



## Industrial Q4 2022

YoY  
Chg 12-Mo.  
Forecast

2.7%

Vacancy Rate



5.2M

YTD Net Absorption, SF



\$7.27

Asking Rent, PSF



4.5%

YOY Rent Growth



6.8M

Under Construction, SF



Overall, Net Asking Rent

Net absorption not reflective of U.S. MarketBeat Tables

ECONOMIC INDICATORS  
Q4 2022YoY  
Chg 12-Mo.  
Forecast

2.1M

Detroit  
Employment

3.6%

Detroit  
Unemployment Rate

3.7%

U.S.  
Unemployment Rate

Source: BLS, Moody's Analytics

## MICHIGAN ECONOMIC OVERVIEW

The unemployment rate in metro Detroit decreased 60 basis points (bps) year-over-year (YOY) to 3.6% in Q4 2022. The state's unemployment rate further improved to 4.3% in the fourth quarter marking a 90-bps decline YOY. Though economic conditions remain uncertain, the City of Detroit continued to yield positive growth as the market posted its lowest unemployment rate since the year 2000 at 6.4%. Detroit at Work (DAW), a program supported by the State of Michigan, has focused its efforts on increasing employment opportunities in Detroit. DAW has partnered with several companies including Dakkota Integrated Systems, an auto supplier, in adding nearly 500 new staff members. Metro Detroit, and the state, continue to benefit from the transition to electric vehicles. Partially fueled by domestic content requirements in the Inflation Reduction Act, Michigan has seen several investments in the battery sector. General Motors, Ford, Stellantis, Our Next Energy, Gotion, LG and others have committed to significant battery related facilities.

## SUPPLY AND DEMAND

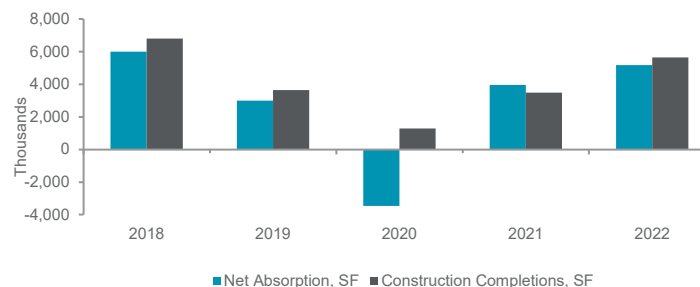
For the year, construction deliveries totaled 5.7 million square feet (msf). A general slow-down in construction starts through 2022 has resulted in an active construction pipeline that is 22.8% smaller YOY. For the second straight year, construction activity has been robust in Western Wayne, accounting for 38.8% of the construction activity at year-end.

Through Q4 2022, new leasing totaled 1.7 msf, amounting to a 41.7% decrease YOY. Part of the decline in leasing activity was due to the historically tight market conditions which translates to a lack of available, move-in ready space for occupiers to transact on. Across product types, the warehouse/distribution sector accounted for over half (52.9%) of new leasing followed by manufacturing which captured 34.9% of the total. Across submarkets, Western Wayne and Oakland Southwest recorded roughly 31.1% of new deal volume while representing just 28.3% of the market. Metro Detroit ended the year with 5.2 msf of positive net absorption YTD – the majority of which (2.3 msf) occurred in the fourth quarter. Of all product types in Q4 2022, the warehouse/distribution sector propelled occupancy gains, with 76.0% of the quarterly total.

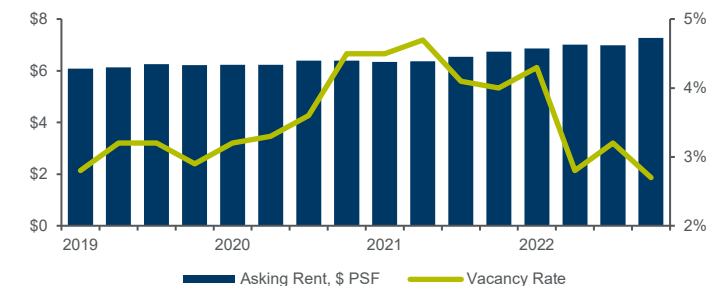
## PRICING

Overall average asking net rental rates increased 4.5% YOY to \$7.27 per square foot (psf). Continued strong demand for warehouse/distribution space remains a major driver of net asking rents which recorded a 16.5% YOY climb to \$6.99 psf.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING RENT



