

Detroit

Industrial market snapshot | Q4 2023

The Detroit industrial market experienced a slight slowdown from the past two years of elevated demand in 2021 and 2022. Overall vacancy continues to decrease, down 50 basis points (bps) year-over-year, recorded at 3.6% at the end of Q4 2023. Throughout 2023, the market saw 12.5 msf of leasing activity, returning to pre-pandemic levels. While this leasing volume is considerably lower YOY, it remains above COVID-impacted 2020 and shows optimism for continued healthy leasing activity following a period of inflated demand. Construction activity has slowed with 3.5 msf currently being developed, down 43% from the year prior.

3.6%

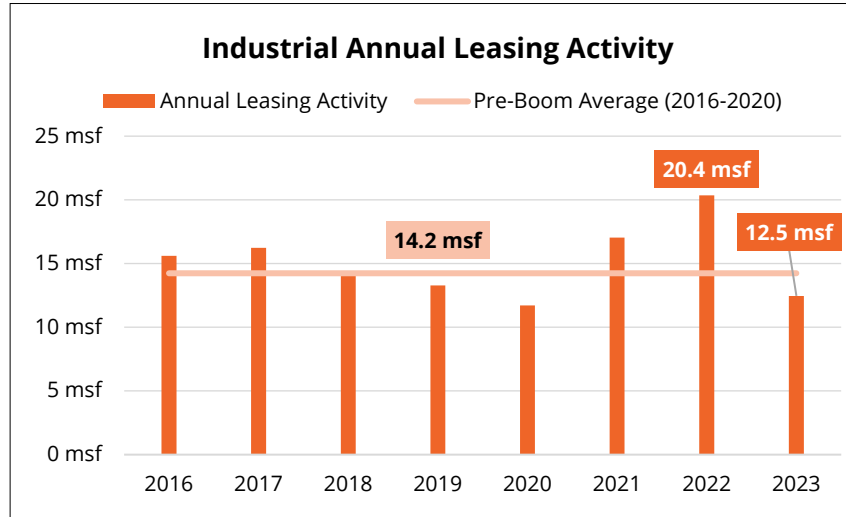
Overall vacancy in Q4 was recorded 50 bps lower YOY. Most submarkets have vacancy rates near market average, while Detroit and Southeast Oakland County maintain rates twice as high.

-12.5%

Leasing activity in 2023 was recorded 12.5% below the pre-boom average following two years of experiencing heightened demand following the COVID-19 pandemic.

-43.7%

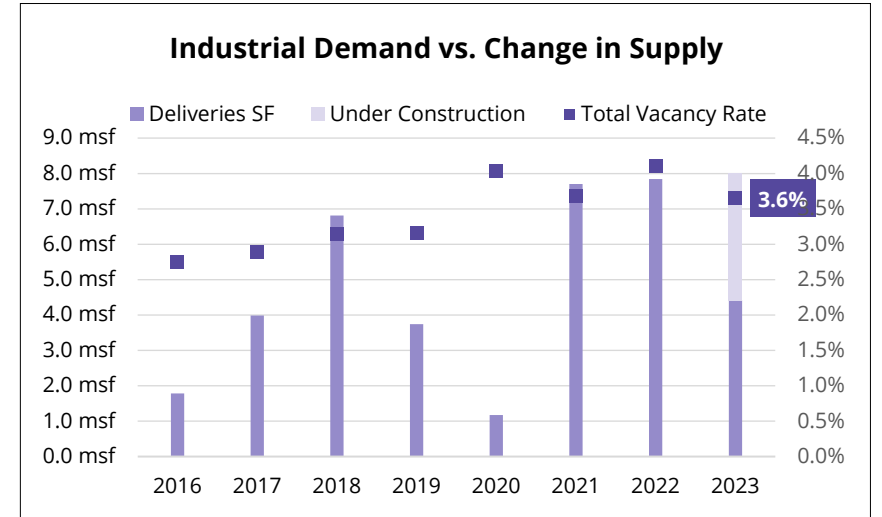
Deliveries in 2023 have declined nearly 44% from the recorded high in 2022 of 7.8 MSF.



The average amount of space leased across the pre-boom period of 2016-2020 was 14.2 MSF. In 2023, leasing activity totaled 12.5 MSF, down over 38% from the year prior, yet over 6% higher than COVID-impacted 2020, indicating optimism in terms of strong leasing activity continuing in future periods.

Note 1: Vacancy in the outer fringe submarket of Washtenaw is over 5% as well, along with the Detroit and Southeast Oakland County submarkets.

