

	YoY Chg	12-Mo. Forecast
2.4% Vacancy Rate	▼	▲
2.2M Net Absorption, SF	▲	▼
\$7.39 Asking Rent, PSF	▲	▼
4.1% YOY Rent Growth	▲	▼
6.6M Under Construction, SF	▼	▼

(Overall, Net Asking Rent)

ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
2.0M Detroit Employment	▲	▲
3.8% Detroit Unemployment Rate	▼	▲
3.5% U.S. Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics

MICHIGAN ECONOMIC OVERVIEW

According to the Bureau of Labor Statistics, the City of Detroit's unemployment rate fell to 3.8%, a 40 basis point (bps) change year-over-year (YOY). Local unemployment was nearly identical to the national rate of 3.5%.

The City of Detroit's unemployment rate increased slightly over the prior quarter; however, the economic forecast from the University of Michigan advises a more buoyant economy ahead of a national recession. Current economic projections from 2023 to 2027 demonstrate employment and wages for Detroit residents climbing throughout the entire five-year span. The projected yearly average wage growth of 3.0% is expected to outpace inflation in 2024 and onward. Even amid a national recession, the City of Detroit's economy is being bolstered by the high demand for industrial labor supported by city-managed efforts to draw in well-paying jobs.

SUPPLY AND DEMAND: Lowest overall vacancy rate in recent years

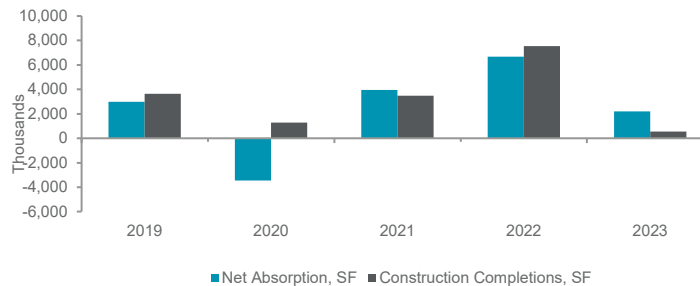
In Q1 2023, overall vacancy in Metro Detroit retreated to near historic lows to 2.4%, a 180-bps decrease from the prior quarter. Ongoing demand for warehouse/distribution space has been a major contributor to the limited vacancy with the product type accounting for 93.0% of the total new leasing activity during Q1 2023. Compared to the prior year, the overall vacancy rate fell by 50-bps. Within industrial property types, office service (flex) registered 4.7% vacancy, warehouse/distribution vacancy stood at 2.7%, and manufacturing product posted the lowest overall vacancy rate at 1.8% in Q1 2023.

Metro Detroit recorded its seventh consecutive quarter of positive net absorption during Q1 2023 at 2.2 msf; a YOY increase of 36.0%. The Macomb North and Macomb South submarkets accounted for a high share of the absorption with 31.0% and 22.4% of the market total, respectively. The two submarkets represent just 12.0% of the total industrial inventory. New leasing activity, an indicator of future net absorption, registered 2.4 msf during Q1 2023, with a YOY growth of 3.4%. Notable leases signed during Q1 2023 include 456,000 square feet (sf) of Class B warehouse/distribution at 13901 Joy Road in Detroit and 308,000 sf of Class A warehouse/distribution at Wixom Assembly Park. Delivery of new industrial space was limited in Q1 2023 with just 561,000 sf completed. Deliveries are expected to increase during the balance of 2023 as 6.6 msf is under construction as of quarter-end.

PRICING: Asking rents increased year-over-year

Overall industrial asking net rental rates (all product types) increased 4.1% YOY to \$7.39 per square foot (psf). Much of the rise is attributed to a mixture of persistent demand combined with limited supply. Net asking rents for the product type grew an astounding 12.7% YOY.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	12,299,095	49,338	0.4%	147,325	147,325	0	0	N/A	\$10.84	\$8.00	\$9.97
Macomb Central	37,447,177	340,922	0.9%	-66,939	-66,939	42,768	0	\$9.24	\$8.95	\$7.08	\$7.82
Macomb North	19,694,632	120,264	0.6%	684,443	684,443	842,682	0	\$7.90	N/A	\$5.44	\$6.41
Macomb South	46,081,191	862,811	1.9%	496,879	496,879	0	252,937	\$6.30	\$10.61	\$8.13	\$7.63
Oakland North	36,454,924	933,397	2.6%	212,261	212,261	280,000	0	\$8.04	\$13.51	\$6.04	\$6.93
Oakland Southeast	44,433,629	1,380,630	3.1%	-32,480	-32,480	0	0	\$7.71	\$6.43	\$7.44	\$7.47
Oakland Southwest	40,604,839	1,261,277	3.1%	254,873	254,873	627,127	307,912	\$9.43	\$11.91	\$9.73	\$10.49
Washtenaw	26,983,231	1,090,696	4.0%	-75,944	-75,944	0	0	\$6.19	\$14.65	\$7.15	\$8.19
Dearborn/Downriver	48,165,548	710,530	1.5%	114,101	114,101	0	0	\$9.00	N/A	\$5.85	\$6.28
Detroit	81,933,996	3,538,293	4.3%	417,722	417,722	2,193,208	0	\$5.39	N/A	\$6.35	\$6.04
Western Wayne	102,459,240	1,718,647	1.7%	63,272	63,272	2,598,225	0	\$6.40	\$8.78	\$7.15	\$6.97
DETROIT TOTALS	496,557,502	12,006,805	2.4%	2,213,513	2,213,513	6,584,010	560,849	\$6.73	\$11.83	\$7.00	\$7.39

