# MARKETBEAT
# DETROIT
## INDUSTRIAL Q3 2024

CUSHMAN & WAKEFIELD

### MARKET FUNDAMENTALS

| | YOY Chg | 12-Month Forecast |
|---|---|---|
| **3.4%** Vacancy Rate | ▲ | ▲ |
| **-952K** YTD Net Absorption, SF | ▼ | ▼ |
| **$7.48** Asking Rent, PSF | ▲ | ▼ |

*(Overall, Net Asking Rent)*

### ECONOMIC INDICATORS

| | YOY Chg | 12-Month Forecast |
|---|---|---|
| **2.0M** Detroit Employment | ▲ | ▲ |
| **4.5%** Detroit Unemployment Rate | ▲ | ▲ |
| **4.1%** U.S. Unemployment Rate | ▲ | ▼ |

*Source:BLS*

### MICHIGAN ECONOMIC OVERVIEW

The unemployment rate in Metro Detroit climbed 70 basis points (bps) over the past year from 3.8% in Q3 2023 to 4.5% as of Q3 2024. Local unemployment trails the national rate of 4.1%.

Many of the state's top CEO's expect Michigan's economy to remain stable for the remainder of 2024. The most recent survey released by *Business Leaders for Michigan* show 73.0% of CEO's expect the state's economy to stay unchanged. Additionally, 51.0% of respondents expect their company revenues to increase by year-end.

### SUPPLY AND DEMAND: STEADY INCREASE IN VACANCY RATE

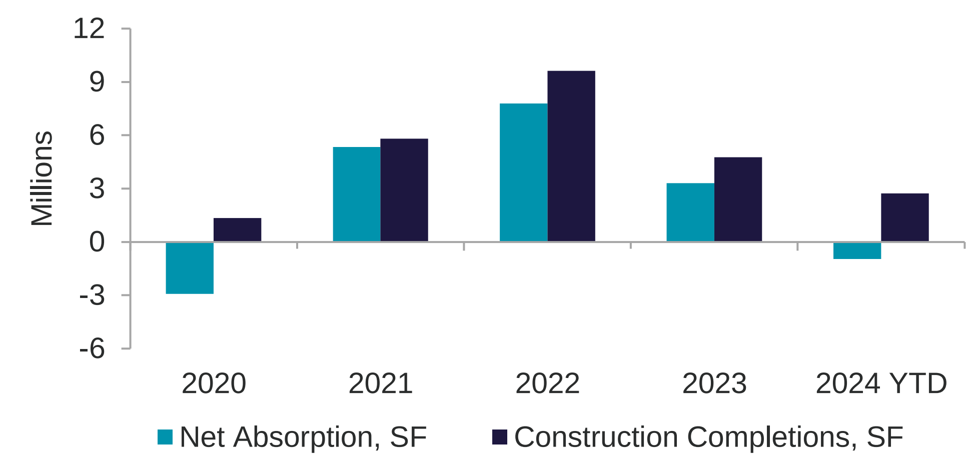
The vacancy rate in Q3 2024 increased for the fourth consecutive quarter. With 1.7 million square feet (msf) of sublease vacancies included, the overall vacancy rate in Metro Detroit steadily grew to 3.4% in Q3 2024, a 70 bps change year-over-year (YOY). Of the three building types, Office Service vacancy reported the highest vacancy rate at 7.6%, a nine-year high.

In Q3 2024, Metro Detroit registered its first quarter of negative overall net absorption in three years at negative 1.1 msf. A marginal number of large move-ins were unable to surmount the new vacancies, the largest of which was 429,000 square feet (sf) by Rite Aid at 5400 Perry Drive in Oakland North. The year-to-date (YTD) 2024 net absorption figure totaled negative 952,00 sf which was far from the 615,000 sf of absorption through the same period in 2023. In Q3 2024, 103,000 sf of new product was delivered, and an additional 630,000 sf remained under construction across Metro Detroit. Leasing activity for Q3 totaled 1.1 msf, pushing the YTD total to 3.5 msf. Leasing activity is an indicator of future quarterly net absorption.

