

FIGURES | DETROIT INDUSTRIAL | Q3 2024

Industrial leasing velocity slows as market posts negative absorption

► 2.6%
Vacancy Rate

▲ 3.7%
Availability Rate

▼ -683.0K
SF Net Absorption

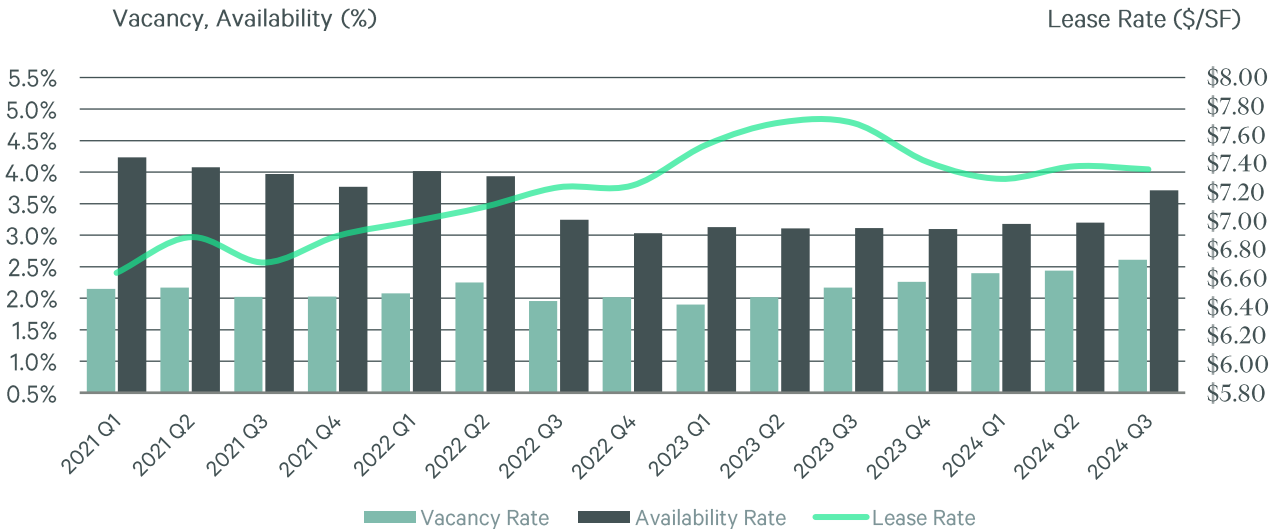
▼ \$7.36
Lease Rate

Note: Arrows indicate change from previous quarter.

Market Summary

- Detroit average asking lease rates dipped throughout Q3, closing the quarter at \$7.36/SF.
- The construction pipeline consists of 8 buildings totaling 1,209,041 sq. ft. Multiple buildings are on track to deliver in Q4 2024 headlined by Crossroads Distribution Center North – Building #11 which will add 629,357 sq. ft. of product to the Detroit market.
- The Detroit industrial market experienced negative absorption (-683,097 SF) for the first time since Q4 2020 as overall leasing volume has slowed throughout the market.
- Available industrial sublease space continues to grow as Q3 experienced a nearly 600K sq. ft. increase compared to Q2 2024. Q3 closed with over 2.4 million sq. ft. of available sublease space.
- The Detroit industrial availability rate experienced an increase to 3.7%. The Northwest Suburbs and Downriver submarkets each witnessed nearly 100 bps increases in availability, respectively.
- Market vacancy rates remained constant at 2.6% with Washtenaw (1.2%), Western Wayne (1.6%) and Macomb (1.7%) posting the markets lowest rates.

FIGURE 1: Vacancy, Availability, and Average Asking Lease Rate
Vacancy, Availability (%)



