

	YoY Chg	12-Mo. Forecast
3.4% Vacancy Rate	▲	▼
-143K Net Absorption, SF	▼	▲
\$7.62 Asking Rent, PSF	▲	▲
4.2% YOY Rent Growth	▲	▲
1.8M Under Construction, SF	▼	▼

(Overall, Net Asking Rent)

ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
2.0M Detroit Employment	▲	▲
3.9% Detroit Unemployment Rate	▲	▲
3.8% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

MICHIGAN ECONOMIC OVERVIEW

The unemployment rate in Metro Detroit increased to 3.9% as of Q1 2024, a 50-basis-point (-bp) change year-over-year (YOY). However, employment in Metro Detroit is expected to rise over the next 12 months. Local unemployment was slightly higher than the national rate of 3.8%. In March, the City of Detroit's credit rating returned to Investment Grade by Moody's Investors Services to Baa2 rating. This comes after 15 years of being considered a Ba1 rating (higher loan default risk) and 11 years after the city declared bankruptcy. The update now implies that the city will experience lower costs when it comes to borrowing capital for future investments or projects. Moody's anticipates Detroit's tax base and revenue growth will endure climbing costs over the next two years.

SUPPLY AND DEMAND: Supply pipeline normalized while demand lulls

Overall vacancy in Metro Detroit increased by 110 bps YOY to 3.4% in Q1 2024. This was mainly the product of a substantial amount of speculative construction completions in the first quarter, totaling 2.2 million square feet (msf), and not tenant move-outs. Despite the increase in the market vacancy rate, one submarket still posted a YOY decline. Macomb South recorded a vacancy decline of 40 bps YOY to 1.6%, while the largest increase in vacancy was in the Detroit submarket up by 220 bps YOY to 6.2%, followed by Washtenaw with a yearly increase of 180 bps to 5.0%.

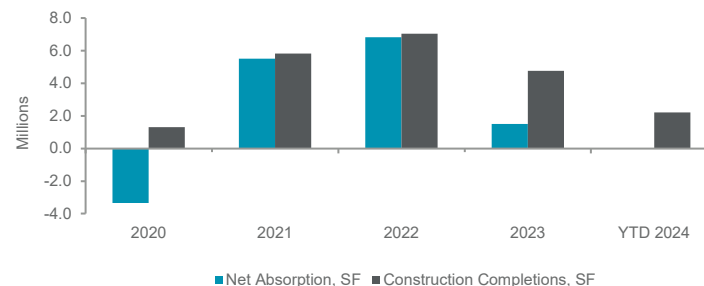
After two consecutive quarters of positive net absorption, Metro Detroit reported negative 142,721 square feet (sf) of absorption through Q1 2024. A handful of major transactions offset five newly-created vacancies greater than 100,000 sf each. Evans Distribution took occupancy in Q1 of the entire 302,000-sf Buske Lines Industrial Center - Building #3, located east of Interstate 75 in Wayne County. The largest deals contributing to positive net absorption were in the Western Wayne submarket, with a total of 294,000 sf of net absorption.

Aside from negative net absorption, new leasing activity in Q1 2024 was 850,000 sf, which marked the lowest leasing activity in more than one decade. Only one new lease was signed above 100,000 sf in Q1 2024, down from 11 one year ago. For comparison, the average lease size in Q1 2024 was 12,000 sf, down from the 51,000 sf in Q1 2023.

PRICING: Asking rents grew by 3.0% YOY

Across all categories, asking net rental rates increased 3.0% YOY to \$7.62 per square foot (psf). Despite an upward shift in vacancy, asking rents increased for seven 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	12,347,006	337,034	2.7%	-21,800	-21,800	0	43,000	\$7.58	\$10.50	\$7.21	\$8.45
Macomb Central	37,504,791	488,361	1.3%	22,496	22,496	0	42,768	\$9.44	\$9.42	\$7.37	\$8.55
Macomb North	20,363,304	402,175	2.0%	-22,401	-22,401	600,280	32,922	\$8.19	N/A	\$6.64	\$7.06
Macomb South	45,695,522	749,732	1.6%	54,771	54,771	0	0	\$5.63	\$7.95	\$8.11	\$7.72
Oakland North	37,134,292	1,335,891	3.6%	-270,566	-270,566	0	0	\$8.36	\$12.50	\$6.10	\$7.08
Oakland Southeast	44,415,959	1,697,316	3.8%	-498,108	-498,108	0	0	\$7.73	\$10.84	\$8.39	\$8.76
Oakland Southwest	41,114,690	1,551,210	3.8%	112,362	112,362	42,922	0	\$8.54	\$11.70	\$9.00	\$9.74
Washtenaw	26,983,513	1,349,645	5.0%	-68,372	-68,372	0	0	\$6.15	\$13.69	\$8.11	\$8.02
Dearborn/Downriver	48,289,087	1,360,131	2.8%	-27,635	-27,635	0	0	\$5.72	\$6.03	\$6.95	\$5.48
Detroit	83,107,481	5,147,721	6.2%	282,992	282,992	180,024	1,039,442	\$5.26	\$1.60	\$6.56	\$6.40
Western Wayne	105,204,567	2,628,068	2.5%	293,540	293,540	943,647	1,048,590	\$8.20	\$12.88	\$7.92	\$8.61
DETROIT TOTALS	502,160,212	17,047,284	3.4%	-142,721	-142,721	1,766,873	2,206,722	\$6.90	\$10.81	\$7.14	\$7.62