## Industrial Q4 2022

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
Livingston	12,274,676	280,875	2.3%	3,300	-762	0	0	\$6.95	\$12.00	\$8.00	\$7.51
Macomb Central	37,429,912	128,450	0.3%	34,268	-42,729	0	0	\$8.00	N/A	\$8.06	\$8.06
Macomb North	19,441,452	786,539	4.0%	311,588	500,285	699,899	24,752	\$7.48	\$7.75	\$7.31	\$7.36
Macomb South	47,464,872	1,056,932	2.2%	14,891	990,395	0	0	\$6.00	\$5.81	\$7.64	\$6.54
Oakland North	35,213,609	1,084,264	3.1%	-18,300	-87,013	280,000	0	\$7.95	\$12.56	\$5.81	\$7.99
Oakland Southeast	44,141,508	1,120,517	2.5%	853,864	812,991	0	0	\$8.28	\$8.71	\$7.11	\$7.89
Oakland Southwest	40,210,387	1,271,085	3.2%	293,305	1,091,767	973,862	0	\$9.02	\$11.55	\$8.65	\$10.18
Washtenaw	26,983,231	1,058,980	3.9%	139,918	186,039	0	0	\$6.20	\$14.54	\$6.85	\$8.23
Dearborn/Downriver	47,946,277	881,611	1.8%	148,614	-21,442	0	0	\$9.39	N/A	\$7.89	\$8.17
Detroit	85,157,058	4,192,594	4.9%	-12,257	-408,840	2,193,208	0	\$5.93	\$11.00	\$6.44	\$6.33
Western Wayne	100,293,484	1,058,980	1.6%	557,914	2,151,815	2,628,225	0	\$6.08	\$10.88	\$7.28	\$6.87
<b>DETROIT TOTALS</b>	<b>496,556,466</b>	<b>13,474,045</b>	<b>2.7%</b>	<b>2,327,105</b>	<b>5,172,506</b>	<b>6,775,194</b>	<b>24,752</b>	<b>\$6.62</b>	<b>\$10.14</b>	<b>\$6.99</b>	<b>\$7.27</b>

\*Rental rates reflect weighted net asking \$psf/year | Submarket rents & Net absorption not reflective of U.S. MarketBeat Tables

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

## KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
10885 Textile Rd	Washtenaw	Confidential 3PL	135,369	New Lease
12950 Eckles Rd	Western Wayne	DHL Supply Chain	101,837	New Lease
20505 Sibley Rd	Dearborn/Downriver	Dicastal Logistics	98,976	Sublease
2650 Opdyke Rd	Oakland North	Acoufelt, LLC	86,432	New Lease

## KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
24400 Dequindre Rd	Macomb South	Hillwood / NPS, Stockbridge	295,500	N/A
46480 Nadlan Dr	Oakland Southwest	Dembs Development Inc. / Hexagon Metrology, Inc.	88,000	\$10.9M / \$124

This map illustrates the Detroit Metropolitan Area, highlighting the 12 counties and their surrounding regions. The counties are color-coded and labeled as follows:

- Oakland North:** Light blue region to the north of Oakland County.
- Oakland Southwest:** Grey region to the southwest of Oakland County.
- Oakland Southeast:** Dark grey region to the southeast of Oakland County.
- Macomb North:** Light blue region to the northeast of Macomb County.
- Macomb Central:** Dark blue region in the center of Macomb County.
- Macomb South:** Light blue region to the south of Macomb County.
- Washtenaw:** Dark blue region to the west of Washtenaw County.
- Western Wayne:** Light blue region to the southwest of Wayne County.
- Dearborn / Downriver:** Dark blue region to the south of Wayne County.

The map also shows major highways (Interstates 75, 94, 275, 24, 23, 36, 52, 59, 153, 12, 14, 39, 85, 10, 24, 53, 3, 19) and surrounding cities/towns such as Fenton, Pontiac, Troy, Farmington, Novi, Wixom, South Lyon, Livonia, Dearborn, Detroit, Hamtramck, Grosse Pointe Park, Eastpointe, Fraser, Mount Clemens, New Baltimore, and Trenton. The Detroit River and Lake St. Clair are visible to the east, and the Canadian border is indicated to the south.

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