Source: CBRE Research, Q3 2024

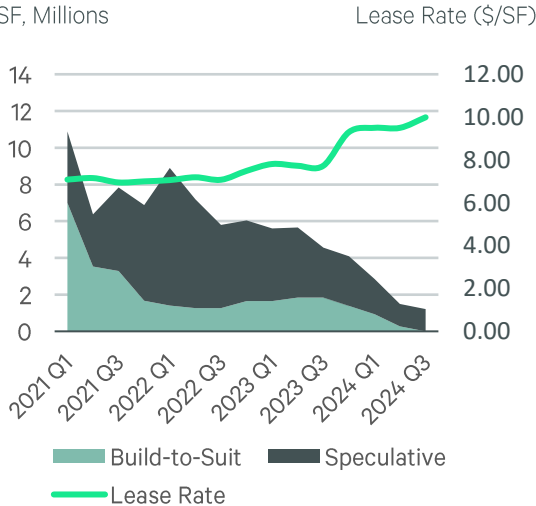
Deliveries and Current Construction

The Detroit industrial market saw the delivery of 1700 Brown Rd. in Auburn Hills (280,000 SF) which is now fully occupied by Magna International Inc. This was the lone construction delivery of the quarter. The construction pipeline currently consists of 8 projects totaling over 1.2 million sq. ft. Key projects include Crossroads Distribution Center North – Building #11 (629,357 SF), leased by DSV Air & Sea. They will occupy upon completion of construction in Q4 2024. Other noteworthy projects in the pipeline include 50 Kay Industrial (50,460 SF) and 175 Kay Industrial (72,956 SF), both on track to deliver in Q4 2024. The Airport Corporate Center in Romulus comprised of two buildings (100,456 SF and 170,088 SF), will deliver in 2025.

Net Absorption

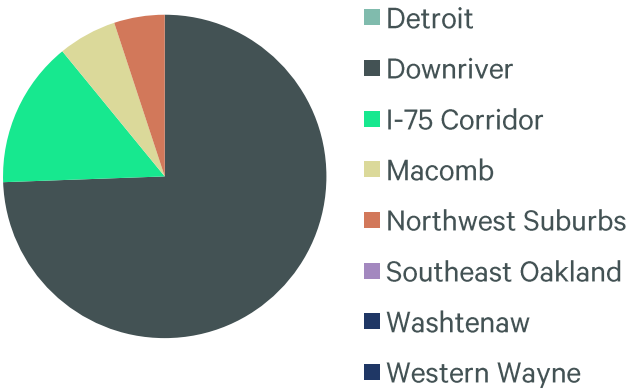
Following a lengthy run of posting positive absorption, the Detroit industrial market closed out Q3 with 683,097 sq. ft. of negative absorption. Large tenant move outs that contributed to the negative overall market absorption included Rite Aid vacating over 400K sq. ft. at 5400 Perry Dr. in the Northwest Suburbs, and DWM Holdings vacating significant space at the Mount Clemens Distribution Center. Washtenaw (48,041 SF), Western Wayne (18,087 SF), Downriver (3,297 SF) and the I-75 Corridor (78,124 SF) were the only submarkets that experienced positive net absorption during Q3. Noteworthy market activity that accounted for positive absorption included Sutherland Leather & Felt Co. buying the entire building at 32200 N Avid Dr. in Madison Heights (88,700 SF).

