

	YoY Chg	12-Mo. Forecast
3.0% Vacancy Rate	▲	▲
1.1M YTD Net Absorption, SF	▼	▼
\$7.45 Asking Rent, PSF	▲	▼
2.3% YOY Rent Growth	▲	▼
4.6M Under Construction, SF	▼	▼

(Overall, Net Asking Rent)

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
2.0M Detroit Employment	▲	▲
3.1% Detroit Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

MICHIGAN ECONOMIC OVERVIEW

Based on the Bureau of Labor Statistics, Metro Detroit unemployment rate remained unchanged at 3.1% as of quarter-end. Local unemployment was lower than the national rate of 3.7% for the fourth consecutive quarter. JPMorgan Chase recently summarized its decade-long \$200M investment into the Detroit Metro. According to the report, JPMorgan Chase helped over 72,000 Detroiters getting placed in full or part-time jobs, 13,000 small businesses received capital assistance and more than 5,000 affordable housing units were created or renovated. Currently, Detroit is experiencing its lowest unemployment rate in decades and a 23.0% rise in household income over the past ten years.

SUPPLY AND DEMAND: Second consecutive quarter of negative net absorption

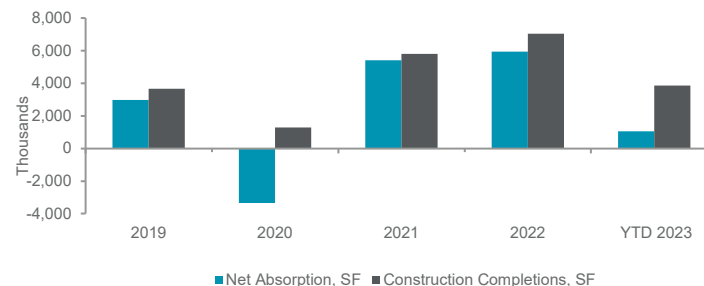
After five successive quarters below 3.0%, the overall vacancy rate in Metro Detroit increased to 3.0% in Q3 2023. On a year-over-year (YOY) basis, Q3 2023 vacancy climbed by 10 basis points (bps). The moderate rise in vacancy was mostly the result of a robust speculative construction pipeline, which delivered 1.3 million square feet (msf) in the third quarter. Geographically, the Western Wayne submarket fueled most of the positive net absorption, recording 877,000 square feet (sf) of the overall net absorption, driven by DTE Energy's 528,000-sf move-in at 12723 Telegraph Road. Submarkets registering the highest negative net absorption for Q3 were Dearborn/Downriver and Oakland Southeast, with totals of negative 625,000 sf and 235,000 sf, respectively. Meanwhile, year-to-date (YTD) net absorption remained above the 1.0 msf-mark.

New leasing activity also showed signs of deceleration for Q3, with 1.8 msf of space leased. Leasing activity in Q1 and Q2 totaled 3.0 msf and 2.4 msf, respectively. Oakland North registered the highest leasing activity with 307,000 sf leased in Q3. Leasing activity is often an indicator of future positive net absorption in later quarters. Only five new leases in the 100,000 sf to 500,000 sf range were signed in the third quarter, as the mid-size segment has yielded more demand activity over the past few quarters. Over 1.3 msf of new construction was delivered to the market in Q3, which included 1.1 msf of warehouse/distribution buildings. As of quarter end, 4.6 msf was under construction across the region.

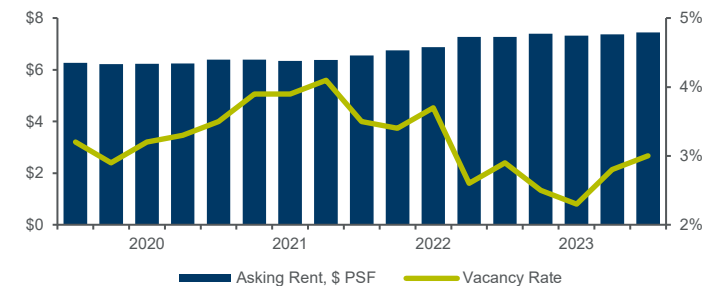
PRICING: Asking rents grow for third consecutive quarter

Overall industrial asking net rental rates (all product types) increased 2.3% YOY and 0.9% quarter-over-quarter (QOQ) to \$7.45 per square foot (psf). The escalation in rents are credited to a mixture of high demand and new construction deliveries.

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	12,299,666	328,666	2.7%	-9,955	-132,292	43,000	0	\$7.11	\$10.84	\$6.78	\$7.32
Macomb Central	37,453,820	292,866	0.8%	94,091	2,247	42,768	0	\$8.09	\$8.17	\$6.39	\$7.45
Macomb North	19,873,832	318,152	1.6%	9,220	665,755	623,202	179,200	\$7.54	N/A	\$7.13	\$7.22
Macomb South	45,695,522	1,014,322	2.2%	-87,841	123,999	0	0	\$5.50	\$9.95	\$8.623	\$7.89
Oakland North	36,568,736	1,019,984	2.8%	216,592	203,810	0	280,000	\$9.07	\$10.73	\$6.42	\$7.45
Oakland Southeast	44,498,775	1,324,441	3.0%	-234,917	-129,549	0	0	\$8.12	\$10.39	\$6.70	\$8.38
Oakland Southwest	41,115,158	2,037,643	5.0%	-171,700	-32,030	292,922	340,210	\$9.12	\$11.37	\$8.75	\$9.45
Washtenaw	26,983,231	1,171,082	4.3%	-90,328	-315,274	0	0	\$5.43	\$14.36	\$9.15	\$7.25
Dearborn/Downriver	48,983,231	1,528,394	3.2%	-624,999	-606,935	0	0	\$4.27	\$5.71	\$5.66	\$5.48
Detroit	82,087,523	4,560,138	5.6%	-98,260	278,574	1,232,366	292,552	\$5.57	N/A	\$6.43	\$6.29
Western Wayne	103,705,335	1,528,138	1.5%	876,645	996,053	2,412,937	243,800	\$8.17	\$11.31	\$7.54	\$8.07
DETROIT TOTALS	498,478,667	15,181,029	3.0%	-121,452	1,054,358	4,647,195	1,335,762	\$6.78	\$10.99	\$7.06	\$7.45

