MARKETBEAT
DETROIT
INDUSTRIAL Q1 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
3.7% Vacancy Rate	▲	▼
-629K Net Absorption, SF	▼	▲
$7.37 Asking Rent, PSF	▲	▼
1.5% Rent Growth, YOY	▲	▼
1.3M Under Construction	▼	▼

(Overall, Net Asking Rent)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1M Detroit Employment	▲	▼
5.2% Detroit Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

MICHIGAN ECONOMIC OVERVIEW

The unemployment rate in Metro Detroit climbed 130 basis points (bps) from the prior year to 5.2% as of Q1 2025. The local unemployment rate is well above the national level of 4.1%.

According to a recent study by The Detroit Regional Chamber, Southeast Michigan's economy has shown resilience but lags behind peer regions in certain key areas, such as Gross Domestic Product (GDP), population, and jobs in 2024. For instance, a poll indicates that 51.0% of Michigan voters believe that tariffs on Canada could negatively affect the state's economy. Approximately 234,000 jobs in metro Detroit rely on Canadian trade and investment.

SUPPLY AND DEMAND

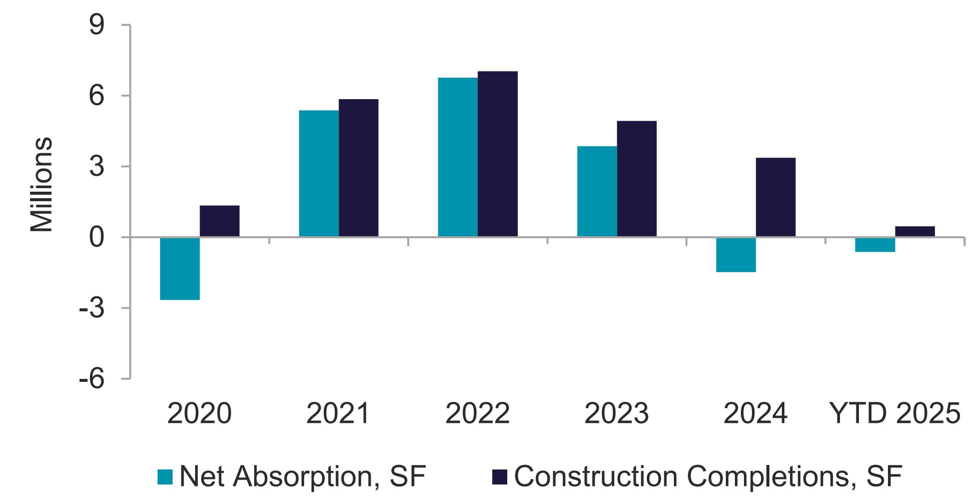
The overall industrial vacancy rate continued its quarterly upward trend in Metro Detroit that started in mid-2023. In Q1 2025, vacancy was 3.7%, a 70 bps jump on a year-over-year (YOY) basis. Direct vacancy, which excludes vacant sublease space, was 3.3% in the first quarter and climbed more than 50 bps YOY. A major contributor to overall vacancy was the Warehouse/Distribution category, which grew from 4.0% to 4.9% on an annual basis, adding 2.4 million square feet (msf) of vacant space to the market in that timeframe. Construction completions started off slow for 2025, as one building delivered in Q1 (460,000 square feet (sf)) in the Macomb North submarket leased by Gestamp. Though it had a significant impact on absorption, move-outs outpaced move-ins as a whole. Another 1.3 msf was under construction at the end of Q1.

Quarterly net absorption was negative in Metro Detroit for the third time in the last five quarters. In Q1 2025, net absorption was negative 629,000 sf, which was a difference of 790,000 sf quarter-over-quarter (QOQ). Following the trend in 2024, there were few major tenant move-outs in Q1 2025 but a high number of small spaces coming to market with an average size of 28,000 sf. New leasing activity for Q1 totaled 1.2 msf, which was a 19.0% increase YOY. Leasing activity is an indicator of future quarterly net absorption.

PRICING

Across all categories, overall net asking rates climbed by 1.5% YOY to $7.37 per square foot (psf). Comparably, the Office Service asking rates increased nearly 7.0% YOY as there have been a decline in new construction projects and higher property expenses.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)	OVERALL WEIGHTED AVG NET RENT
Livingston	12,313,525	288,140	2.3%	0	0	0	0	$6.76	$11.85	$7.95	$7.81
Macomb Central	37,419,788	838,518	2.2%	-104,621	-104,621	0	0	$8.15	$9.39	$6.69	$7.26
Macomb North	20,823,587	1,083,251	5.2%	490,478	490,478	0	460,000	$9.95	$10.75	$6.23	$6.24
Macomb South	45,859,317	739,136	1.6%	-157,932	-157,932	0	0	$5.50	$.8.15	$7.92	$7.55
Oakland North	36,596,393	1,636,463	4.5%	-92,285	-92,285	765,000	0	$6.25	$10.29	$5.52	$5.89
Oakland Southeast	44,342,596	1,850,923	4.2%	-104,748	-104,748	0	0	$8.38	$11.50	$8.18	$8.93
Oakland Southwest	41,110,428	2,085,122	5.1%	-262,227	-262,227	409,000	0	$11.79	$12.24	$8.42	$10.15
Washtenaw	27,106,518	1,172,874	4.3%	-124,428	-124,428	99,650	0	$7.15	$13.74	$9.58	$8.22
Dearborn/Downriver	48,378,738	1,814,341	3.8%	-156,323	-156,323	0	0	$6.80	$8.00	$6.95	$5.52
Detroit	80,031,247	4,379,934	5.5%	32,215	32,215	0	0	$6.86	$11.17	$6.16	$6.33
Western Wayne	105,851,711	2,538,128	2.4%	-148,741	-148,741	40,010	0	$8.86	$12.53	$7.60	$8.14
DETROIT TOTALS	**499,833,848**	**18,426,830**	**3.7%**	**-628,612**	**-628,612**	**1,313,660**	**460,000**	**$7.03**	**$11.52**	**$6.74**	**$7.37**

