Robust demand remains present as lease rates continue to climb

2.7%	3.3%	348,943	$7.60
Vacancy Rate	Availability Rate	SF Net Absorption	Lease Rate

Note: Arrows indicate change from previous quarter.

Market Summary

– Net absorption experienced an increase in Q2 as it rose 209,892 sq. ft. from Q1 net absorption.

– Vacancy rates continue to slowly trend upwards on a quarter-by-quarter basis dating back to Q3 of 2022. The vacancy and availability rates at the close of Q2 were 2.7% and 3.3%, respectively.

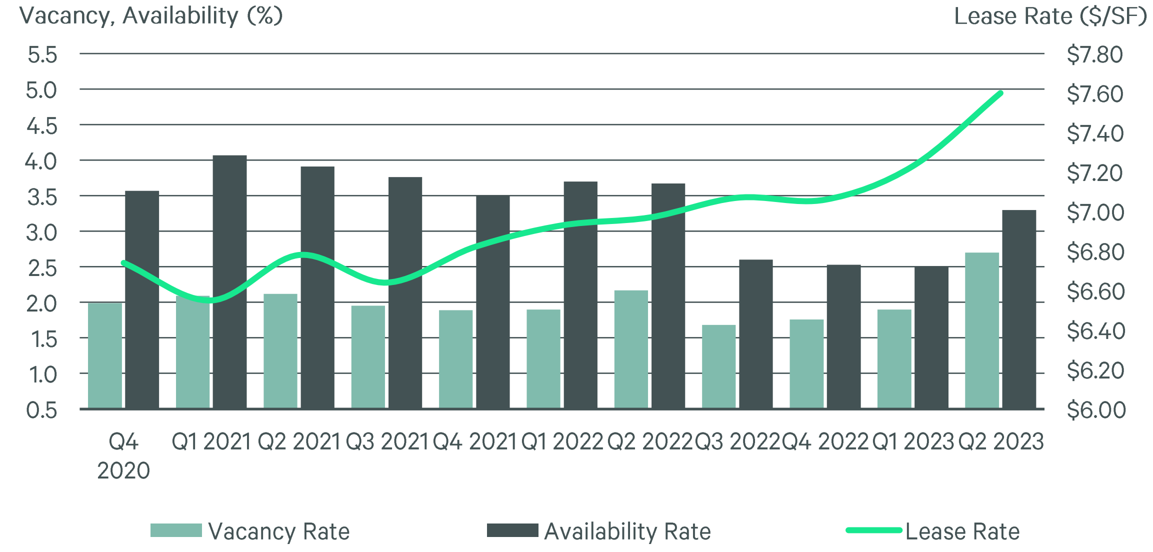
– The average asking lease rates showed growth for the 8th straight quarter as it climbed to $7.60.

– The Macomb submarket accounted for 439,836 sq. ft. of positive absorption highlighted by Samsung leasing 275,000 sq. ft. at 6500 E 14 Mile Rd.

– The Detroit market had 8 buildings delivered totaling 1,222,725 sq. ft. of construction completed in Q2.

– The average lease rate for buildings currently under construction was $7.73 with 5,130,442 sq. ft. presently under construction.