*Rental rates reflect weighted net asking \$psf/year | Stats are not reflective of U.S. MarketBeat Tables

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

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
17550 Allen Road	Dearborn/Downriver	Evans Distribution	301,644	New Lease
Dutton Road & Bald Mountain Road	Oakland North	TÜV SÜD	280,000	New Lease
20250 Woodward Avenue	Detroit	Target	180,024	New Lease
31840-31870 Enterprise Drive	Western Wayne	LX Pantos America, Inc.	65,600	New Lease

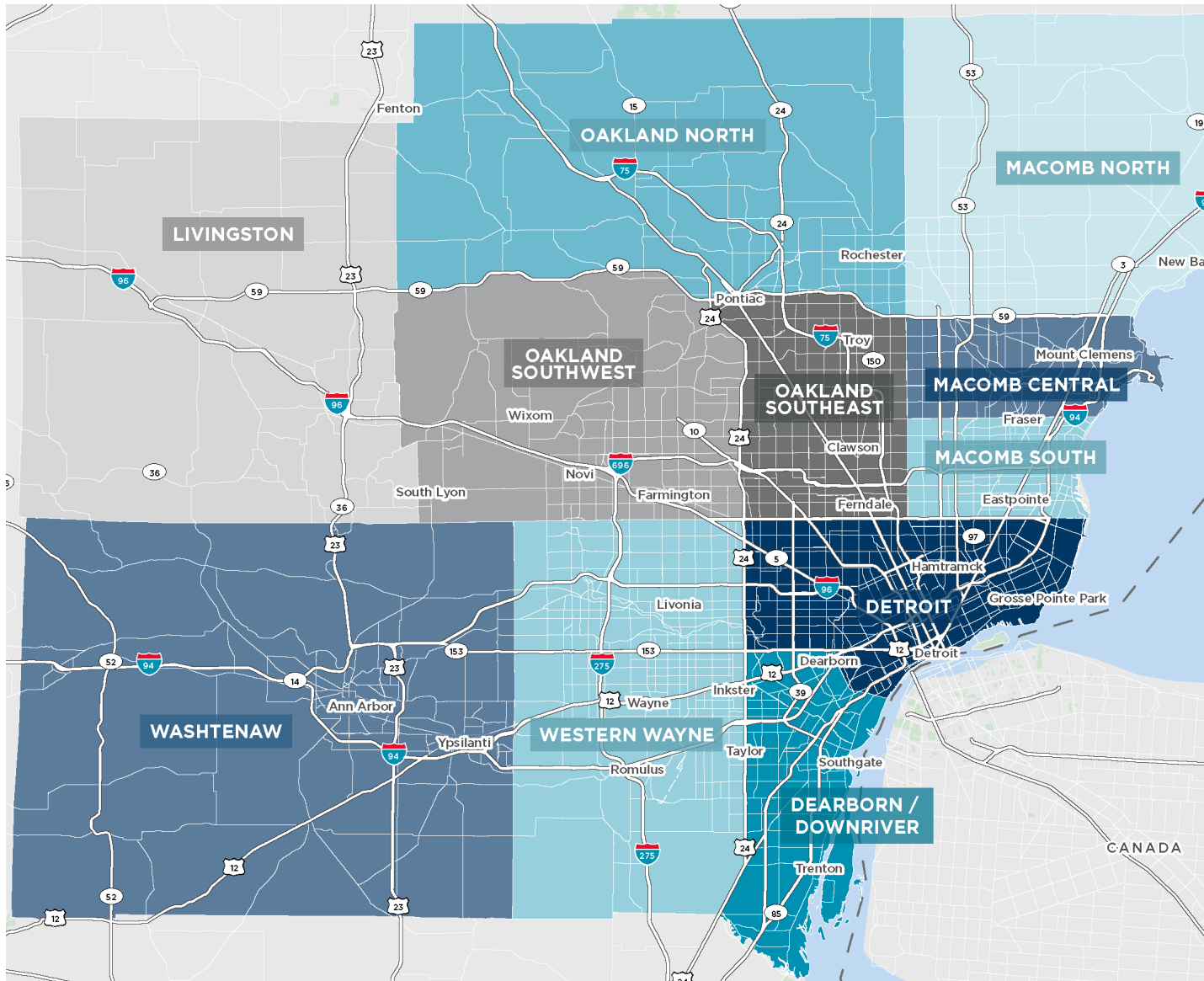
KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
26655 Northline Road	Western Wayne	Verginio Persicone Trust / Hearn Industrial Holdings, Inc.	120,000	\$8.6M / \$72
5090 Research Drive	Western Wayne	BCP Canton, LLC / AFP2 Holdings, LLC	45,000	\$8.9M / \$197
11800 Hannan Road	Western Wayne	Belvue Properties, LLC / Neal MacLean	36,371	\$2.5M / \$69

Detroit

Industrial Q3 2023

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