, restaurants, and churches.



Karen Relph is the office administrator, a research assistant, and a residential appraiser for Siegle & Associates. She keeps the office running smoothly by setting up appointments, scheduling property inspections, filing reports, ordering supplies, and performing a host of other duties. In addition to managing the office, Karen assists in residential appraising, and researches industrial and commercial properties for the firm's commercial appraisers. Karen's experience and expertise in appraisal services have been an invaluable asset to the company.