FIGURE 2: Construction and Average Asking Lease Rate



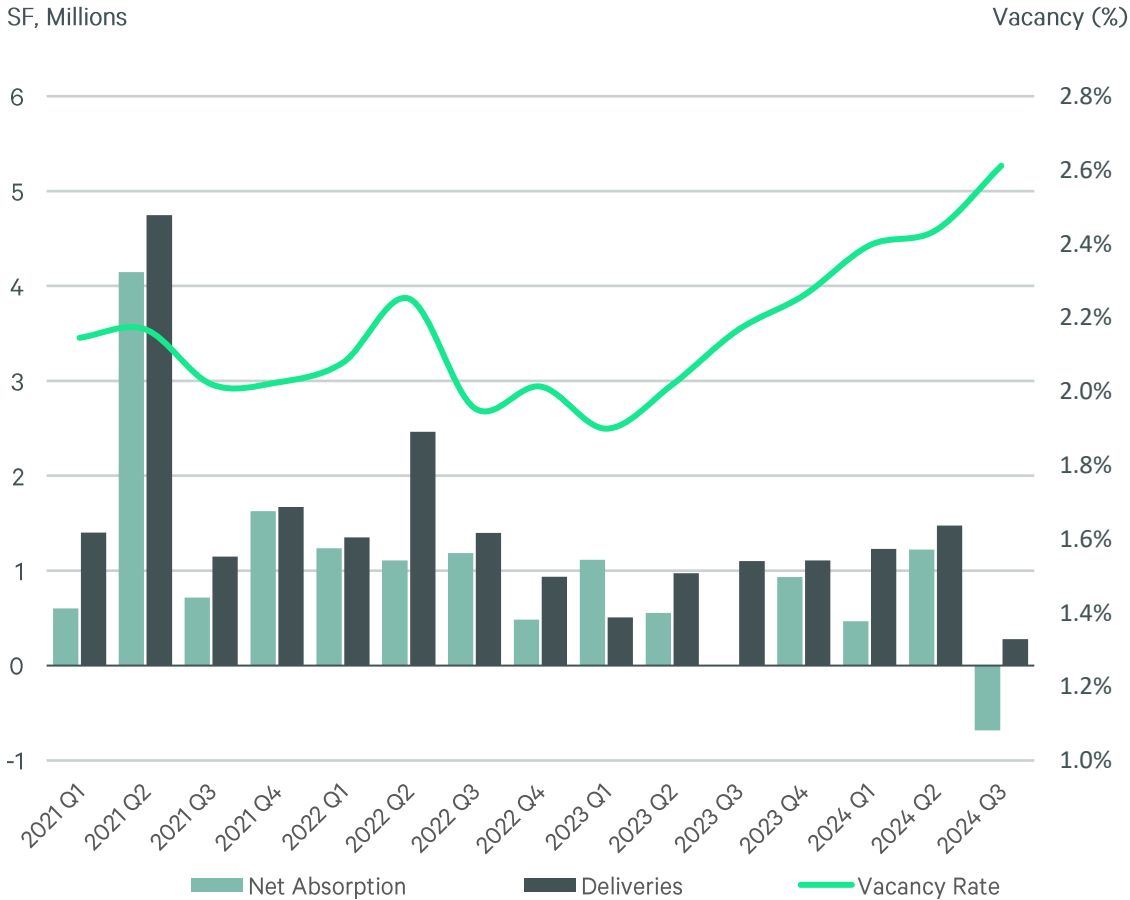
Source: CBRE Research, Q3 2024

FIGURE 3: Current Construction by Submarket



Source: CBRE Research, Q3 2024

FIGURE 4: Net Absorption and Vacancy Rate



Source: CBRE Research, Q3 2024

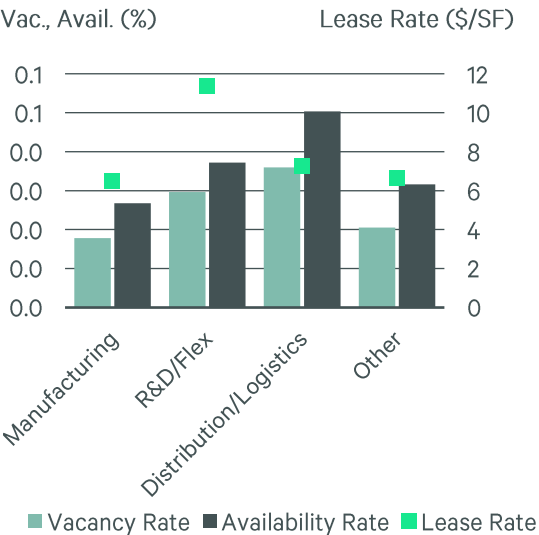
Availability and Vacancy

The Detroit industrial market experienced an increase in availability rate as it closed the quarter at 3.7%. While the overall market experienced an uptick in availability rates, industrial product in the Macomb (2.3%) and Western Wayne (2.1%) submarkets respectively remains scarce. Market vacancy rates have remained consistently low over the past calendar year and Q3 ended with a market vacancy rate of 2.6%. Washtenaw, Macomb and Western Wayne each posted vacancy rates below 2%. Industrial sublease space continues to grow as companies are navigating their footprints post-pandemic Over 575K sq. ft. of new sublease space was added to the Detroit industrial market in Q3.