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution
*Rental rates reflect weighted net asking $psf/year | Stats are not reflective of U.S. MarketBeat Tables

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
18200 Vernier Road – Building #2	Detroit	Fisher Automotive	310,829	New Lease
43600 Gen-Mar Drive	Oakland Southwest	Pop Daddy Popcorn, LLC	73,848	New Lease
325 Silverbell Road West	Oakland North	Matikon America, Inc.	44,732	New Lease

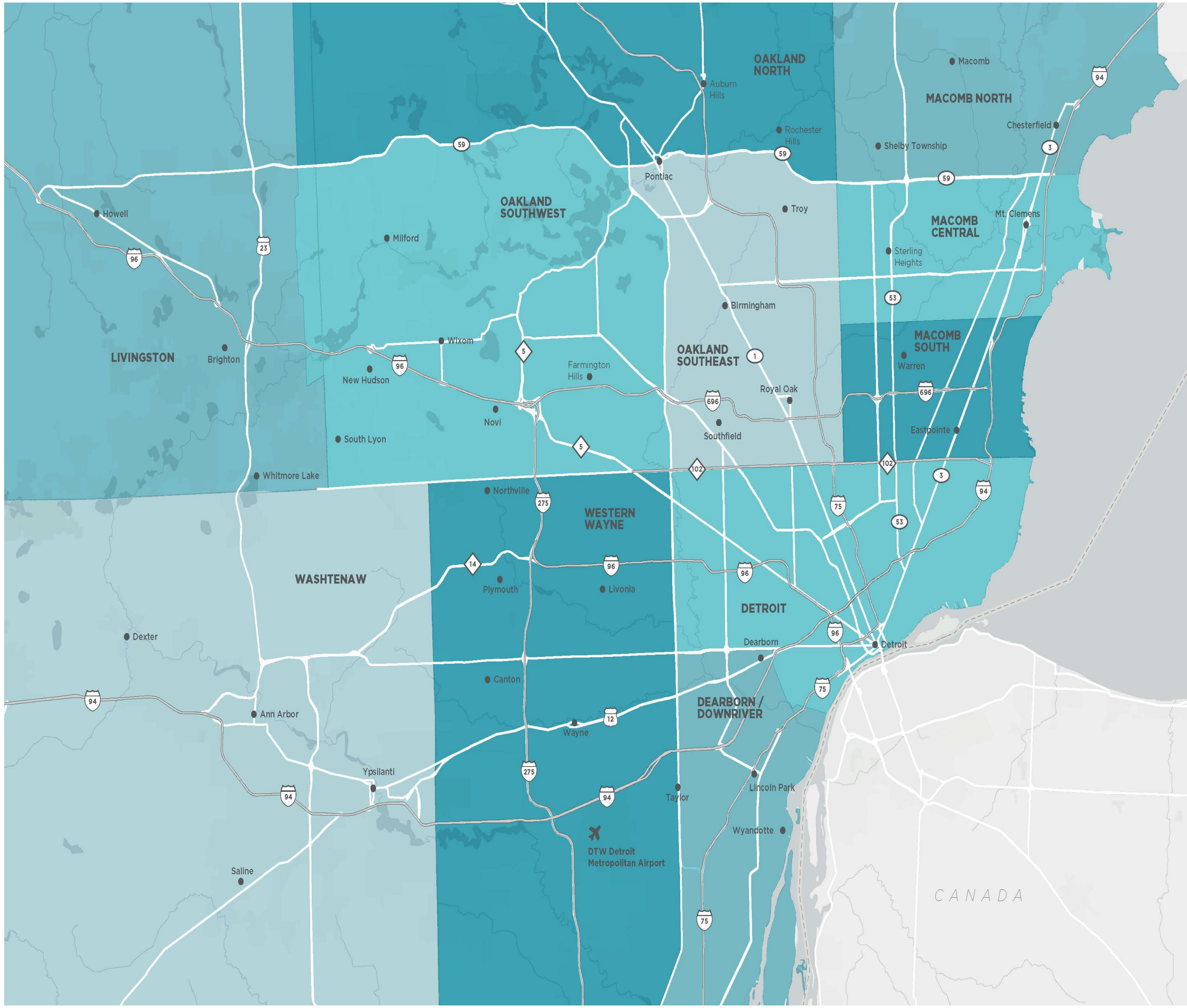
KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
5775 Ten Mile Road East	Macomb South	Brennan Investment Group / Eric Bean	88,857	$8.9M / $101
43600 Gen-Mar Drive	Oakland Southwest	CVS Michigan, LLC / Industrial Real Estate	73,848	$6.2M / $83
1942 McGregor Drive	Washtenaw	Oak Street Real Estate Capital / Pebble River Holdings	73,365	$5.2M / $70

KEY CONSTRUCTION COMPLETIONS 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
52153 Sierra Drive	Macomb North	Gestamp	460,000	BNL MI Sierra Drive, LLC

INDUSTRIAL SUBMARKETS



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