

FIGURES | DETROIT INDUSTRIAL | Q4 2023

# Industrial absorption climbs and demand remains stable

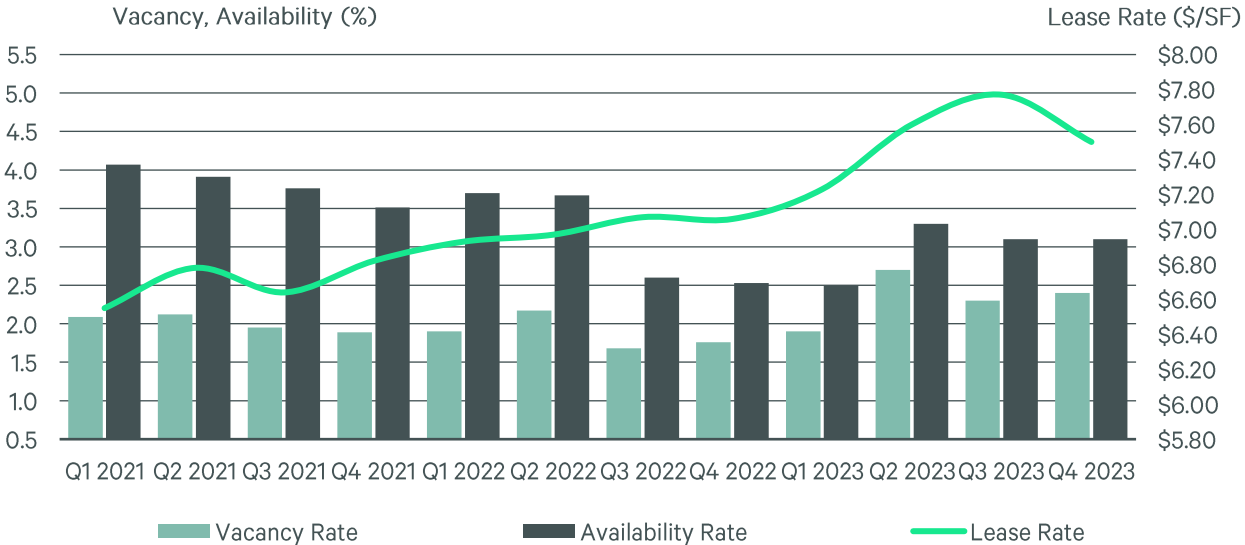


Note: Arrows indicate change from previous quarter.

Market Summary

- The market showed a positive trend with an increase in occupancy, following a quarter of significant positive absorption of 1,139,859 sq. ft.
- The Detroit submarket witnessed a positive absorption of 461,035 sq. ft., significantly contributed by Thai Summit America, who occupied 297,000 sq. ft. at the Eastland Commerce Center.
- 1,109,332 sq. ft. of industrial product was added to the Detroit market in Q4 with 3 projects delivering.
- The construction pipeline includes 14 properties under construction totaling 3,800,793 sq. ft., of which 1,893,784 sq. ft. have been pre-leased.
- Average lease rates decreased to \$7.50 per sq. ft. in Q4. However, due to steady demand, the rates are expected to stay within this range into 2024.
- Over the past 12 months, vacancy has remained stable and relatively low. Q4 closed with a vacancy rate of 2.4%.

