



METROPOLITAN
DETROIT
MARKET

INDUSTRIAL
Q4 2023
MARKET STATISTICS

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METROPOLITAN DETROIT

INDUSTRIAL MARKET REVIEW

ECONOMIC OVERVIEW

Fourth quarter 2023 closed with a direct vacancy rate of 3.73%, an overall vacancy rate of 4.05%, and an average asking direct rental rate reported at \$7.75 per sq. ft. NNN. In December, the Michigan unemployment rate was recorded at 4.3%, identical compared to this time last year. The US job market continues to remain resilient despite an uncertain economy and elevated interest rates. In October, employers posted 8.9 million jobs tumbling to the lowest level since March 2021, while in December openings slightly increased with employers posting 9 million jobs, compared to 8.8 million in November. Recent data indicates a gradual movement towards a balanced pre-pandemic job market with hiring remaining steady and limited number of layoffs. University of Michigan economists are projecting a full recovery of jobs for Michigan by early 2024, followed by two years of growth and a decline in terms of inflation. US consumer inflation eased slightly in November, while consumer confidence to some degree increased during December. The Michigan economy holds steady despite facing several challenges throughout the year including an automotive strike, supply chain shortages, and elevated interest rates bearing an impact on loans and US home sales. The Federal Reserve closed out 2023 with the decision to keep the key interest rate unchanged since the last increase of 0.25% in July and appear to be confident in a “soft landing” of the economy in 2024.

STATS ON THE GO

	Q4 2022	Q4 2023	Y-O-Y CHANGE	12 MONTH OVERVIEW
Overall Vacancy	4.24%	4.05%	-0.19%	▼
Direct Asking Rents (psf/yr)	\$7.20	\$7.75	7.7%	▲

INDUSTRIAL MARKET DISCUSSION

The largest lease of the quarter took place in Harper Woods, as Thai Summit America Corporation, a global supplier to OEM’s specializing in metal stamping and assembly of components inked a seven-year deal at 18000 Vernier Road totaling 297,100 sq. ft. This newly constructed space is part of the three building, \$94M redevelopment project known as Eastland Commerce Center. In Auburn Hills, OCC Systems, a provider of turn-key and state-of-the-art conveyor technologies subleased 100,000 sq. ft. of space at 3600 Giddings Road. Lastly in Warren, On-Site Specialty Cleaning and Restoration signed a lease totaling 48,600 sq. ft. at 1990 Concept Drive located in the Concept Technical Park.

Several sales closed the fourth quarter. In Ann Arbor, Ari-El Enterprises, Inc. purchased the 126,999 sq. ft. warehouse distribution property at auction located at 175-217 Jackson Plaza in the A2 West Technical Center. In Warren, AE Gainsboro, LLC purchased a 2-building portfolio at 12500-12800 E. Nine Mile Road totaling 150,000 sq. ft. with Inalfa Roof Systems, Inc. as the seller. Also in Warren, Azure Real Estate, LLC purchased the 99,314 sq. ft. warehouse distribution facility at 6227 Rinke Avenue. In Wixom, Detroit Public Television sold their 93,640 sq. ft. hi-tech property to W & W Real Property, Inc. who will occupy the property.

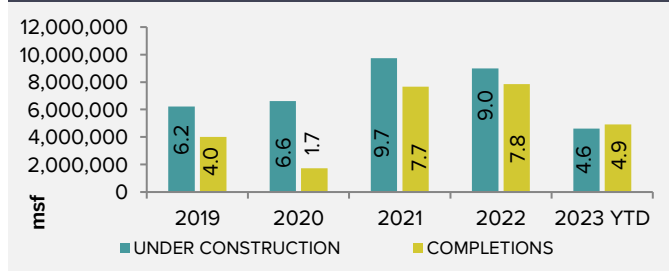
OUTLOOK

In early Fall, the UAW strike against the Detroit Three Automakers left suppliers, auto workers and the economy unnerved. The UAW strike lasted just over 1 month and to the economy’s relief, in November, manufacturing production rebounded fairly quickly. Looking ahead in December, the Volkswagen AG-backed electric-vehicle startup Scout Motors, Inc. was awarded a \$10M grant for their Novi innovation center. The facility is expected to be 80,000 sq. ft., will be comprised of their product design and engineering team for electric trucks and SUV’s, create around 200 jobs and is expected to be an \$11M investment. While in Auburn Hills, construction began at Magna’s 280,000 sq. ft. facility to supply General Motors’ Lake Orion plant with completion expected mid-2024. The industrial sector of Metro Detroit closes the quarter on a positive note with leasing, sales activity and new construction holding steady despite the impact of high borrowing costs.