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

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

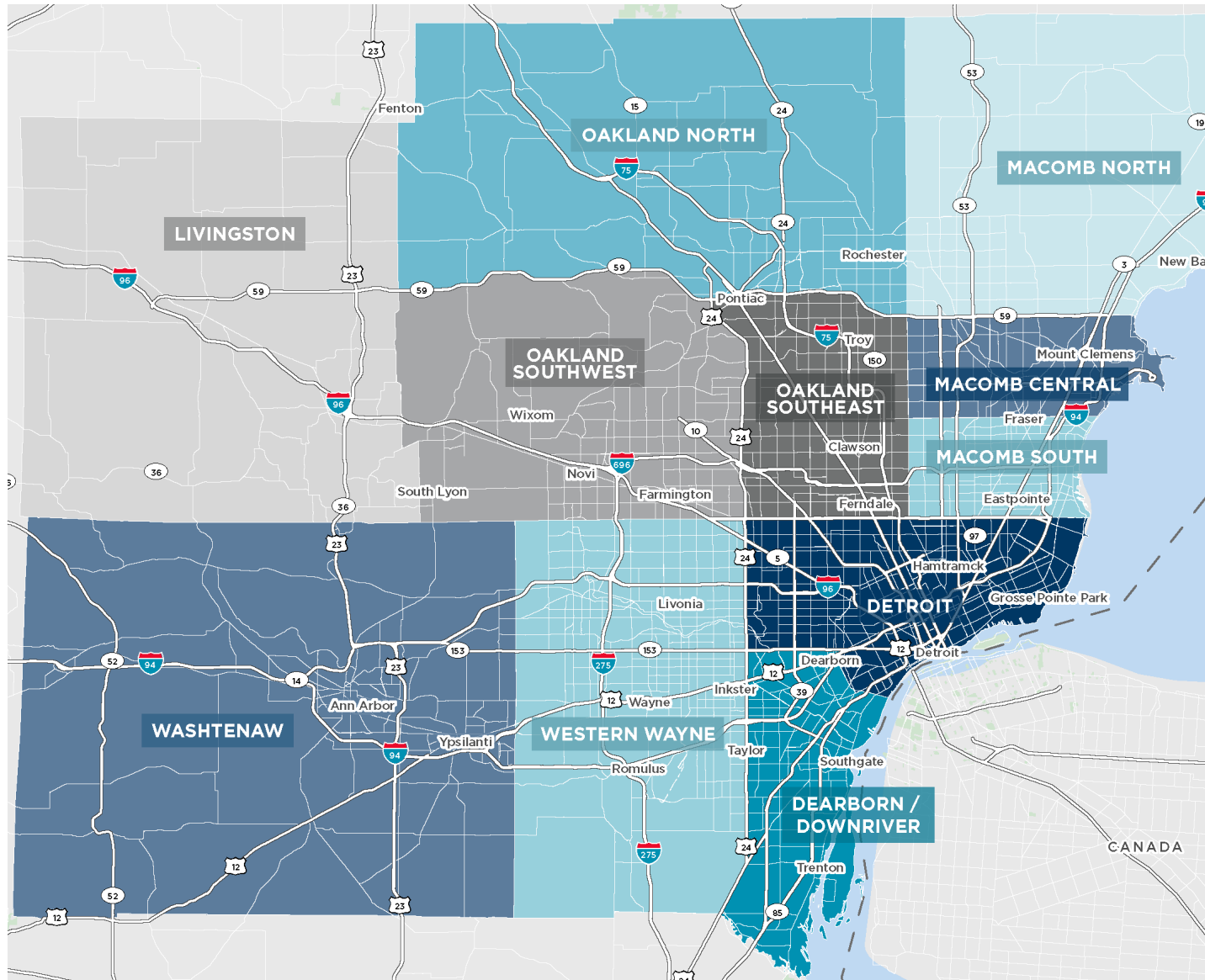
KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
13901 Joy Road	Detroit	Metro International	448,642	New Lease
28802 Wixom Road	Oakland Southwest	Renaissance Global Logistics	307,912	New Lease
1500 Ridge Road	Western Wayne	Choctaw Kaul Distribution Company	286,347	New Lease
6500 14 Mile Road	Macomb South	Samsung	274,000	New Lease

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
12350 East Nine Mile Road	Macomb South	DPI Group, LLC / IX Mile Road, LLC	208,970	\$8.4M / \$40
8111 Middlebelt Road	Western Wayne	PackSpec / Kelb Middlebelt Road, LLC	175,720	\$7.0M / \$40
30650 Plymouth Road	Western Wayne	30650 Plymouth, LLC / Watsons Property Livonia, LLC	82,900	\$4.8M / \$58

INDUSTRIAL SUBMARKETS



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