

YoY  
Chg

12-Mo.  
Forecast

4.0%

Vacancy Rate



1.4M

Net Absorption, SF



\$7.01

Asking Rent, PSF



Overall, Net Asking Rent

#### ECONOMIC INDICATORS Q4 2021

YoY  
Chg

12-Mo.  
Forecast

1.96M

Detroit  
Employment

5.7%

Detroit  
Unemployment Rate

4.2%

U.S.  
Unemployment Rate

Source: BLS

#### MICHIGAN'S ECONOMIC OVERVIEW

Despite another challenging year during a pandemic era, Metro Detroit's economy made significant strides in its recovery from the initial COVID-19 outbreak. Metro Detroit's unemployment rate in fourth quarter 2021 was 5.7% compared to 10.2% at the close of fourth quarter 2020. According to the Michigan Economic Development Corporation, Michigan remained a Midwest leader in foreign direct investment job growth, which has led to the creation over 36,000 jobs in Michigan over the last five years. Prominent companies that made significant financial commitments in the state of Michigan during 2021 include: KLA, Magna, TÜV SÜD, Ford, General Motors and Stellantis.

#### SUPPLY AND DEMAND

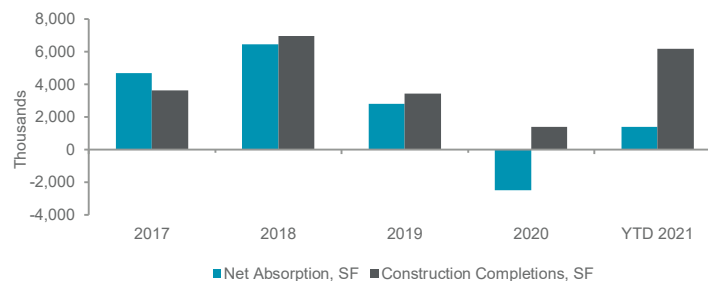
Despite record high delivery of new construction, industrial vacancy in Greater Detroit decreased 50 basis-points (bps) from 4.5% in fourth quarter 2020 to 4.0% in fourth quarter 2021. Quarter-over-quarter vacancy decreased 30 bps, inching closer to pre-pandemic levels. Demand continues to exceed the supply of quality warehouse/distribution space for the market.

Metro Detroit saw over 6.1 million square feet (msf) of new construction delivered in 2021. The majority of new space was delivered in the second and third quarters but nearly 800,000 sf was delivered in the fourth quarter. The increased new construction was met with increased positive absorption. Overall net absorption was 1.4 msf during the fourth quarter of 2021, significantly up from negative 1 msf during the fourth quarter of 2020. Net absorption in the Dearborn/Downriver submarket stood out at nearly 1 msf, an individual high for the quarter compared to other Metro Detroit submarkets. An additional 8.1 msf of new construction remains at various stages of the development pipeline across Greater Detroit.

#### PRICING

Average asking lease rates have been steadily trending upwards over the last ten years. The increase accelerated during 2021 landing at \$7.01 per square foot triple net at the end of the fourth quarter, an 8.0% increase over fourth quarter of 2020. Continued rental pressure is expected throughout 2022 as demand for quality space continues to outpace deliveries.

#### SPACE DEMAND / DELIVERIES



#### OVERALL VACANCY & ASKING RENT



## Industrial Q4 2021

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	Q4 NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	Q4 CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Livingston	12,150,233	354,477	2.9%	-98,152	-17,780	1,046,678	0	\$4.95	N/A	\$8.71
Macomb Central	37,418,357	188,346	0.5%	183,248	21,833	250,000	80,200	\$4.50	\$7.00	\$6.91
Macomb North	18,484,090	230,944	1.3%	308,909	576,087	1,083,258	267,054	\$5.84	N/A	\$4.75
Macomb South	46,616,159	945,059	2.0%	-171,369	-114,120	362,000	63,000	\$6.63	\$15.00	\$8.72
Oakland North	35,007,479	1,684,322	4.8%	190,801	1,019,209	2,309,701	35,433	\$7.23	\$10.48	\$5.76
Oakland Southeast	43,596,156	1,941,957	4.5%	240,499	1,198,771	73,150	73,150	\$7.35	\$10.24	\$6.64
Oakland Southwest	39,307,473	1,480,630	3.8%	-2,424	796,633	310,000	230,000	\$9.08	\$12.94	\$8.01
Washtenaw	26,865,216	1,222,508	4.6%	80,024	61,938	0	0	\$5.57	\$19.53	\$5.92
Dearborn/Downriver	47,945,528	1,477,513	3.1%	967,567	-667,677	0	0	\$6.27	N/A	\$5.80
Detroit	85,369,392	7,501,671	8.8%	-136,097	1,677,722	724,408	0	\$4.91	N/A	\$5.35
Western Wayne	99,124,892	2,548,911	2.6%	-188,838	2,745,922	2,010,601	50,000	\$6.47	\$12.27	\$6.27
<b>DETROIT TOTALS</b>	<b>491,884,975</b>	<b>19,576,338</b>	<b>4.0%</b>	<b>1,374,168</b>	<b>7,316,938</b>	<b>8,169,796</b>	<b>798,837</b>	<b>\$6.50</b>	<b>\$12.26</b>	<b>\$6.32</b>

\*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
38481 W Huron River Dr	Western Wayne	James Group International	347,383	Direct
19881 Brownstown Center Dr	Dearborn/Downriver	C-MAC Transportation	274,311	Direct
42600 Merrill Rd	Macomb Central	HTI Cybernetics	108,000	Direct
325 W Silverbell Rd	Oakland North	FNS, Inc	99,364	Direct

## KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
14451 W Chicago Rd	Detroit	Midwest Commodity Partners / Best Value Autobody Supply, Inc.	243,000	\$2.9M/\$12
977 E 14 Mile Rd	Oakland Southeast	Hanson's Window and Construction / Hainer & Berman, P.C.	156,787	\$9.3M/\$59
27600-27700 Donald Ct	Macomb North	Integrus Ventures / BridgeCap Partners	82,421	\$10.1M/\$123

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