UNDER CONSTRUCTION

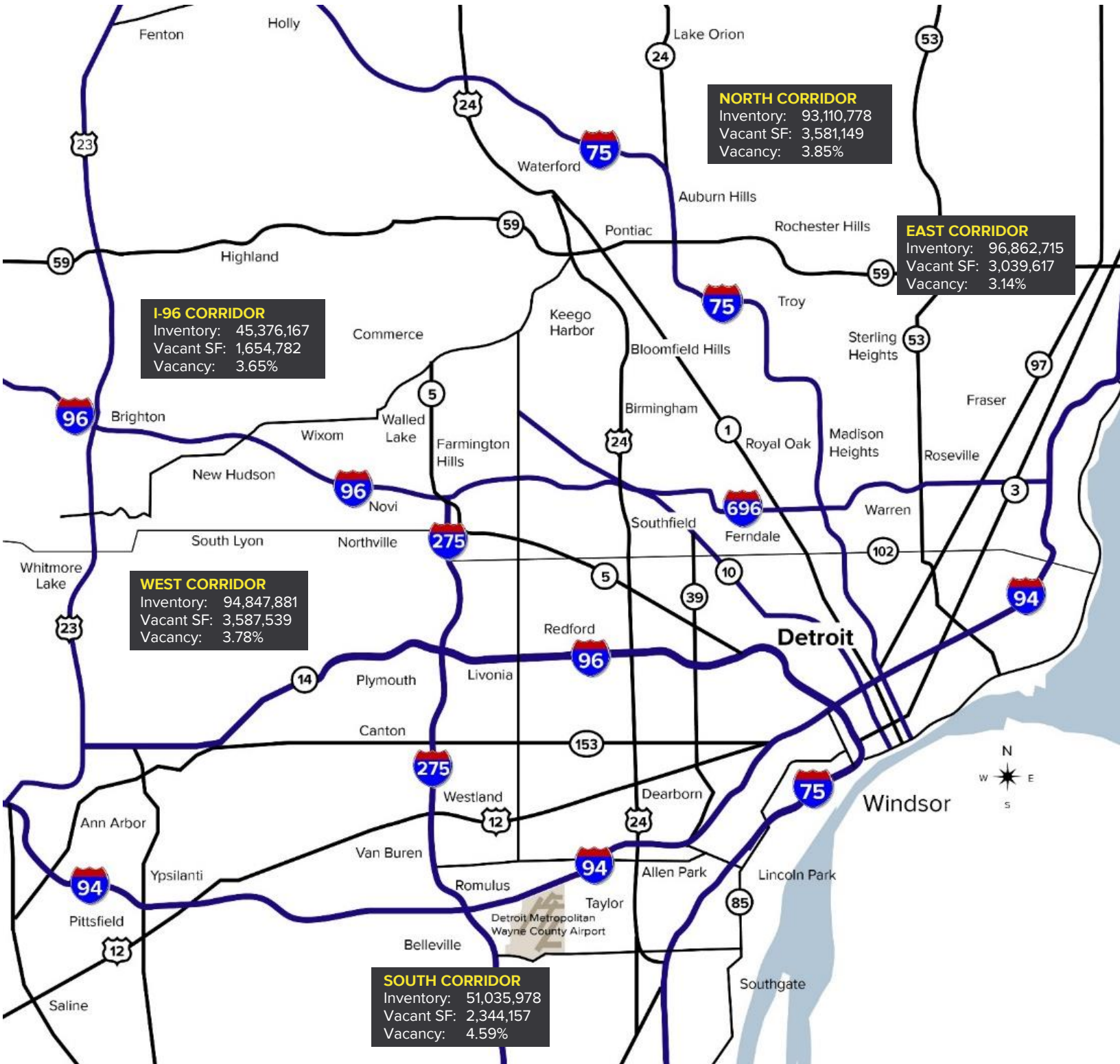
BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION
2632 Featherstone Road North Corridor	Auburn Hills	788,000	March 2024
28803 Wixom Road Building D I-96 Corridor	Wixom	258,465	February 2024
3874 Research Park West Corridor	Ann Arbor	130,000	March 2024

