



## Detroit industrial rents set records as industrial sector thrives during pandemic

Asking rents across the Detroit industrial market reached an all-time high in the fourth quarter, rising to \$6.65 per square foot (psf) and increasing 6.6% year-over-year. The market recorded more than 2.8 million square feet (msf) of net absorption for the year, which is the best annual performance since 2016. Vacancy levels fell for the second consecutive quarter to 7.6% this period and have dropped 30 basis points (bps) over the course of 2021. While space options are tight by historical measure, opportunities exist for tenants seeking space, due in part to 8 msf of deliveries in 2021, along with more than 10 msf of new product currently under construction.

### Developers bet on sustained demand, building at a torrid pace

The Detroit industrial market has, during the pandemic, witnessed a boom in development activity, hitting levels not seen in at least 20 years. Since the second quarter of 2020 the market grew by more than 9 million square feet, with new inventory including a mix of speculative and build-to-suit construction. The 10.5 msf of projects currently underway are relatively spread out across the region. Among the largest of the developments, Flint Development of Kansas City is close to delivering on the first building of its 1.6 million square foot campus on the site of the former Ford Wixom Assembly Plant.

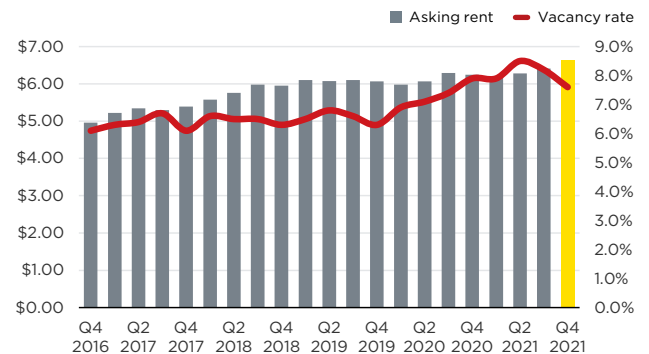
### Transaction volumes up in 2021 as growth-minded occupiers are active

2021 deal activity across the market was up by approximately 5.9% over 2020. Renaissance Global Logistics signed the largest deal of the fourth quarter, renewing and expanding by 43 percent to occupy more than 803,000 sf at 38481 West Huron River Drive in Romulus, within the Airport/I-275 submarket. While fourth quarter sales activity was relatively dormant, 2021 sales volumes were down just 2.1% from 2020, and were up 47.4% as compared to 2019 levels.

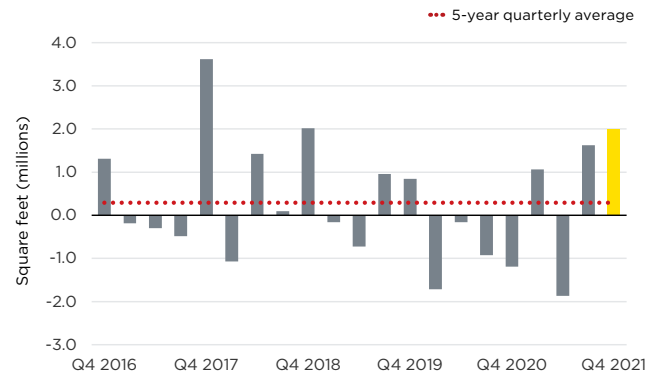
### KEY STATISTICS

	Q4 2020	Q4 2021	Y-o-Y Change
<b>Inventory</b>	294.4 MSF	296.5 MSF	▲
<b>Vacancy Rate</b>	7.9%	7.6%	▼
<b>Quarterly Net Absorption</b>	-1.2 MSF	2.0 MSF	▲
<b>Under Construction</b>	12.0 MSF	10.5 MSF	▼
<b>Deliveries</b>	0.5 MSF	1.1 MSF	▲
<b>Asking Rental Rate</b>	\$6.24	\$6.65	▲