FIGURE 1: Vacancy, Availability, and Average Asking Lease Rate



Source: CBRE Research, Q2 2023

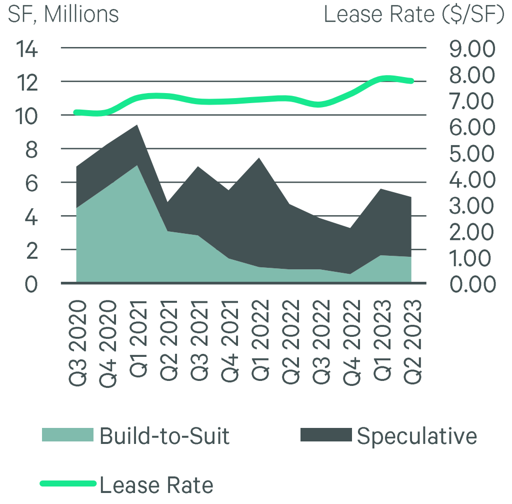
Deliveries and Current Construction

Construction activity remained steady this quarter with 18 properties totaling 5,130,442 sq. ft underway. Major buildings highlighting current construction include the Romulus Trade Center consisting of 3 buildings (349,606 SF, 349,492 SF and 349, 492 SF), the Eastland Commerce Center in Harper Woods totaling over 1-million sq. ft. which consists of 3 Class A buildings and FANUC America in Auburn Hills (655,000 SF). There are 6 projects underway in the Downriver submarket totaling nearly 1.7 million sq. ft. of construction and pre-leasing remains steady. Detroit has 4 projects that are ongoing totaling just over 1.3 million sq. ft. 8 buildings totaling 1,222,725 sq. ft. delivered in Q2, with a large bulk of construction set to deliver in late 2023 and early 2024.

Net Absorption

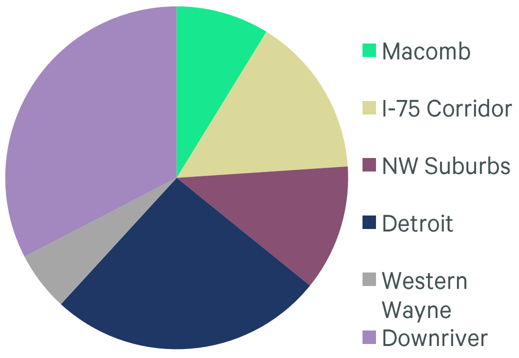
Net absorption totaled 348,943 sq. ft. in Q2. The Macomb and I-75 Corridor submarkets led all submarkets in absorption with 439,836 sq. ft. and 166,612 sq. ft. respectively. Both submarkets experienced major leases signed in Q2 with Samsung signing a lease in Macomb (275,000 SF) and The Paslin Co. signing a lease in the I-75 Corridor (113,742 SF).