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 Q1 2024

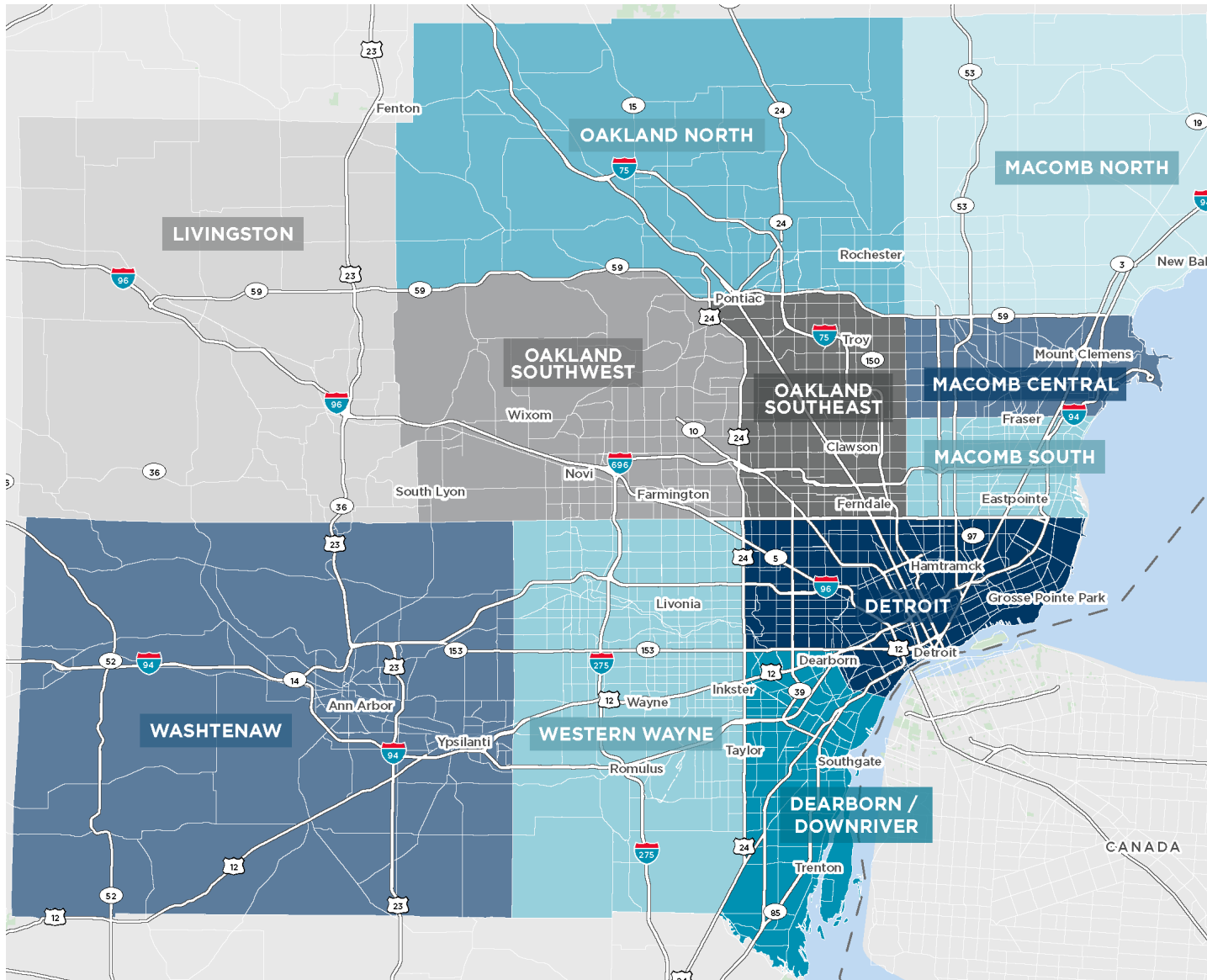
PROPERTY	SUBMARKET	TENANT	SF	TYPE
12350 Sears Drive	Western Wayne	Ventcon, Inc.	125,262	New Lease
28501-28505 Schoolcraft Road	Western Wayne	Arbon	38,354	New Lease
35255 Glendale Street	Western Wayne	Lotus Cars USA, Inc.	32,736	New Lease

*Renewals not included in leasing activity statistics

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
27000 Hills Tech Court	Oakland Southwest	275 James Towne, LLC / Living Essentials, LLC	102,071	\$7.5M / \$65
3200 Fourteen Mile Road West	Oakland Southeast	MacLean-Fogg / BSR ACQ, LLC	77,219	\$5.5M / \$57
34000 Autry Street	Western Wayne	IWH Capital / Detroit Forming, Inc.	75,492	\$5.2M / \$69

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