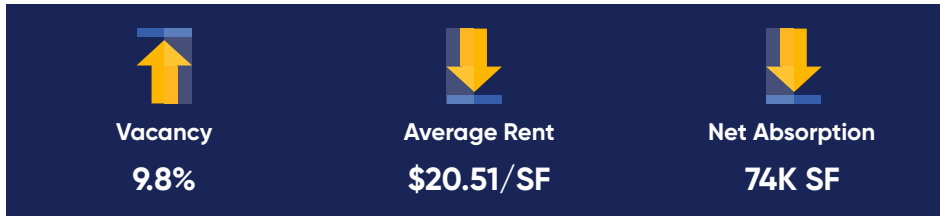


Market Report

The Metro Detroit office market's vacancy rate rose to 9.8%. Approximately 35,000 SF of office space was delivered this quarter, with 2.7 million SF currently under construction. Net absorption is positive at approximately 74,000 SF.



Vacancies in the Metro Detroit industrial market have risen to 3.7%. About 414,000 SF of industrial space was delivered with over 6.3 million SF currently under construction. Absorption was negative at approximately 1.2 million SF.



Rental and Vacancy Rates

Market Rent (\$/SF)	Total Vacancy Rate	
\$23.08	Office Market 4 & 5 Star	9.7%
\$21.11	Office Market 3 Star	10.4%
\$17.19	Office Market 1 & 2 Star	9.0%
\$20.51	Office Market All Ratings	9.8%
\$6.68	Industrial Market Logistics	3.8%
\$6.71	Industrial Market Specialized	2.5%
\$10.55	Industrial Market Flex	8.3%
\$7.02	Industrial Market All Types	3.7%

Recent Transactions

Tenant/Buyer	Size	Submarket	Type	Sector
Marelli	195,262 SF	Southfield	Lease	Office
Strategic Staffing Solutions	57,424 SF	Detroit-New Center	Lease	Office
County Club Office Centre	44,033 SF	Farmington/Farmington Hills	Sale	Office
Topvalco, Inc.	711,547 SF	Groesbeck North	Lease	Industrial
Dakkota Integrated Systems	600,000 SF	Detroit East	Lease	Industrial
47440 Michigan Avenue	480,982 SF	Southern I-275	Sale	Industrial

Occupier's Perspective

↓
Detroit's industrial market rents are expected to remain flat for the next few quarters, with annual rent growth projected to drop.

▬
Office cap rates in Metro Detroit have been holding steady at just above 9%, a considerable outlier given the national average of less than 7%.

↑
More than half of the new supply of office buildings totaling 1.9 million SF is concentrated in the downtown markets.

Market Trends



Detroit's office and industrial markets are experiencing widespread uncertainty due to the outbreak of COVID-19, but Detroit is in a better position to weather the economic impact than many other major U.S. cities. About one-third of Metro Detroit workers are in low-risk sectors, such as healthcare, professional services and the automotive industry, and will be less likely to see long-term layoffs.