Lease Rates

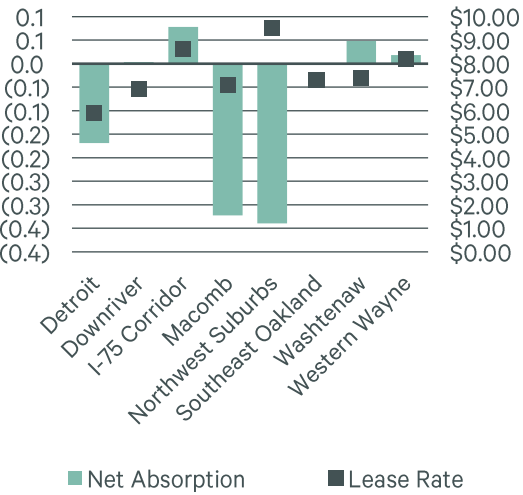
In Q3, Detroit’s industrial market experienced a slight decrease in average asking lease rates to \$7.36/SF. Following the historic trend in the Detroit industrial market, Q3 closed with the Northwest Suburbs (\$9.50/SF) and I-75 Corridor (\$8.62/SF) accounting for the markets highest average asking lease rates. Conversely, the Detroit submarket witnessed average asking lease rates drop below \$6.00/SF, closing out the quarter with the lowest average rates in the market. Overall, the Detroit industrial market experienced a year-long decline in average lease rates.

FIGURE 5: Vacancy, Availability, and Avg. Asking Lease Rate by Development Type



Source: CBRE Research, Q3 2024

FIGURE 6: Net Absorption and Lease Rate by Submarket
SF, Millions Lease Rate (\$/SF)



Source: CBRE Research, Q3 2024

FIGURE 7: Detailed Market Statistics by Submarket

Submarket	Total Inventory (SF)	Total Vac. Rate (%)	Total Avail. (%)	Net Abs.(SF)	YTD Net Abs. (SF)	Under Construction (SF)	Average Asking Lease Rate (\$)
Detroit	88,726,033	5.1%	7.0%	(168,459)	196,936	-	5.91
Downriver	72,467,800	2.4%	3.9%	3,297	115,779	899,901	6.94
I-75 Corridor	85,728,695	2.4%	3.5%	78,124	365,162	177,174	8.62
Macomb	108,548,620	1.7%	2.3%	(322,590)	129,137	70,855	7.08
Northwest Suburbs	57,690,201	2.8%	3.8%	(339,597)	(99,771)	61,111	9.50
Southeast Oakland	16,809,292	3.7%	4.2%	0	(209,263)	-	7.32
Washtenaw	24,345,135	1.2%	3.5%	48,041	72,402	-	7.40
Western Wayne	90,584,865	1.6%	2.1%	18,087	434,711	-	8.22
Grand Total	544,900,641	2.6%	3.7%	(683,097)	1,005,093	1,209,041	7.36

Source: CBRE Research, Q3 2024

FIGURE 8: Vacancy by Development Type and Size

	Total Inventory (sq. ft.)	0-50K Vacancy (%)	50-100K Vacancy (%)	100K+ Vacancy (%)	Total Vacancy (%)
Cold Storage	1,971,814	0.0%	0.0%	1.0%	0.8%
Cross-Dock	1,451,818	0.7%	10.3%	0.0%	1.8%
Distribution/Logistics	211,625,926	1.0%	2.3%	5.4%	3.6%
Light Manufacturing	258,586,824	0.7%	0.8%	2.8%	1.8%
R&D/Flex	17,707,213	0.0%	12.3%	0.0%	2.3%
Self-Storage	52,705,290	2.3%	4.6%	2.7%	3.0%
Warehouse/Storage	639,627	0.0%	0.0%	-	0.0%
Grand Total	212,129	2.4%	0.0%	-	1.6%
Grand Total	544,900,641	1.0%	2.3%	3.8%	2.6%

Source: CBRE Research, Q3 2024

FIGURE 9: Construction Statistics

Submarket	Spec Under Construction (SF)	BTS Under Construction (SF)	Total Under Construction (SF)	Spec Completed (SF)	BTS Completed (SF)	Total Construction Completed (SF)
Detroit	-	-	-	-	-	-
Downriver	899,901	-	899,901	-	-	-
I-75 Corridor	177,174	-	177,174	-	280,000	280,000
Macomb	70,855	-	70,855	-	-	-
Northwest Suburbs	61,111	-	61,111	-	-	-
Southeast Oakland	-	-	-	-	-	-
Washtenaw	-	-	-	-	-	-
Western Wayne	-	-	-	-	-	-
Total	1,209,041	-	1,209,041	-	280,000	280,000

Source: CBRE Research, Q3 2024

FIGURE 10: Key Transactions

Transaction Type	Tenant/Buyer	Location	Transaction Size (SF)	Industry
New Lease	DSV Air & Sea	6110 Haggerty Rd., Van Buren Twp.	222,059	Logistics
New Lease	Protective Supply Group USA	6490 Lynch Rd., Detroit	160,000	Warehousing
Renewal	FCA US	2021 Executive Hills Dr., Auburn Hills	127,732	Automotive
New Lease	1-800-Pack-Rat	1 Vining Rd., Romulus	60,327	Moving and Storage
Renewal	TREMEC Corporation	42000 Ecorse Rd., Belleville	59,329	Automotive Manufacturing

