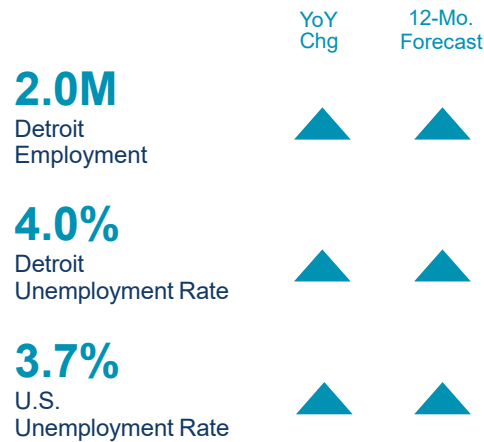




(Overall, Net Asking Rent)

ECONOMIC INDICATORS Q4 2023



Source: BLS, Moody's Analytics

MICHIGAN ECONOMIC OVERVIEW

According to the Bureau of Labor Statistics, Metro Detroit unemployment rate increased to 4.0%, a 30 basis point (bps) change on a year-over-year (YOY) basis. Local unemployment was higher than the national rate of 3.7%. Major 2023 storylines for Metro Detroit included the UAW strikes, rising interest rates challenging Michigan's commercial real estate market and the success of *Detroit at Work* in creating job opportunities. Over the year, Michigan's non-farm employment rose by 34,000 and is projected to maintain healthy levels throughout 2024. Perhaps most notably, Michigan's statewide population grew in 2023 for the first time in several years, adding 3,980 new inhabitants.

SUPPLY AND DEMAND: Vacancy stayed unchanged as net absorption remained positive

In Q4 2023, the overall vacancy rate in Metro Detroit was unchanged quarter-to-quarter at 3.0%. On a YOY basis, Q4 2023 vacancy climbed by 60 bps. Part of the increase in vacancy was due to speculative new deliveries. In Q4, 900,000 square feet (sf) of new construction was delivered to the market totaling to 4.8 million square feet (msf) for 2023, only 65.5% of the space was occupied. The construction pipeline was 3.7 msf at year-end and less than half of the space was pre-leased.

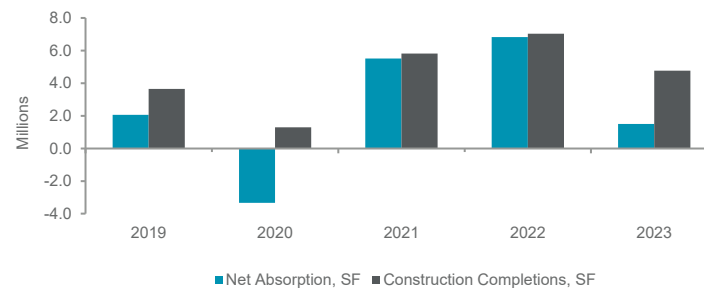
Metro Detroit reported over 264,000 sf of absorption for Q4 and closed the year with positive net absorption of 1.5 msf. Net absorption in 2023 was only a fraction of the recent record level set in 2022 (6.8 msf). By performance, the Macomb North submarket drove most of the net absorption in Q4, with 405,000 sf and was bolstered by RoboVent's 90,000-sf move-in at 52029 Sierra Drive. Western Wayne reported the highest negative net absorption for Q4 with 212,000 sf, as 51,000 sf of warehouse space was listed at 8400 Ronda Road.

Q4 new leasing activity amounted to 2.5 msf, pushing the annual total to 10.1 msf. Western Wayne registered the highest leasing total with 624,000 sf leased in Q4. The trend of leasing smaller spaces continued in Q4, as eight new leases above 100,000 sf were signed, while Q1 registered eleven. The average leased space in Q1 was 50,000 sf, while the average leased space in Q4 was 37,000 sf.

PRICING: Asking rents grow for four consecutive quarters

Across all categories, asking net rental rates increased 2.6% YOY to \$7.53 per square foot (psf) as the market remains tight. Construction deliveries continue to aid this growth in rents as market asking rates have increased for four consecutive quarters.

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	12,304,006	300,384	2.4%	25,721	-106,381	43,000	0	\$7.11	\$10.50	\$6.71	\$8.05
Macomb Central	37,461,473	363,689	1.0%	-130,843	-133,076	42,768	0	\$8.65	\$8.18	\$7.27	\$8.30
Macomb North	20,330,382	401,413	2.0%	405,352	1,032,746	173,202	450,000	\$7.44	N/A	\$6.67	\$6.91
Macomb South	45,695,522	906,053	2.0%	192,452	212,852	0	0	\$5.63	\$7.95	\$8.02	\$7.67
Oakland North	37,121,164	1,094,948	2.9%	120,881	320,346	0	0	\$8.97	\$10.73	\$5.08	\$6.39
Oakland Southeast	44,408,775	1,183,494	2.7%	-165,061	-129,668	0	0	\$7.69	\$10.28	\$8.46	\$8.87
Oakland Southwest	41,115,000	1,683,250	4.1%	147,545	178,841	292,922	0	\$9.77	\$10.96	\$9.04	\$9.83
Washtenaw	27,009,231	1,278,013	4.7%	-84,160	-466,605	0	0	\$5.41	\$13.71	\$8.46	\$7.60
Dearborn/Downriver	48,241,219	1,611,272	3.3%	-82,878	-689,813	0	0	\$4.07	\$6.95	\$5.71	\$5.51
Detroit	82,103,004	4,165,238	5.1%	47,010	455,399	1,232,366	0	\$5.92	N/A	\$6.73	\$6.63
Western Wayne	104,153,710	2,144,625	2.1%	-211,780	832,773	1,962,937	450,000	\$6.98	\$12.57	\$7.55	\$8.13
DETROIT TOTALS	499,943,486	15,132,379	3.0%	264,239	1,507,414	3,747,195	900,000	\$6.72	\$11.27	\$7.08	\$7.53