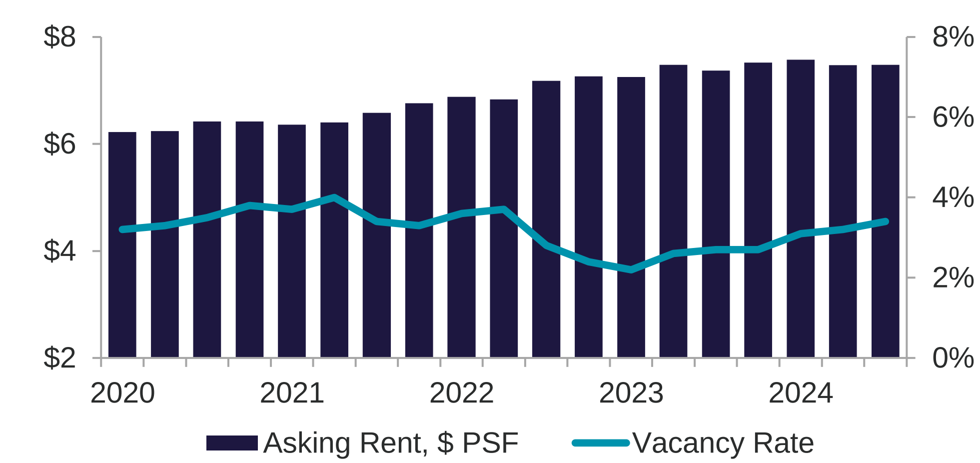
### PRICING: ASKING RENTS SLIGHTLY INCREASE YOY

The overall asking new rental rate increased by 150 bps YOY to $7.48 per square foot (psf). On a quarter-over-quarter (QOQ) basis, the overall asking rate slightly increased by one cent.

### 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 OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | CNSTR 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 | 12,313,525 | 258,390 | 2.1% | -46,894 | 59,682 | 0 | 0 | $6.72 | $11.25 | $7.07 | $8.03 |
| Macomb Central | 37,419,055 | 750,490 | 2.0% | -156,406 | -381,619 | 0 | 0 | $9.36 | $9.44 | $5.66 | $6.43 |
| Macomb North | 20,363,310 | 420,642 | 2.1% | -28,817 | -43,673 | 600,280 | 0 | $8.43 | $10.95 | $6.52 | $6.84 |
| Macomb South | 45,696,062 | 630,543 | 1.4% | 180,406 | 99,960 | 0 | 0 | $5.86 | $7.95 | $8.70 | $8.18 |
| Oakland North | 36,633,825 | 1,578,180 | 4.3% | -405,667 | -615,773 | 0 | 0 | N/A | $11.26 | $6.11 | $6.47 |
| Oakland Southeast | 44,494,048 | 1,720,966 | 3.9% | -152,367 | -559,421 | 0 | 0 | $8.22 | $11.76 | $8.09 | $9.02 |
| Oakland Southwest | 41,239,502 | 1,645,282 | 4.0% | 22,598 | 21,426 | 0 | 42,922 | $10.81 | $12.07 | $8.78 | $10.12 |
| Washtenaw | 27,083,725 | 1,126,053 | 4.2% | -45,208 | -9,096 | 0 | 60,045 | $7.10 | $13.56 | $8.76 | $8.34 |
| Dearborn/Downriver | 48,378,814 | 1,760,157 | 3.6% | -165,760 | -344,047 | 0 | 0 | $6.82 | $6.94 | $7.16 | $5.56 |
| Detroit | 80,840,359 | 4,447,899 | 5.5% | -36,360 | 427,449 | 0 | 0 | $5.43 | N/A | $6.49 | $6.32 |
| Western Wayne | 105,514,216 | 2,724,922 | 2.6% | -255,913 | 392,724 | 29,300 | 29,300 | $9.38 | $12.78 | $7.75 | $8.54 |
| **DETROIT TOTALS** | **499,976,441** | **17,063,524** | **3.4%** | **-1,090,388** | **-952,388** | **629,580** | **102,967** | **$6.72** | **$11.31** | **$6.86** | **$7.48** |

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 Q3 2024

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---|---|---|---|---|
| 42060 Ecorse Road | Western Wayne | DSV Air & Sea | 220,912 | New Lease |
| 4150 Executive Hills Drive | Oakland North | Penske Vehicle Services, Inc. | 114,000 | New Lease |
| 38000 Jay Kay Drive | Western Wayne | Fraza | 60,000 | New Lease |