FIGURE 2: Construction and Average Asking Lease Rate



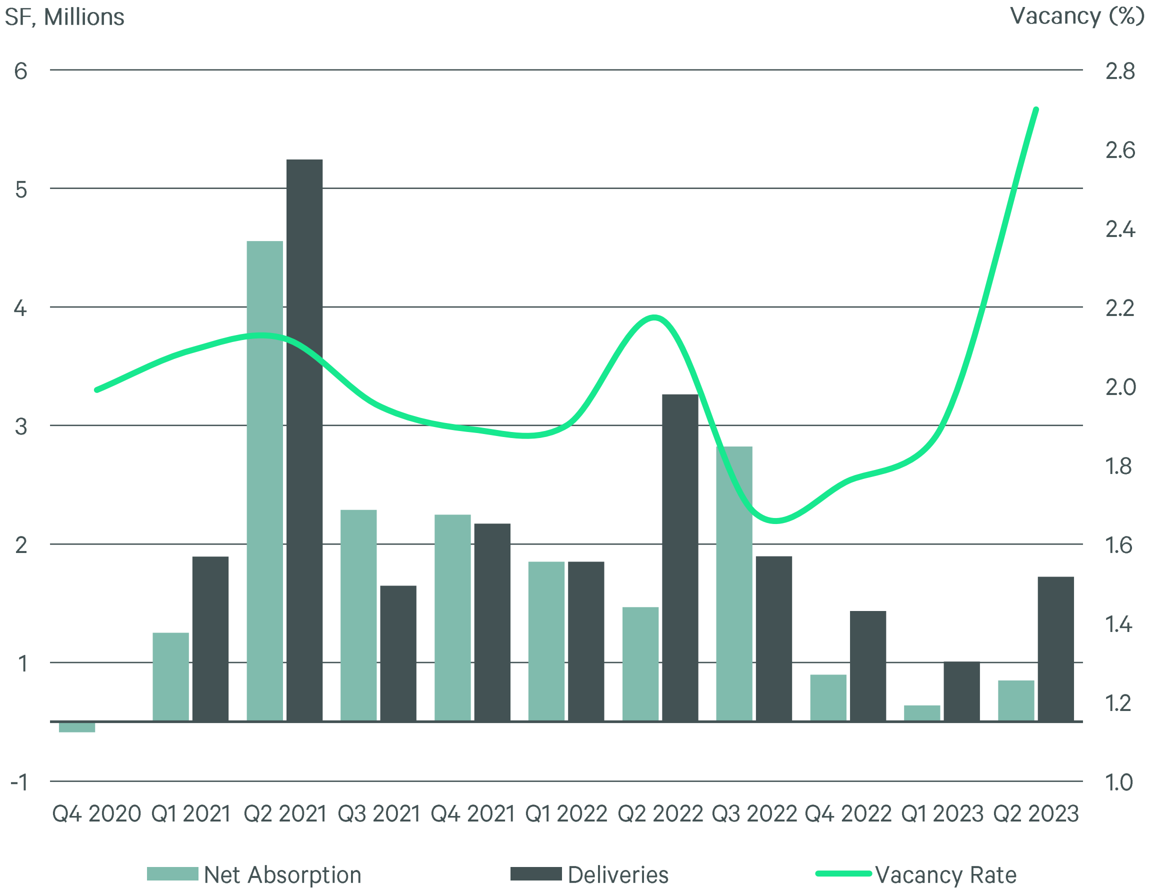
Source: CBRE Research, Q2 2023

FIGURE 3: Current Construction by Submarket



Source: CBRE Research, Q2 2023

FIGURE 4: Net Absorption and Vacancy Rate



Source: CBRE Research, Q2 2023

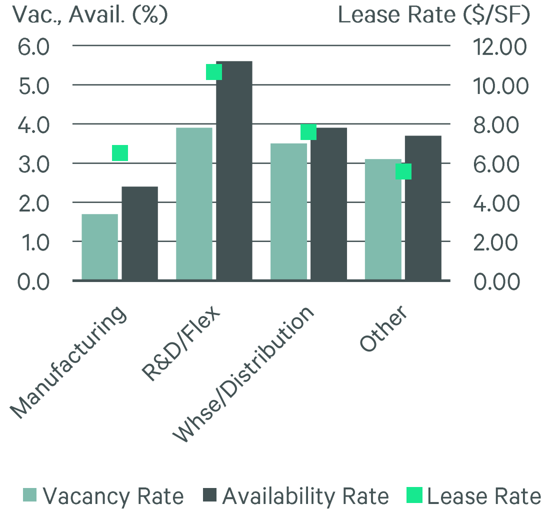
Availability and Vacancy

Vacancy rates increased from 2.5% in Q1 2023 to 2.7% at the close of Q2 2023. Availability also saw a slim increase from Q1 totals of 3.2%, as availability rates ended Q2 at 3.3%. Each of these statistical categories remain fairly consistent respectively over the past 4 quarters. The Detroit submarket specifically accounted for over 4 million sq. ft. of vacancy with net absorption dropping substantially from Q1 totals. The I-75 Corridor remains to be in high demand with vacancy rates dipping below 2% for the first time since Q3 of 2020.

Lease Rates

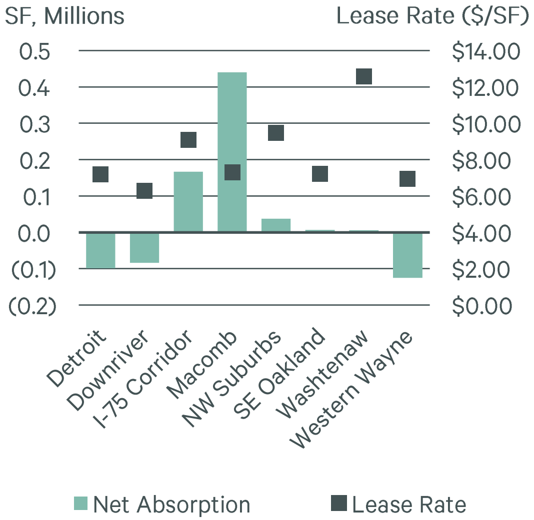
Average asking lease rates increased for the 8th consecutive quarter as Q2 closed out at $7.60. Washtenaw, the Northwest Suburbs and the I-75 Corridor all displayed rates higher than the overall market average. Distribution and logistics delivered the highest asking rates of subtypes as well and the forecast remains to follow that trend into future quarters. As demand remains strong, the outlook on lease rates continuing to climb is encouraging.

