

METROPOLITAN **DETROIT** **MARKET**

INDUSTRIAL
Q2 2024
MARKET STATISTICS

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METROPOLITAN DETROIT

INDUSTRIAL MARKET REVIEW

ECONOMIC OVERVIEW

Second quarter 2024 closed with a direct vacancy rate of 3.97%, an overall vacancy rate of 4.32%, and an average asking direct rental rate reported at \$7.59 per sq. ft. NNN. In June, the Michigan unemployment rate was recorded at 4.1%, an increase of 0.5 percentage points compared to one year ago. The quarter ended with US weekly jobless claims falling, yet the total number of Americans eligible to receive jobless benefits was recorded at the highest level since 2021. Despite persistently elevated interest rates and stubborn levels of inflation, US employers continued to add a considerable number of jobs recorded at 175,000 in April, 218,000 in May and a minor decrease to 206,000 in June. Inflation continues to be the main focus as anticipation looms toward an impending reduction of the benchmark interest rate and further evaluating the state of the economy. Inflation eased in 2023, and in June for the third straight month in a row, both positive indicators the benchmark rate could be cut from its 23-year high. In closing out the second quarter, the Federal Reserve announced favorable inflation readings, and confidence that annual price increases are leveling off toward their 2 percent inflation target before rates are cut. Data has shown inflation had fallen close to target levels in previous months, and if the trend continues there is a potential for one cut to the benchmark rate this year after further assessment.

STATS ON THE GO

	Q2 2023	Q2 2024	Y-O-Y CHANGE	12 MONTH OVERVIEW
Overall Vacancy	3.95%	4.32%	0.37%	▲
Direct Asking Rents (psf/yr)	\$7.36	\$7.59	4.5%	▲

INDUSTRIAL MARKET DISCUSSION

The largest lease of the quarter closed in the North Corridor, as Convergix Automation Solutions inked a deal for their new headquarters totaling 150,102 sq. ft. of manufacturing space located at 800 Standard Parkway in Auburn Hills. Plans include moving from their Troy location by August to their new sizeable location, housing around 150 employees, allow for future growth, and to be in closer proximity to the hub of automation and robotics. Also in Auburn Hills, Penske Vehicle Services, Inc. signed a deal totaling 114,830 sq. ft. located at 2150 Executive Hills Drive. Plans include investing up to \$6M and creating 130 jobs toward a custom state-of-the-art vehicle painting facility with a focus on special edition vehicles primarily for Ford Motor Company and perhaps others.

A number of sales closed the quarter. In Southfield, New Mountain Capital purchased the 166,515 sq. ft. single-story, hi-tech property located at 26201 Northwestern Highway as an investment. While in Auburn Hills, Superior Electric Great Lakes Company purchased the 121,263 sq. ft. manufacturing facility located at 1700 Atlantic Boulevard in the Metro North Technology Park and will be a user of the building. Lastly, in Dearborn the 48,362 sq. ft. located at 14441 Rotunda Drive has been purchased by Stanford Brothers, LLC and will be a user of the property.

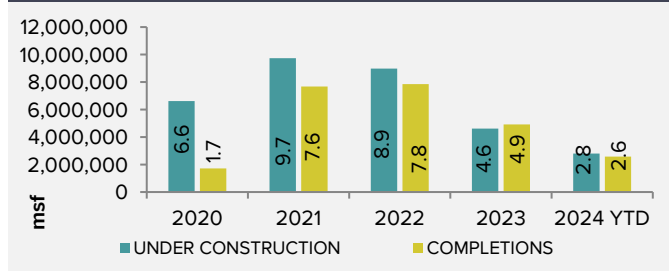
OUTLOOK

U.S. Industrial production posted substantial gains in both May and June, the largest back-to-back gains since 2021, signs manufacturing is gaining momentum. In May, Magna International announced plans to invest \$39M across three sites in Metro Detroit including a manufacturing facility in Lyon Twp., research & development facility in Troy and an engineering center in Novi, estimated to create 363 new jobs, and is expected to receive \$2.4M in grants from the Michigan Economic Development Corporation. While in Macomb County, ZF North America announced plans totaling \$62M toward building out their international research and development of automotive systems, construction of an 82,000 sq. ft. testing facility in Washington Twp., and renovating two of the company's existing facilities totaling 120,000 sq. ft. and 136,000 sq. ft. While in Plymouth, DEKRA, a German mobility testing company announced plans to invest \$22.8M toward development of an automotive testing center.

