

## Detroit industrial rents swell as demand remains elevated, quality options continue to be limited

Asking rents across the Detroit industrial market reached another all-time high in the first quarter, rising to \$6.76 per square foot (psf) and increasing 8.9% year-over-year. Vacancy levels increased slightly to 7.9% this period, an increase of 40 basis points (bps) from a year prior. The bump in vacancy is largely a result of almost 4 million square feet of newly delivered product hitting the market this quarter. While space options remain tight, the flurry of new product delivered across Southeastern Michigan over the past two years has alleviated pressure and has helped to provide options for large and small users alike seeking space.

### Deliveries accelerate in early 2022, but largest transactions occur at older existing properties

More than 3.6 million square feet was delivered throughout the Detroit industrial market in the first quarter of 2022. This marked the largest quarterly tally of new deliveries in more than 20 years. Properties completed so far this year include a 742,000 sf warehouse at the Wixom Assembly Park and a 714,000 sf development at the Oakland Logistics Park in Pontiac. Both properties remain fully available to occupiers. Despite the relatively tight market, most of the largest leases transacted this period occurred in older, existing facilities. The period's largest transaction was executed by Gardner-White Furniture, which leased 276,000 sf in Warren, moving its head office into the former headquarters of one-time rival Art Van Furniture.

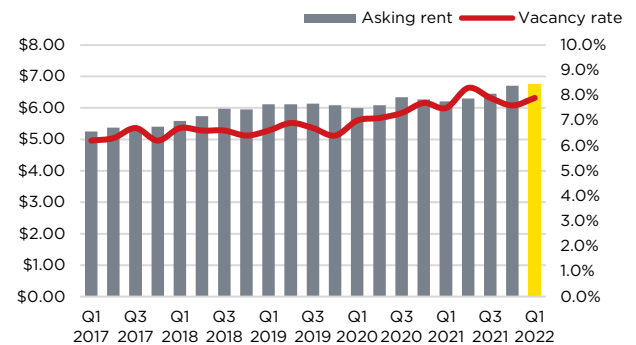
### New development concentrated in a handful of submarkets

Approximately two-thirds of ongoing construction is occurring in the Airport/I-275 and East Area submarkets. While it has the region's highest level of vacancy, the Detroit Area submarket has exhibited solid demand from occupiers seeking newer, modern warehouses to improve and enhance supply chain efficiencies. The site of the former Eastland Center shopping mall is expected to be transformed into a warehouse, distribution and manufacturing campus, totaling more than 1.0 msf at completion. Construction of the new campus may begin as soon as the second quarter of 2022.

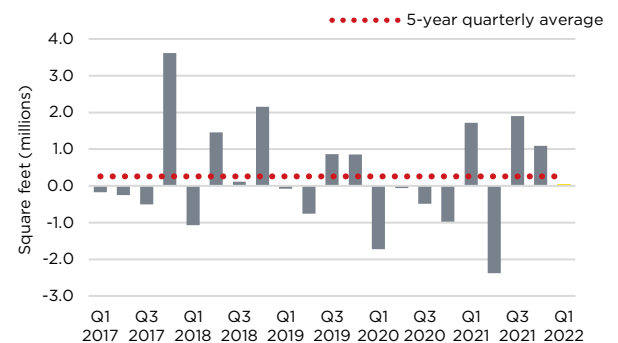
### KEY STATISTICS

	Q1 2021	Q1 2022	y-o-y Change
Inventory	294.3 MSF	296.4 MSF	▲
Vacancy Rate	7.5%	7.9%	▲
Quarterly Net Absorption	1.7 MSF	0.0 MSF	▼
Under Construction	10.5 MSF	7.4 MSF	▼
Deliveries	2.6 MSF	3.6 MSF	▲
Asking Rental Rate	\$6.21	\$6.76	▲