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

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

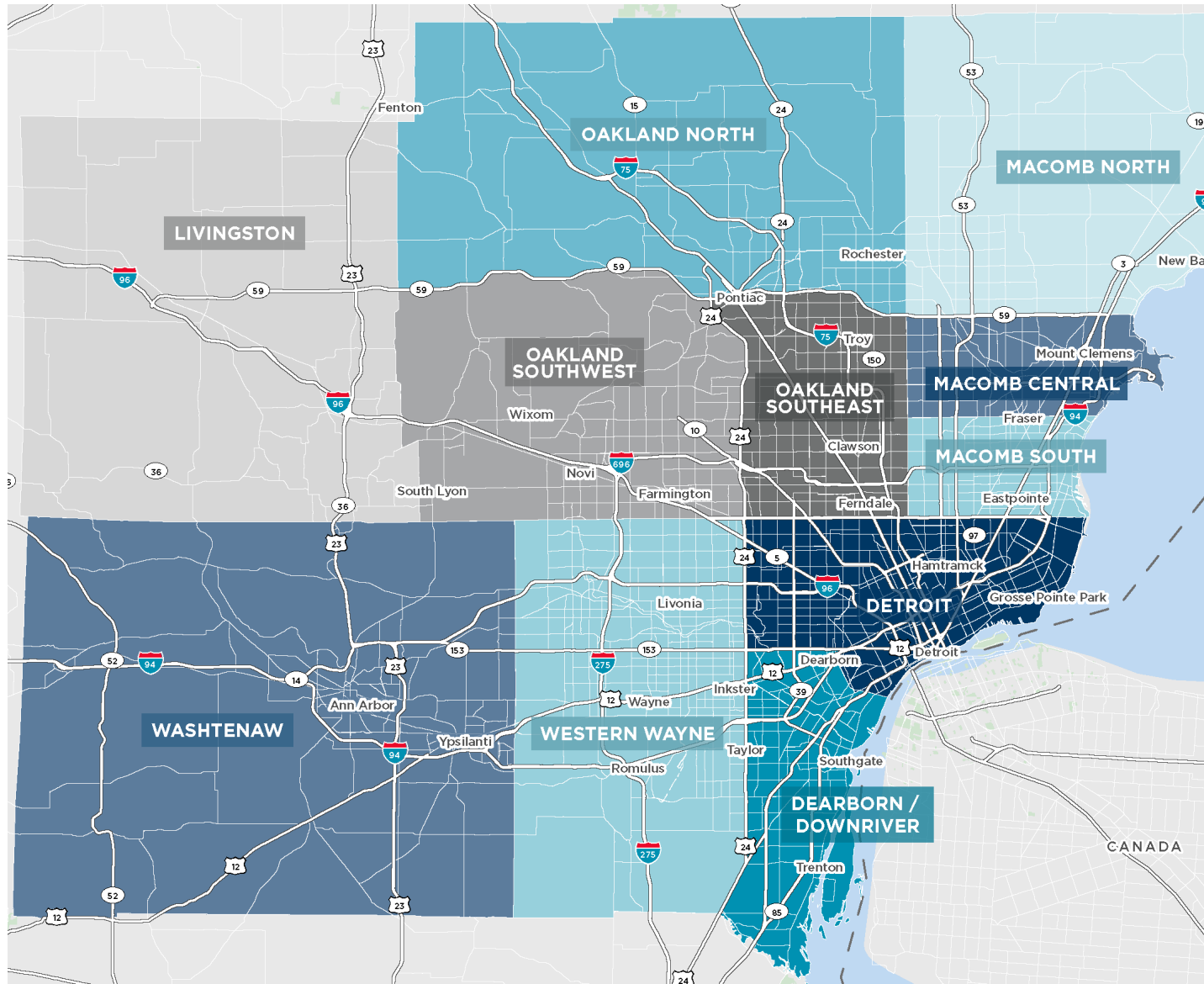
KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
42060 Ecorse Road	Western Wayne	DSV	407,088	New Lease
18000 Vernier Road, Building #1	Detroit	Thai Summit America Corporation	310,000	New Lease
28803 Wixom Road	Oakland Southwest	Amazon	258,307	New Lease
47440 Michigan Avenue	Western Wayne	RXO	108,770	Renewal

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
17991 Wahrman Road	Western Wayne	Hillwood / Stockbridge	487,000	\$77.7M / \$160
6227 Rinke Avenue	Macomb South	Super Steel Treating, Inc. / Frank Barnard	102,076	\$9.7M / \$95
1500 Hamlin Road West	Oakland North	Jenoptik AG / John Bennett Donaldson	100,000	\$16.9M / \$170

INDUSTRIAL SUBMARKETS



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