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



Source: CBRE Research, Q4 2023

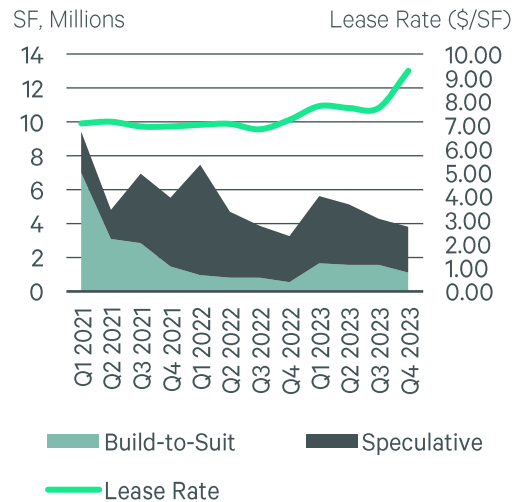
Deliveries and Current Construction

Q4 closed with 3 construction deliveries adding a total of over 1-million sq. ft. to the market. Deliveries consisted of 17991 Wahrman Rd. (462,840 SF), the Eastland Commerce Center, Building 1 (297,000 SF) and the Romulus Trade Center, Building 3 (349,492 SF). The construction pipeline remains steady with 3,800,793 sq. ft. under construction along with various projects set to deliver in the first half of 2024. The Eastland Commerce Center is expected to deliver the other 2 buildings in that 3-building set (535,342 SF and 208,204 SF) in Q1 2024. Upon delivery, that will officially complete that project in Harper Woods. The I-75 Corridor has 3 buildings under construction highlighted by 50 Kay Industrial Dr. and 200 Kay Industrial Dr., both set to deliver in early 2024. Macomb and Downriver development remains robust, each consisting of 3 buildings under construction. Completion of construction at the Halyard Ridge Business Park is expected to add 286,347 sq. ft. of space in Q1 2024, which is already pre-leased to the Western Wayne submarket.

Net Absorption

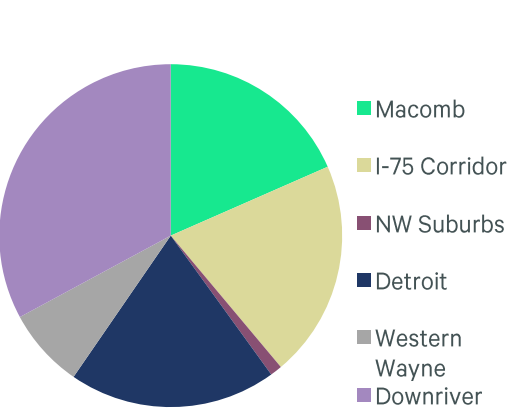
In Q4, there was a significant increase in net absorption from Q3, with a total of 1,139,859 sq. ft. of positive net absorption. The Downriver and Detroit submarkets respectively, experienced over 450,000 sq. ft. of positive absorption. Major occupancies consisted of Thai Summit America, who occupied 297,000 sq. ft. at the Eastland Commerce Center and Tiberina occupied 160,000 sq. ft. at the Gateway Industrial Center.