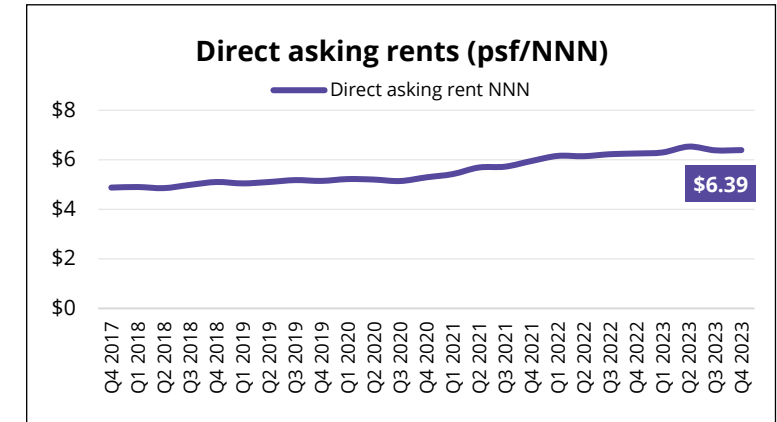
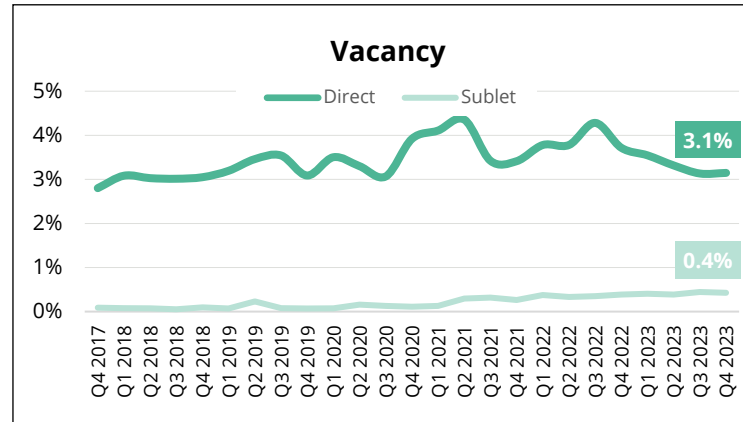
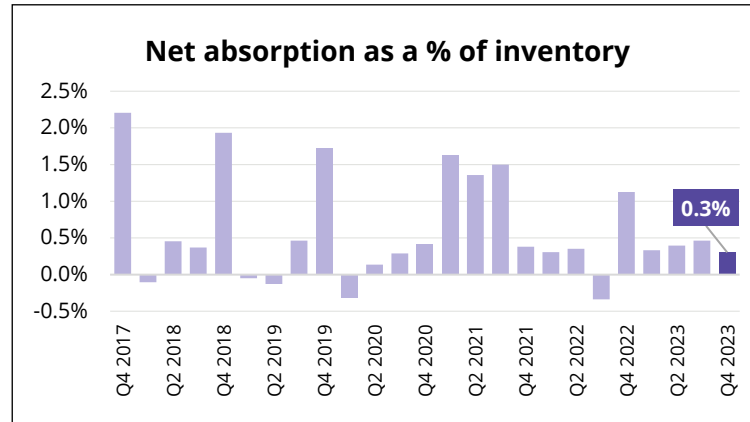
Source: AVANT by Avison Young, CoStar



Industrial construction in Detroit has historically been conservative. Following two years of heightened activity, the amount of delivered space in 2023 decreased nearly 44%. However, due to healthy demand for existing space, vacancy has held relatively stable.

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Thai Summit America Corporation	18000 Vernier Rd Harper Woods	297,100	New	Direct
Unknown Tenant	28803 Wixom Rd Wixom	258,465	New	Direct
Detroit Manufacturing Systems	12601 Southfield Fwy Detroit	154,925	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Fortescue Future Industries	601 Piquette St Detroit	\$20,300,000	\$45.62	601 Piquette Holdings
Frank Barnard	6227 Rinke Ave Warren	\$9,740,000	\$98.07	Super Steel Treating
AE Gaineboro	12500 E Nine Mile Rd Warren	\$5,250,000	\$50.35	Inalfa Roof Systems

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)	Annual direct asking rent psf NNN
East	78,481,384	279,200	30,168	1.2%	0.0%	1.2%	(2.1%)	0.2%	2.4%	\$6.91
Detroit	68,504,660	739,052	1,138,303	7.8%	0.5%	8.3%	1.5%	(1.4%)	(0.4%)	\$5.05
Downriver	66,481,290	1,739,390	1,270,954	2.4%	0.5%	2.9%	(0.4%)	1.4%	3.0%	\$5.72
Wayne County West	60,710,139	196,246	-	1.5%	0.0%	1.5%	(2.2%)	0.5%	2.5%	\$7.33
I-75 Corridor	42,809,255	155,000	970,460	2.1%	1.0%	3.1%	(0.0%)	0.5%	0.3%	\$8.17
Northwest Suburbs	29,597,554	599,940	404,937	3.7%	0.3%	4.0%	0.7%	0.7%	1.3%	\$7.43
Washtenaw	15,267,597	-	-	3.4%	2.4%	5.7%	(0.0%)	(0.2%)	0.0%	\$8.11
Southeast Oakland County	6,232,882	-	-	10.1%	0.0%	10.1%	3.5%	0.0%	(3.4%)	\$6.50
Flint/Grand Blanc	5,390,691	-	530,000	2.0%	0.0%	2.0%	1.4%	(0.9%)	(1.4%)	\$6.74
Market total	373,475,452	3,708,828	4,344,822	3.2%	0.4%	3.6%	(0.5%)	0.2%	1.4%	\$6.39