UNDER CONSTRUCTION VS. COMPLETION



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Submarket: Buildings 5,000 Sq. Ft. & Up	Total Buildings	Total Inventory Square Feet	Available Square Feet Overall	Vacancy % Overall	Available Square Feet Direct	Vacancy % Direct	Direct Vacancy % Change 3 rd - 4 th Quarter
NORTH CORRIDOR							
Auburn Hills	330	21,305,027	1,051,106	4.93%	820,962	3.85%	0.74
Madison Heights	431	10,839,143	413,890	3.82%	395,090	3.65%	1.21
Orion Twp/Lake Orion	67	4,719,295	153,748	3.26%	153,748	3.26%	0.00
Rochester/Rochester Hills	312	10,162,764	494,238	4.86%	383,945	3.78%	0.67
Royal Oak Area*	683	16,965,935	780,463	4.60%	780,463	4.60%	0.31
Southfield/Bloomfield Twp	277	7,676,446	309,565	4.03%	309,565	4.03%	0.04
Troy	846	21,442,168	895,927	4.18%	737,376	3.44%	-0.18
TOTAL SUBMARKET	2,946	93,110,778	4,098,937	4.40%	3,581,149	3.85%	0.41
EAST CORRIDOR							
Chesterfield Twp	232	8,706,971	205,555	2.36%	190,147	2.18%	-0.94
Cliinton Twp	452	9,044,876	249,692	2.76%	196,039	2.17%	0.19
Fraser	262	6,089,208	121,284	1.99%	121,284	1.99%	-0.18
Mt. Clemens	100	3,020,122	69,825	2.31%	69,825	2.31%	-0.21
Roseville	279	7,003,401	210,075	3.00%	210,075	3.00%	0.88
Shelby Twp/Macomb Twp	419	12,578,786	265,552	2.11%	265,552	2.11%	-0.45
Sterling Heights	535	18,644,333	388,921	2.09%	376,200	2.02%	0.45
Warren	986	31,775,018	1,642,797	5.17%	1,610,495	5.07%	0.29
TOTAL SUBMARKET	3,265	96,862,715	3,153,701	3.26%	3,039,617	3.14%	0.10
SOUTH CORRIDOR							
Brownstown Twp	58	5,831,335	0	0.00%	0	0.0%	0.00
Dearborn/Dearborn Heights	311	12,177,599	780,953	6.41%	780,953	6.41%	-0.49
Romulus	395	21,728,789	1,183,070	5.44%	1,081,397	4.98%	-0.24
Taylor	307	11,298,255	481,807	4.26%	481,807	4.26%	-0.52
TOTAL SUBMARKET	1,071	51,035,978	2,445,830	4.79%	2,344,157	4.59%	-0.34
WEST CORRIDOR							
Ann Arbor	386	11,137,290	923,650	8.29%	911,043	8.18%	-0.49
Farmington/Farmington Hills	421	11,998,069	727,007	6.06%	511,005	4.26%	-1.22
Livonia	820	31,507,878	1,018,850	3.23%	999,509	3.17%	0.21
Plymouth/Canton	488	20,751,085	668,187	3.22%	639,815	3.08%	-1.11
Redford	203	5,888,681	211,118	3.59%	211,118	3.59%	0.00
Van Buren Twp	58	6,631,735	76,763	1.16%	76,763	1.16%	-0.32
Wayne/Westland	280	6,933,143	267,646	3.86%	238,286	3.44%	1.93
TOTAL SUBMARKET	2,656	94,847,881	3,893,221	4.10%	2,587,539	3.78%	-0.29
I-96 CORRIDOR							
Brighton/Genoa Twp/Green Oak Twp	260	7,076,597	171,000	2.42%	91,800	1.30%	0.00
Fowlerville/Howell	124	4,576,662	83,876	1.83%	83,876	1.83%	0.00
Lyon Twp/South Lyon/Milford/New Hudson	140	5,453,796	408,177	7.48%	408,177	7.48%	0.22
Novi	312	11,295,036	481,731	4.26%	401,782	3.56%	-1.75
Walled Lake/Commerce Twp	208	4,728,700	116,576	2.47%	116,576	2.47%	-1.28
Wixom	376	12,245,376	574,026	4.69%	552,571	4.51%	-0.74
TOTAL SUBMARKET	1,420	45,376,167	1,835,386	4.04%	1,654,782	3.65%	-0.74
METRO DETROIT INDUSTRIAL MARKET TOTAL	11,358	381,233,519	15,427,075	4.05%	14,207,244	3.73%	-0.08

*Royal Oak Area includes: Berkley, Ferndale, Hazel Park, Oak Park and Royal Oak.

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INDUSTRIAL MARKET REVIEW







TOP SALE TRANSACTIONS

Building	City	Market	Size/SF	Sale Type	Buyer
175-217 Jackson Plaza	Ann Arbor	West Corridor	126,999	Investment	Ari-EI Enterprises, Inc.
12500-12800 E. Nine Mile Road	Warren	East Corridor	150,000	User	AE Gainsboro, LLC
6227 Rinke Avenue	Warren	East Corridor	99,314	Investment	Azure Real Estate, LLC
1 Clover Court	Wixom	I-96 Corridor	93,540	User	W & W Real Property, Inc.
12550 Tech Center Drive	Livonia	West Corridor	83,000	User	General Motors Company

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
18000 Vernier Road	Harper Woods	East Corridor	297,100	Direct	Thai Summit America Corporation
3600 Giddings Road	Auburn Hills	North Corridor	100,000	Sublease	OCC Systems
1990 Concept Drive	Warren	East Corridor	48,600	Direct	On-Site Specialty Cleaning and Restoration
23290 Commerce Drive	Farmington Hills	West Corridor	42,930	Direct	Dwyer Marble & Stone Supply, Inc.
51640 Quadrate Drive	Macomb Township	East Corridor	38,361	Direct	Re Steel Supply Company

SIGNATURE QUICK FACTS

<p>Q4 2023 SIGNATURE LISTED...</p> <p> 210 NEW PROPERTIES</p> <p> 2,907,459 SQUARE FEET</p> <p> 234.70 ACRES</p>	<p>Q4 2023 SIGNATURE CLOSED....</p> <p> 309 TRANSACTIONS</p> <p> 7,586,139 SQUARE FEET</p> <p> 539.23 ACRES</p>	<p> 42% CONSISTENT MARKET SHARE</p> <hr/> <p>FULL-SERVICE COMMERCIAL REAL ESTATE</p> <hr/> <p>TCN  MEMBER FIRM WORLDWIDE REAL ESTATE SERVICES</p>
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