FIGURE 2: Construction and Average Asking Lease Rate



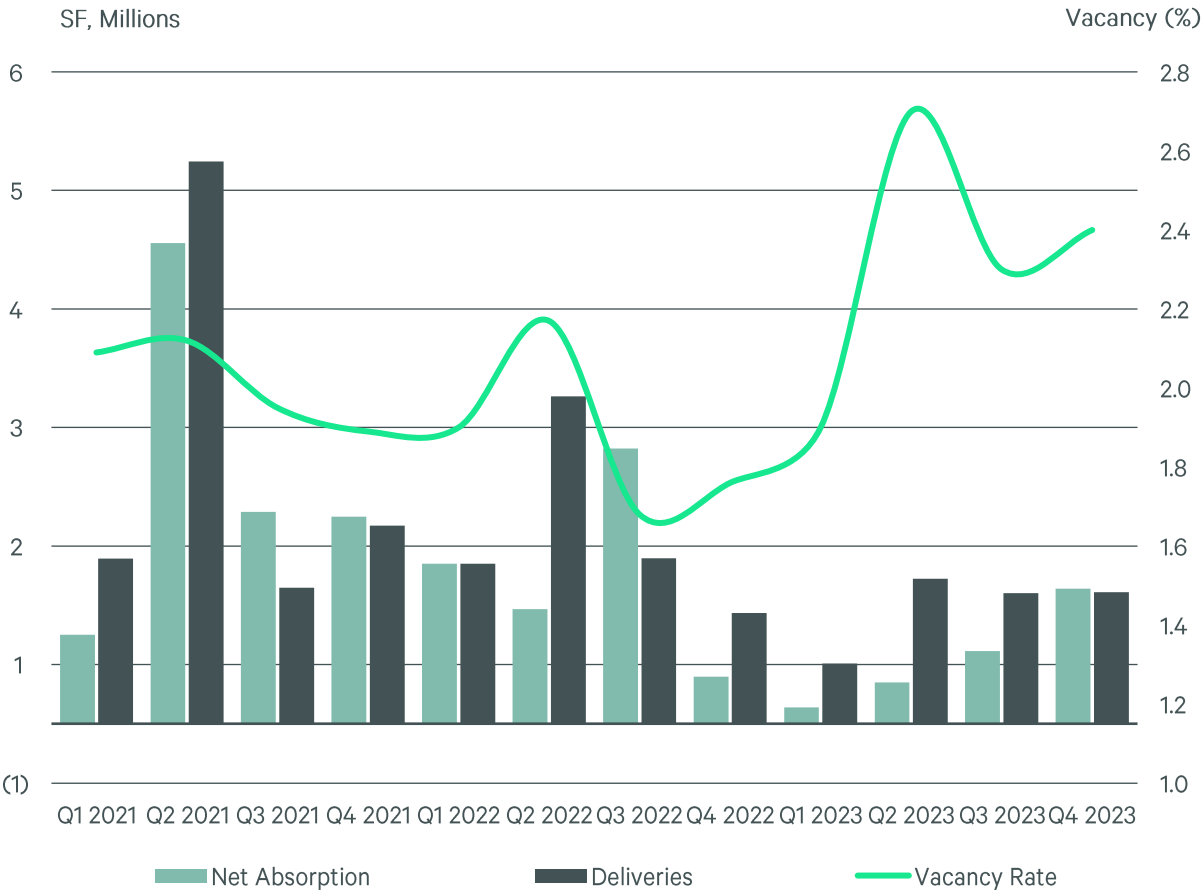
Source: CBRE Research, Q4 2023

FIGURE 3: Current Construction by Submarket



Source: CBRE Research, Q4 2023

FIGURE 4: Net Absorption and Vacancy Rate



Source: CBRE Research, Q4 2023

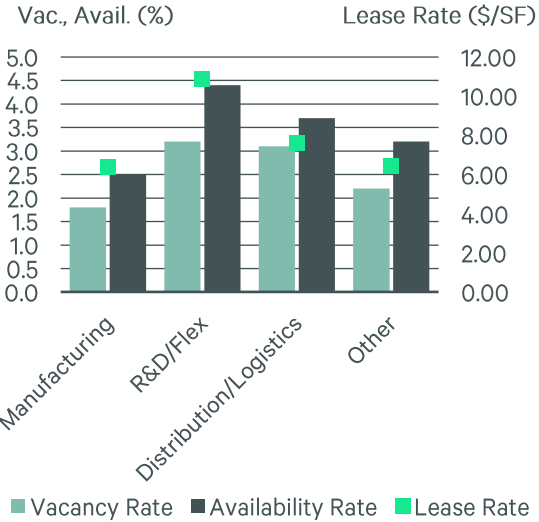
Availability and Vacancy

In Q4, the Detroit industrial market showed consistently low availability and vacancy rates, with the Detroit submarket accounting for the highest rates at 6.3% and 5.2% respectively. The Downriver and Airport District submarkets remain to be in demand, closing out Q4 with less than 2 million sq. ft. of available space. The I-75 Corridor submarket has roughly 650,000 sq. ft. of sublease space available, and total available sublease space accounts for 14% of the overall market’s total availability.