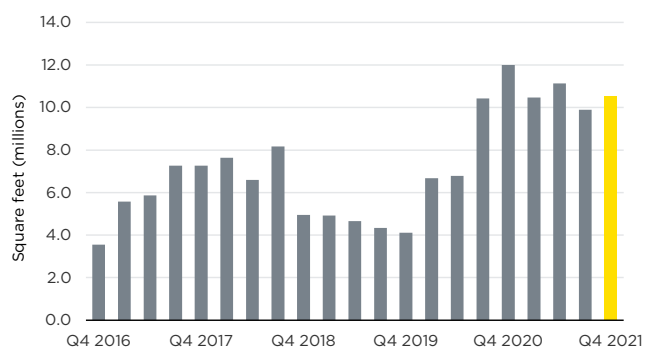
### ASKING RENT AND VACANCY



### NET ABSORPTION



### UNDER CONSTRUCTION



### Outlook

- Despite the recent swell in demand, opportunities will continue to exist for occupiers seeking to right size or expand, due to the sheer amount of new construction coming available in the near term.
- The combination of sustained demand and new spec development deliveries should continue to produce upward pressure on asking rents in 2022.
- With unemployment across the Detroit MSA declining with momentum throughout 2021, the dynamics of the market are expected to remain steady in 2022, including growth in deal volume and net absorption.

BY THE NUMBERS

10.5M

SF under construction, well above the long-term average

6.6%

asking rent growth over the past 12 months

\$8.23

Oakland County NW and Troy Area tied for highest submarket rents

TOP TRANSACTIONS

Leases

Tenant	Square Feet	Address	Transaction Type	Submarket	Landlord
Renaissance Global Logistics	803,000	38481 West Huron River Drive	Renewal and Expansion	Airport/I-275	Industrial Realty Group
HTI Cybernetics	108,000	42600 Merril Road	New	East Area	Stag Industrial
FNS Inc.	99,000	325 West Silverbell Road	New	Oakland County NW	Ashley Capital
Target Steel	68,000	19800 Gibraltar Road	Renewal	Downriver	UPG Enterprises LLC
Ann Arbor Learning Community	56,000	1901 East Ellsworth Road	New	Washtenaw	1901 Ellsworth LLC

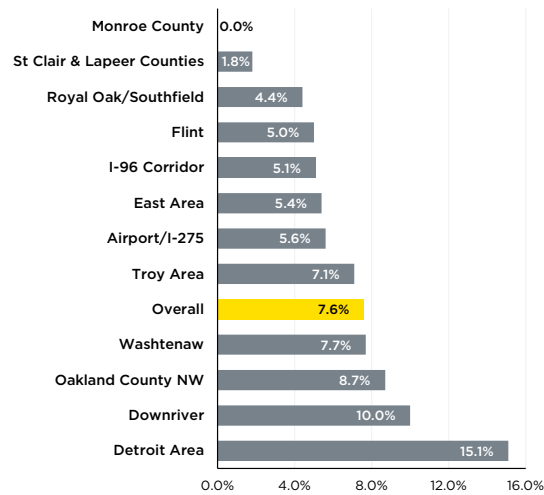
Sales

Owner/Buyer	Square Feet	Address	Price	Submarket	Seller
Hainer & Berman, P.C.	156,800	977 East 14 Mile Road	\$9,250,000	Troy	Hanson's Window & Construction
TCF Companies	156,800	12001 Toepfer Road	N/A	East Area	Nexeo Plastics
Quintcap	129,000	30450 Little Mack Avenue	N/A	East Area	LCN Capital Partners
Royal Oak Realty Trust	127,800	38300 Plymouth Road	N/A	Airport/I-275	Iron Mountain
Lloyd Verduyn	109,900	12700 Reeck Rd	\$6,300,000	Downriver	Charles Nalbandian

Source: Savills Research

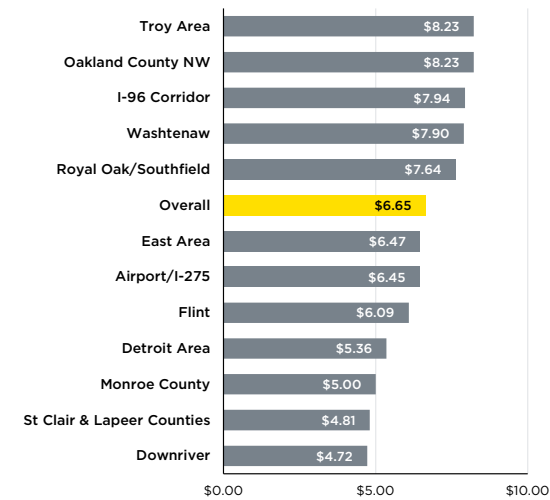
VACANCY RATE COMPARISON

Detroit Industrial Submarkets



RENTAL RATE COMPARISON (\$/SF)

Detroit Industrial Submarkets



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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