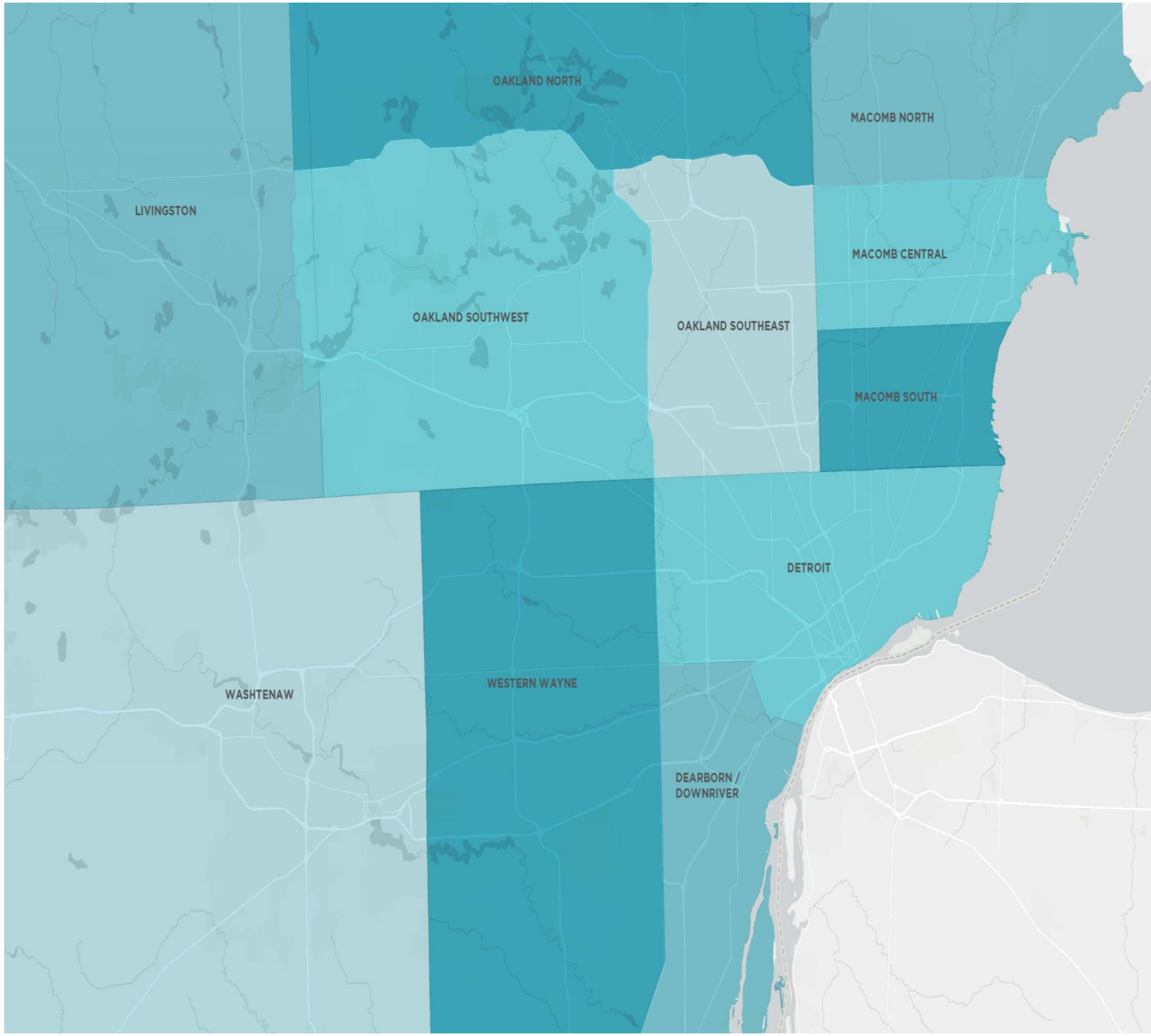
## KEY SALE TRANSACTIONS Q3 2024

| PROPERTY | SUBMARKET | SELLER/BUYER | SF | PRICE / $ PSF |
|---|---|---|---|---|
| 23300 Haggerty Road | Oakland Southwest | Humanetics Innovative Solutions, Inc. / NM HMN, LLC | 87,000 | $13.4M / $154 |
| 13000 Farmington Road | Western Wayne | 3rd Glendale Associates LLC / 13000 Farmington Road, LLC | 57,374 | $3.5M/ $60 |
| 37900 Mound Road | Macomb Central | Chelmsford Properties, LLC / RDB Industrial Drive, LLC | 53,222 | $6.2M / $116 |

## KEY CONSTRUCTION COMPLETIONS YTD 2024

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER/DEVELOPER |
|---|---|---|---|---|
| 18000 Vernier Road – Building #2 | Detroit | N/A | 535,342 | NorthPoint Development |
| 1 Vining Road – Building #1 | Western Wayne | N/A | 349,606 | NorthPoint Development |

## INDUSTRIAL SUBMARKETS

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