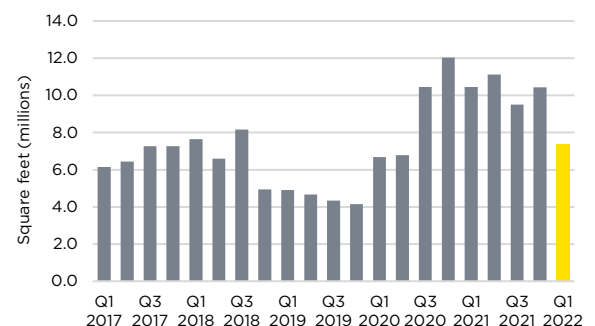
### ASKING RENT AND VACANCY



### NET ABSORPTION



### UNDER CONSTRUCTION



### Outlook

- While demand is expected to remain elevated for the remainder of 2022, elevated supply of new construction in the pipeline is providing opportunities for occupiers seeking space
- Rental rates will continue to tick upwards in the near term as occupier demand remains steady, while new deliveries command top dollar rents
- Rising inflation and the volatility of energy and food costs have the potential to alter current market dynamics and are critical factors to track

BY THE NUMBERS

**7.4M**

square feet under construction, above the historical average but the lowest level in seven quarters

**8.9%**

asking rent growth over the past 12 months

**\$8.58 psf**

Oakland County NW submarket commands the region's highest asking rental rates

TOP TRANSACTIONS

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Gardner-White Furniture	276,000	6500 14 Mile Road	New	East Area	Brasswater
Accuflex Industrial Hose	132,000	36501 Van Born Road	Renewal	Airport/I-275	Ashley Capital
LG Energy Solution Michigan	125,000	12350 Sears Drive	New	Airport/I-275	Ashley Capital
TRIGO Group	102,000	2430 E Walton Boulevard	New	Oakland County NW	Bluth Plaza LLC
Wayfair	83,000	10100 Assembly Park Drive	New	I-96 Corridor	Flint Development

Sales

Owner/Buyer	Square Feet	Address	Price	Submarket	Seller
ZF Group	677,000	2900 Busha Highway	\$28,600,000	St Clair & Lapeer Counties	FCA US LLC
Foundation Capital Partners/ Wheelock Street Capital	443,000	3600 Giddings Road	\$38,050,000	Oakland County NW	George P. Johnson Company
Prefix Corporation	228,000	1400 S Livernois Road	\$14,950,000	Oakland County NW	EEI Global
Underground Printing	154,000	1476 Seaver Way	n/a	Washtenaw	Bosal USA
Bluth Plaza LLC	125,000	2430 E Walton Boulevard	n/a	Oakland County NW	NORMA Group

Source: Savills Research

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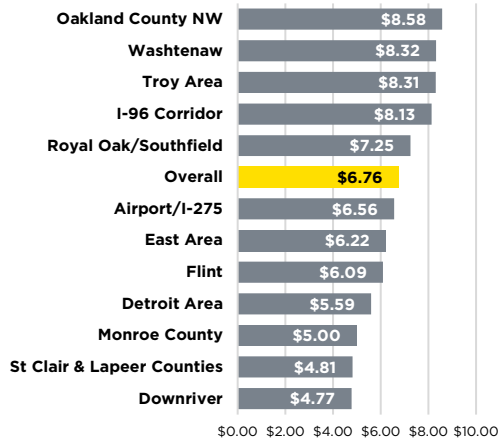
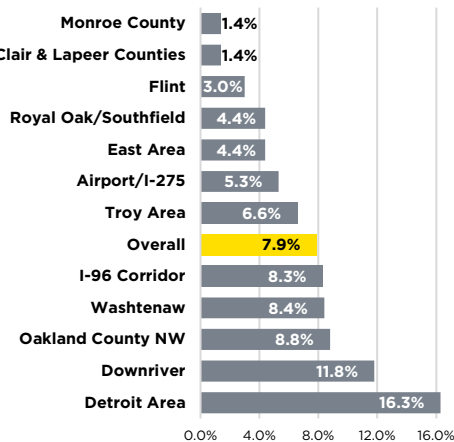
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VACANCY RATE COMPARISON

Detroit Industrial Submarkets

RENTAL RATE COMPARISON (\$/SF)

Detroit Industrial Submarkets



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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical vacancy and rent data are subject to change due to changes in inventory.

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