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



Source: CBRE Research, Q2 2023

FIGURE 6: Net Absorption and Lease Rate by Submarket



Source: CBRE Research, Q2 2023

FIGURE 7: Detailed Market Statistics by Submarket

Submarket	Total Inventory (SF)	Total Vac. (%)	Total Avail. (%)	Q2 2023 Net Abs. (SF)	2023 YTD Net Abs. (SF)	Under Construction (SF)	Average Asking Lease Rate
Detroit	87,966,000	4.8	5.6	(98,384)	175,209	1,333,098	7.19
Downriver	71,126,711	2.4	1.6	(83,741)	58,479	1,673,282	6.29
I-75 Corridor	84,700,185	1.9	2.7	166,612	69,064	778,416	9.08
Macomb	107,909,905	2.1	2.6	439,836	363,455	450,000	7.30
NW Suburbs	57,082,302	2.8	3.5	37,707	(83,461)	609,299	9.47
SE Oakland	16,806,468	3.0	3.8	6,846	2,371	-	7.22
Washtenaw	24,340,146	0.8	2.5	5,437	(2,048)	-	12.58
Western Wayne	90,216,469	2.5	3.8	(125,370)	(95,075)	286,347	6.94
TOTAL	**540,309,486**	**2.7**	**3.3**	**348,943**	**487,994**	**5,130,442**	**7.60**

Source: CBRE Research, Q2 2023

FIGURE 8: Vacancy by Development Type and Size

Development Type	Total Inventory (SF)	0-50k Vacant (SF)	0-50k Vacancy (%)	50-100k Vacant (SF)	50-100k Vacancy (%)	100-250k Vacant (SF)	100-250k Vacancy (%)	Total Vacancy (%)
Manufacturing	258,677,708	995,254	0.4	545,819	0.2	2,243,317	0.9	1.4
R&D/Flex	52,653,039	1,245,982	2.4	612,250	1.2	221,499	0.4	3.9
Warehouse/Distribution	215,558,338	1,366,442	0.6	1,258,760	0.6	2,481,397	1.2	2.3
Other	18,550,843	68,206	0.4	350,628	1.9	147,000	0.8	3.0
TOTAL	**545,439,928**	**3,675,884**	**0.7**	**2,767,457**	**0.5**	**5,093,213**	**0.9**	**2.1**

Source: CBRE Research, Q2 2023

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	1,333,098	-	1,333,098	-	-	-
Downriver	1,210,442	462,840	1,673,282	349,492	-	349,492
I-75 Corridor	123,416	655,000	778,416	-	80,000	80,000
Macomb	-	450,000	450,000	502,992	-	502,992
NW Suburbs	609,299	-	609,299	93,995	-	93,995
SE Oakland	-	-	-	-	-	-
Washtenaw	-	-	-	-	-	-
Western Wayne	286,347	-	286,347	196,246	-	196,246
TOTAL	**3,562,602**	**1,567,840**	**5,130,442**	**1,142,725**	**80,000**	**1,222,725**

Source: CBRE Research, Q2 2023

FIGURE 10: Key Transactions

Transaction Type	Tenant/Buyer	Location	Transaction Size (SF)	Industry
New Lease	DTE Electric Co.	12723 Telegraph Rd., Redford	528,340	Electric Power
New Lease	Ceva Logistics	1 Vining Rd., Romulus	349,492	Logistics
New Lease	The Paslin Co.	660 South Blvd W, Pontiac	113,742	Automotive
New Lease	Armaly Brands	1450 Mcpherson Pkwy, Howell	88,542	Manufacturing
New Lease	Fresh One	21740 Trolley Industrial Dr., Taylor	83,457	Logistics