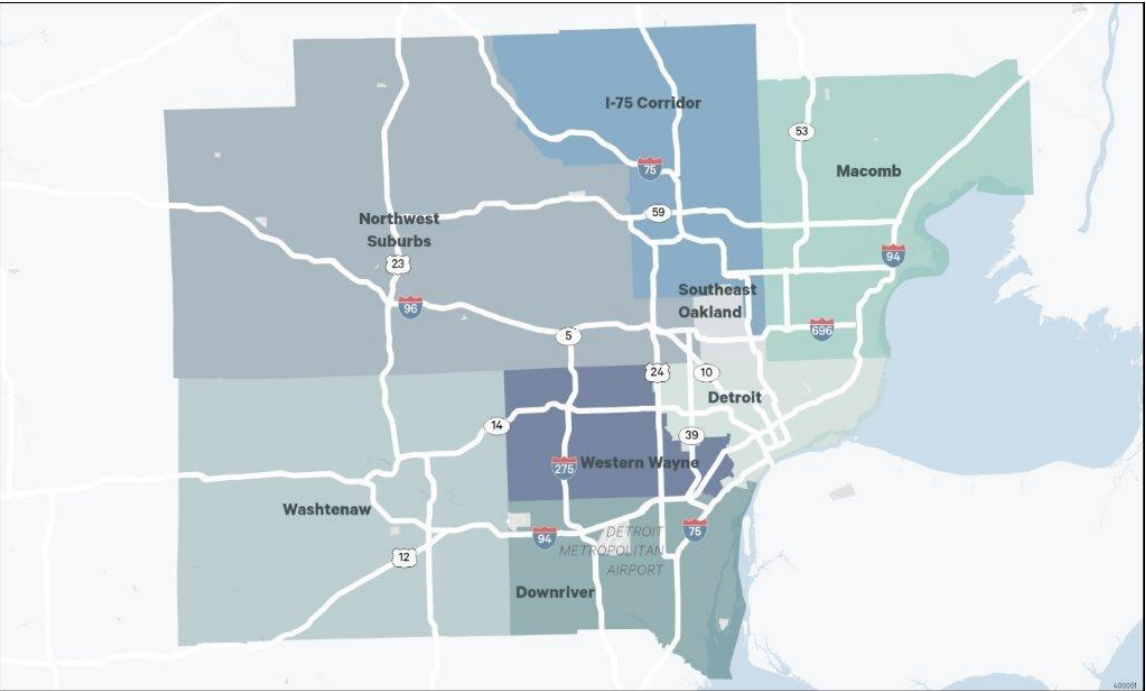
Source: CBRE Research, Q3 2024

FIGURE 11: Modern Bulk Market Statistics by Submarket

Submarket	Market Rentable Area (SF)	Under Construction (SF)	Construction Completions	Vacant SF Total	Vacancy Rate	Availability Rate	Net Absorption	Direct Avg. Asking Rate (\$)
Modern Warehouse *(Bulk Warehouses Construction in 1998 or later, and 28' clear or taller)								
Detroit	5,708,349	-	-	1,659,700	29.1%	29.1%	-	6.95
Downriver	14,918,962	270,544	-	942,898	6.3%	8.9%	-	8.24
I-75 Corridor	5,718,160	-	-	134,252	2.3%	2.3%	-	-
Macomb	3,492,903	-	-	89,852	2.6%	2.6%	-	-
Northwest Suburbs	2,218,617	-	-	-	0.0%	13.9%	-	-
Southeast Oakland	1,837,610	-	-	182,243	9.9%	9.9%	-	-
Western Wayne	4,695,769	-	-	135,200	2.9%	0.1%	-	10.00
Total	38,590,370	270,544	-	3,144,145	7.6%	9.5%	-	8.05

Source: CBRE Research, Q3 2024

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes industrial buildings 10,000 sq. ft. and greater in size in Livingston County, Macomb County, Oakland County, Washtenaw County, and Wayne County. Buildings which have begun construction as evidenced by site excavation or foundation work.

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