Lease Rates

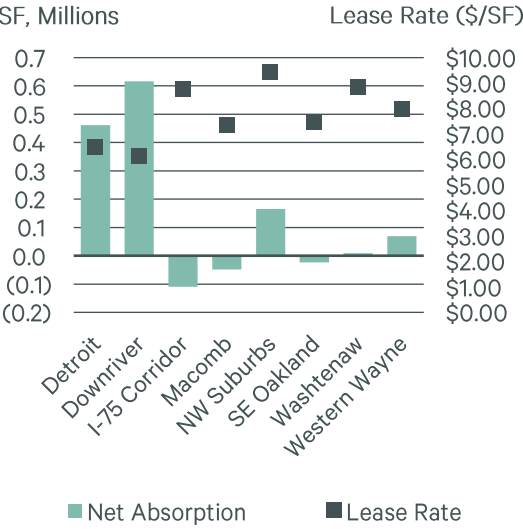
The average asking lease rates fell from \$7.77 per sq. ft. in Q3 to \$7.50 per sq. ft. in Q4. The Northwest Suburbs continued the trend of demanding the highest lease rates in the market at \$9.42 per sq. ft., while Washtenaw and the I-75 Corridor each had rates north of \$8.50 per sq. ft. Despite the drop in lease rates throughout Q4, demand remains stable and new construction continues to take shape within the market.

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



Source: CBRE Research, Q4 2023

FIGURE 6: Net Absorption and Lease Rate by Submarket



Source: CBRE Research, Q4 2023

FIGURE 7: Detailed Market Statistics by Submarket

Submarket	Total Inventory (SF)	Total Vac. (%)	Total Avail. (%)	Q4 2023 Net Abs. (SF)	2023 YTD Net Abs. (SF)	Under Construction (SF)	Average Asking Lease Rate
Detroit	88,365,232	5.2	6.3	461,035	941,219	743,546	\$6.51
Downriver	72,117,394	2.0	2.7	616,383	992,534	1,249,507	\$6.13
I-75 Corridor	84,658,993	2.2	2.8	(109,249)	(403,482)	778,416	\$8.77
Macomb	107,673,657	1.2	1.8	(48,480)	558,333	700,055	\$7.33
NW Suburbs	57,669,465	2.7	2.8	164,773	351,572	42,922	\$9.42
SE Oakland	16,806,652	2.6	2.9	(23,400)	81,263	-	\$7.49
Washtenaw	24,345,135	1.7	3.3	9,639	(218,747)	-	\$8.86
Western Wayne	89,711,286	1.7	2.6	69,158	(62,288)	286,347	\$7.96
TOTAL	541,347,814	2.4	3.1	1,139,859	2,240,404	3,800,793	\$7.50

Source: CBRE Research, Q4 2023

FIGURE 8: Vacancy by Development Type and Size

	Total Inventory (sq. ft.)	0-50K Vacancy (%)	50-100K Vacancy (%)	100k+ Vacancy (%)	Total Vacancy (%)
Cold Storage	895,143	0.0%	0.0%	0.0%	0.0%
Other Industrial	17,789,311	0.0%	2.2%	0.0%	2.2%
R&D/Flex	52,678,577	1.1%	1.0%	1.1%	3.2%
Self-Storage	639,627	0.0%	0.0%	0.0%	0.0%
Truck Terminal	1,451,818	0.0%	1.5%	0.0%	1.5%
Distribution/Logistics	209,669,595	0.4%	0.4%	2.2%	3.1%
Light Manufacturing	258,078,548	0.3%	0.2%	1.3%	1.8%
Warehouse/Storage	145,195	0.0%	0.0%	0.0%	0.0%
Grand Total	541,347,814	0.4%	0.4%	1.6%	2.4%

Source: CBRE Research, Q4 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	743,546	-	743,546	297,000	-	297,000
Downriver	1,249,507	-	1,249,507	349,492	462,840	812,332
I-75 Corridor	123,416	655,000	778,416	-	-	-
Macomb	250,055	450,000	700,055	-	-	-
NW Suburbs	42,922	-	42,922	-	-	-
SE Oakland	-	-	-	-	-	-
Washtenaw	-	-	-	-	-	-
Western Wayne	286,347	-	286,347	-	-	-
TOTAL	2,695,793	1,105,000	3,800,793	646,492	462,840	1,109,332

Source: CBRE Research, Q4 2023

FIGURE 10: Key Transactions

Transaction Type	Tenant/Buyer	Location	Transaction Size (SF)	Industry
New Lease	DSV A/S	6110 Haggerty Rd., Belleville	407,088	Logistics
New Lease	Thai Summit America	18000 Vernier Rd., Harper Woods	297,000	Manufacturing
Renewal	Ford Motor Co.	41873 Ecorse Rd., Belleville	276,346	Automotive
New Lease	Amazon	29521-29757 S Wixom Rd., Wixom	256,880	E-Commerce
New Lease	VeTech	8211 Decatur St., Detroit	113,242	Automotive

