

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| 3.4% Vacancy Rate | ▲ | ▼ |
| -293K YTD Net Absorption, SF | ▼ | ▲ |
| \$7.51 Asking Rent, PSF | ▲ | ▲ |
| 1.1% YOY Rent Growth | ▲ | ▲ |
| 1.3M Under Construction, SF | ▼ | ▼ |

(Overall, Net Asking Rent)

ECONOMIC INDICATORS Q2 2024

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| 2.0M Detroit Employment | ▲ | ▲ |
| 3.9% Detroit Unemployment Rate | ▲ | ▲ |
| 4.1% U.S. Unemployment Rate | ▲ | ▲ |

Source: BLS, Moody's Analytics

MICHIGAN ECONOMIC OVERVIEW

The unemployment rate in Metro Detroit increased from the prior year to 3.9%, a 60-basis point (bps) change. The local unemployment rate was below the national rate of 4.1%. A recent analysis by the Detroit Regional Chamber and the U.S. Bureau of Labor Statistics showed that the unemployment rate in Michigan remained constant for the fourth straight month. Jobless rates declined in 15 of Michigan's 17 job markets, while also adding 8,000 jobs in the month of May. Michigan's total nonfarm jobs increased by 35,000, an 80 bps increase year-over-year (YOY). At the same time, a recent statewide survey of registered voters commissioned by the Chamber indicated 61% of respondents think the economy is weakening and 52% believe the state's economy is on the wrong path.

SUPPLY AND DEMAND: Lowest construction completions since Q4 2022

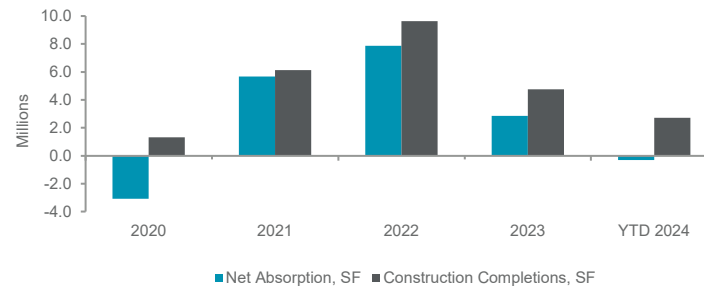
The overall vacancy in Metro Detroit increased by 70 bps YOY to 3.4% in Q2 2024. This uptick in vacancy was largely due to existing product that was added back to the market during the quarter, totaling 2.1 million square feet (msf). Due to supply stabilizing in the market, limited construction completions were reported in Q2, where deliveries were sub-500,000 square feet (sf) for the first time since Q4 2022. Vacant sublease space climbed by 43.9% YOY and now accounts for 0.4% of the total inventory. Despite vacancy increases over the past several quarters, Metro Detroit maintained some of the lowest vacancy rates in the Midwest.

Overall net absorption began to rebound after tenant demand slowed last quarter. There was 56,000 sf of space absorbed during Q2 2024, which was up from negative 349,000 sf in Q1 2024 and negative 141,000 sf in Q2 2023. The Western Wayne submarket powered these occupancy gains, recording over 400,000 sf of overall net absorption. Notable major transactions offset four new warehouse/distribution vacancies greater than 100,000 sf each. Classic Detail took occupancy in Q2 of the entire 150,100-sf manufacturing building at 800 Standard Parkway, located west of Interstate 75 in Oakland County. Armaly Sponge occupied the entire 112,500-sf distribution building located at 1199 Austin Court in the Livingston submarket. New leasing activity in Q2 2024 was 1.4 msf, a decrease of more than 40.0% YOY.

PRICING: Asking rent growth normalized to 1.1%

The overall asking net rental rate increased 1.1% YOY to \$7.51 per square foot (psf). Asking rents have fallen by 1.6% QOQ as prior quarters have ticked nominally higher, but appeared to now plateau. The Oakland Southeast submarket recorded the largest asking rate increase by 7.0% on a YOY basis to \$9.12 psf.

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 | 12,379,006 | 252,746 | 2.0% | 120,076 | 98,276 | 0 | 0 | \$7.58 | \$10.14 | \$7.07 | \$8.47 |
| Macomb Central | 37,504,671 | 731,581 | 2.0% | -243,220 | -220,724 | 0 | 0 | \$9.35 | \$9.36 | \$5.70 | \$6.80 |
| Macomb North | 20,363,310 | 391,825 | 1.9% | 84,277 | -14,856 | 600,280 | 0 | \$8.43 | N/A | \$6.05 | \$6.49 |
| Macomb South | 45,696,062 | 961,856 | 2.1% | -236,174 | -172,353 | 0 | 0 | \$5.67 | \$7.95 | \$8.65 | \$7.99 |
| Oakland North | 36,616,908 | 1,352,214 | 3.7% | 103,342 | -268,489 | 0 | 0 | \$7.56 | \$12.50 | \$6.30 | \$6.55 |
| Oakland Southeast | 44,415,959 | 1,716,363 | 3.9% | -111,491 | -515,009 | 0 | 0 | \$8.23 | \$11.27 | \$8.14 | \$9.12 |
| Oakland Southwest | 41,142,545 | 1,694,927 | 4.1% | -149,181 | -8,261 | 42,922 | 0 | \$9.50 | \$12.08 | \$8.75 | \$10.04 |
| Washtenaw | 26,989,714 | 1,021,691 | 3.8% | 96,064 | 39,272 | 159,325 | 0 | \$6.15 | \$13.70 | \$9.12 | \$8.46 |
| Dearborn/Downriver | 48,293,689 | 1,577,047 | 3.3% | -150,652 | -178,287 | 0 | 0 | \$5.72 | \$6.41 | \$6.95 | \$5.59 |
| Detroit | 83,358,963 | 4,880,127 | 5.9% | 141,777 | 244,169 | 0 | 180,024 | \$5.80 | N/A | \$6.44 | \$6.36 |
| Western Wayne | 105,490,914 | 2,445,322 | 2.3% | 401,350 | 703,230 | 657,300 | 286,347 | \$7.93 | \$12.24 | \$7.87 | \$8.36 |
| DETROIT TOTALS | 502,251,741 | 17,025,699 | 3.4% | 56,168 | -293,032 | 1,459,827 | 466,371 | \$6.81 | \$10.90 | \$6.96 | \$7.51 |

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 Q2 2024

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|------------------------------|---------------|------------------------|---------|-----------|
| 12001 Toepfer Road | Macomb South | Detroit Axel | 163,800 | New Lease |
| 800 Standard Parkway | Oakland North | Classic Detail | 150,102 | New Lease |
| 31840-31870 Enterprise Drive | Western Wayne | OPW Fluids Group, Inc. | 130,700 | New Lease |

KEY SALES TRANSACTIONS Q2 2024

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / \$ PSF |
|-------------------------|-------------------|---|---------|-----------------|
| 1700 Atlantic Boulevard | Oakland North | Core BKG 1700 Atlantic LLC / Superior Electric | 121,263 | \$12.6M / \$104 |
| 950 Maple Road W | Oakland Southeast | Cooke Management, Inc. / Barbat Group, LLC | 39,058 | \$3.9M / \$101 |
| 52000 Sierra Drive | Macomb North | Anthony R. Vallan / Heritage Distribution Holdings Real Estate, LLC | 26,360 | \$3.1M / \$118 |