Source: CBRE Research, Q2 2023

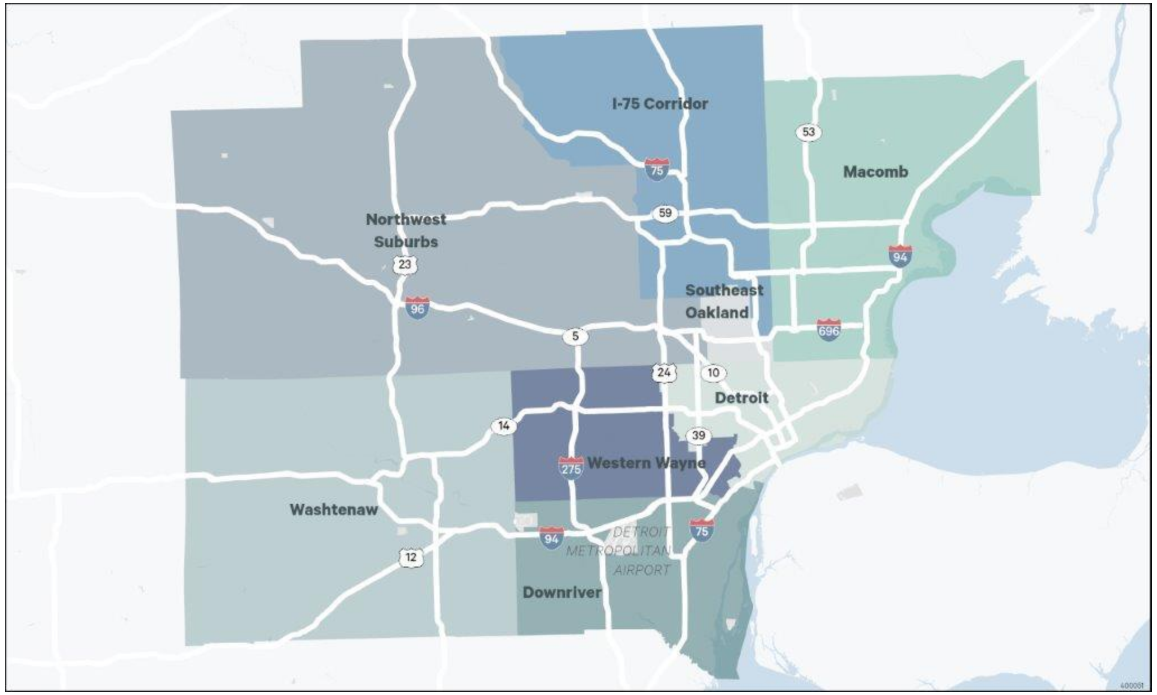
FIGURE 11: Modern Bulk Market Statistics by Submarket

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Vacancy Rate	Avail Rate	2023 Leasing Activity*	2023 Net Absorption	Direct Avg. Asking Rate
Modern Warehouse *(Bulk Warehouses constructed in 1998 or later, and 28' clear or taller)									
Detroit	4,789,251	1,333,098	-	869,656	18.2%	21.3%	0	267,875	$7.22
Downriver	14,488,734	1,673,282	349,492	1,009,081	7.0%	0.0%	593,242	0	-
I-75 Corridor	6,492,599	778,416	80,000	0	0.0%	0.0%	66,992	0	-
Macomb	5,013,376	450,000	502,992	367,273	7.3%	7.3%	104,391	0	-
NW Suburbs	1,879,132	609,299	93,995	0	0.0%	0.0%	420,412	0	-
SE Oakland	2,412,610	-	-	92,217	3.8%	3.8%	0	0	-
Western Wayne	4,798,410	286,347	196,246	200,746	4.2%	4.2%	0	0	$8.00
Total	**39,874,112**	**5,130,442**	**1,222,725**	**2,538,973**	**6.4%**	**4.2%**	**1,185,037**	**267,875**	**$7.42**

* Leasing Activity based on completed transactions 50,000 sq. ft. and larger.

Source: CBRE Research, Q2 2023

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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