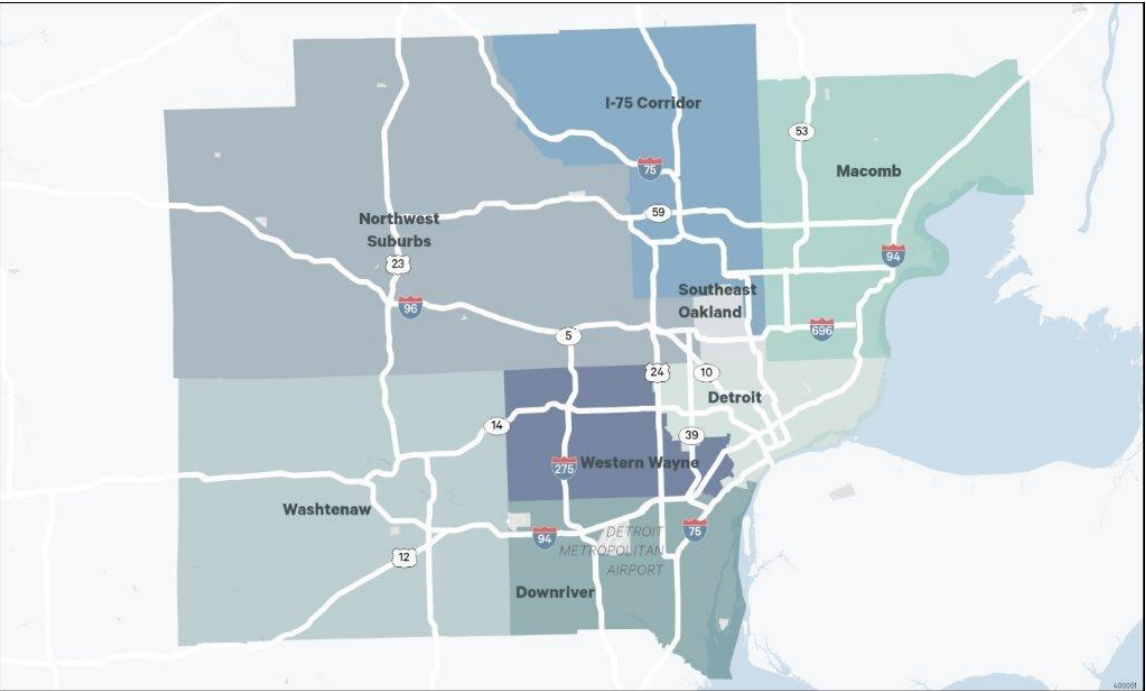
Source: CBRE Research, Q4 2023

FIGURE 11: Modern Bulk Market Statistics by Submarket

Market	Market Rentable Area	Under Construction	Construction Completions	Vacant SF Total	Vacancy Rate	Avail Rate	2023 Net Absorption	Direct Avg. Asking Rate
Modern Warehouse *(Bulk Warehouses constructed in 1998 or later, and 28' clear or taller)								
Detroit	5,378,803	743,546	297,000	996,708	18.5%	21.3%	730,375	\$7.33
Downriver	15,082,026	1,249,507	812,332	593,292	3.9%	3.9%	349,492	-
I-75 Corridor	6,763,472	778,416	-	114,000	1.7%	3.0%	0	\$7.50
Macomb	5,087,113	700,055	-	0	0.0%	0.0%	188,073	-
NW Suburbs	2,443,924	42,922	-	256,880	10.5%	0.0%	307,912	-
SE Oakland	2,412,610	-	-	0	0.0%	0.0%	92,217	-
Western Wayne	4,798,410	286,347	-	135,200	2.8%	5.1%	65,546	\$7.68
Total	41,966,358	3,800,793	1,109,332	2,096,080	5.0%	5.2%	1,733,615	\$7.47

Source: CBRE Research, Q4 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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