Detroit - Q4 2021

Market Report

The Metro Detroit office market's vacancy rate rose to 11.9%. Approximately 217,000 SF of office space was delivered this quarter, with almost 2.5 million SF currently under construction. Net absorption is negative at approximately 829,000 SF.

Vacancy	Average Rent	Net Absorption
11.9%	$21.31/SF	(829K) SF

Vacancies in the Metro Detroit industrial market decreased to 4.4%. There was approximately 1.2 million SF delivered this quarter, with over 9.5 million SF currently under construction. Absorption was positive at approximately 2 million SF.

Vacancy	Average Rent	Net Absorption
4.4%	$7.74/SF	2M SF

Rental and Vacancy Rates

Market Rent ($/SF)	Total Vacancy Rate	
$24.11	Office Market | 4 & 5 Star	13.7%
$21.65	Office Market | 3 Star	11.8%
$18.08	Office Market | 1 & 2 Star	10.2%
$21.31	Office Market | All Ratings	11.9%
$7.26	Industrial Market | Logistics	3.9%
$7.68	Industrial Market | Specialized	4.3%
$11.24	Industrial Market | Flex	9.0%
$7.74	Industrial Market | All Types	4.4%

Recent Transactions

Tenant/Buyer	Size	Submarket	Type	Sector
James Group International	347,383 SF	Airport District	Lease	Industrial
Tower Automotive	311,612 SF	Southern I-275	Sale	Industrial
C-MAC Transportation	274,311 SF	Downriver South	Lease	Industrial
Lipari Foods	260,243 SF	Groesbeck South	Sale	Industrial
44344 Dequindre Rd	259,350 SF	Macomb West	Sale	Office
Hanson's	156,787 SF	Troy Area East	Sale	Industrial

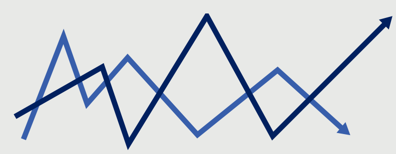
Occupier's Perspective

Over the past year, Detroit's office sector has witnessed a drop in demand, as occupiers have returned over 2 million SF to the market

The office sector has witnessed relatively flat rent growth year-over-year, which is directly related to the amount of sublease space available

In the industrial market, leasing activity is at a 5-year high, with vacancy rates near an all time low across all property types

Market Trends & COVID-19



Detroit's office market has remained suppressed as new variants of the coronavirus futher delay the projected return of workers to the office, while many companies are considering or have already implemented hybrid work

Detroit's industrial market continues to perform impressively during the pandemic as e-commerce-related tenants and manufacturers increase their local footprint to meet the demand for efficient supply chains and

Data source: CoStar, January 2022