UNDER CONSTRUCTION

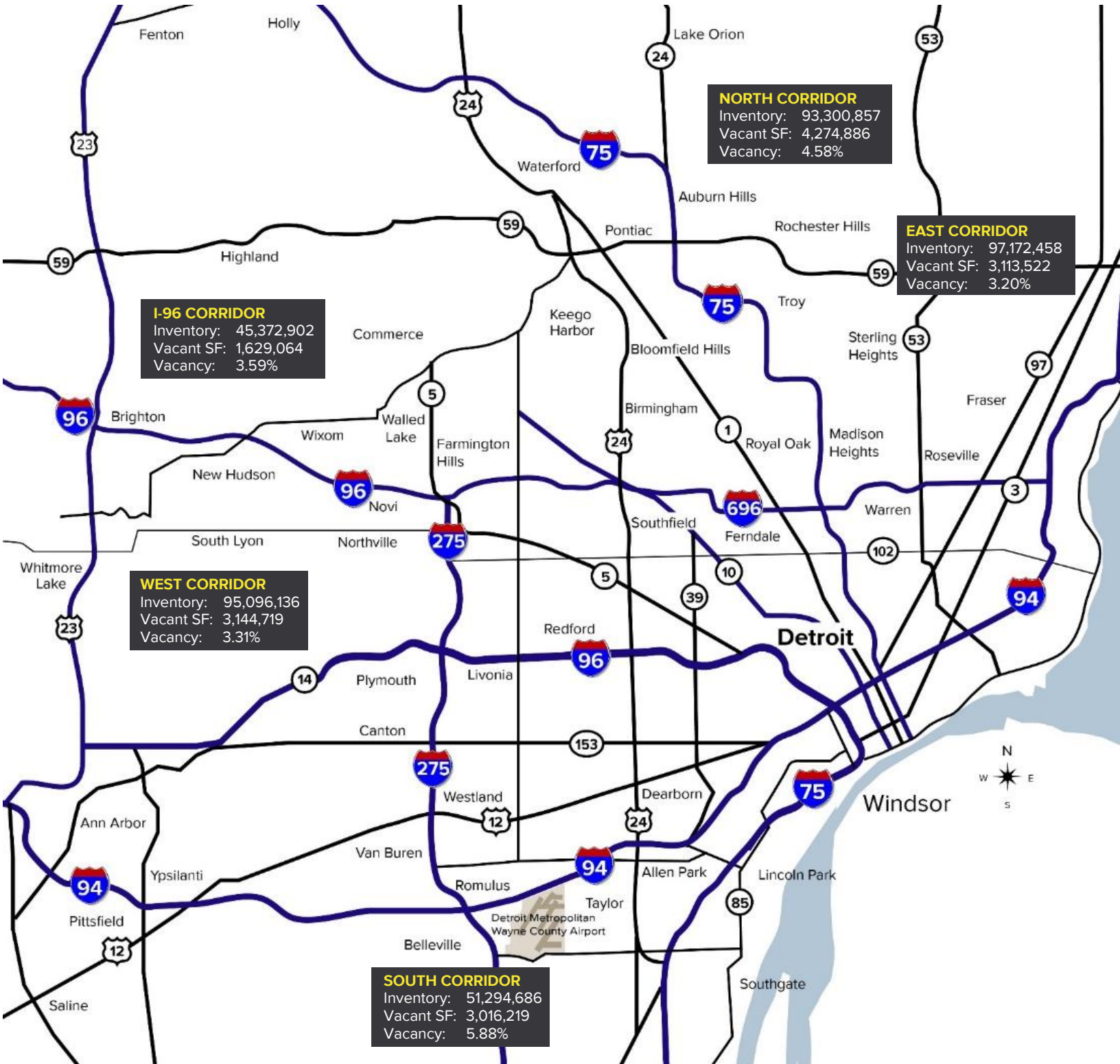
BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION
1700 Brown Road North Corridor	Auburn Hills	280,000	August 2024
35917 W. 12 Mile Road West Corridor	Farmington Hills	79,000	August 2024
51830 Grand River Avenue I-96 Corridor	Wixom	61,000	November 2024

UNDER CONSTRUCTION VS. COMPLETION



METROPOLITAN DETROIT

INDUSTRIAL MARKET REVIEW



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INDUSTRIAL MARKET REVIEW

Submarket: Buildings 5,000 Sq. Ft. & Up	Total Buildings	Total Inventory Square Feet	Available Square Feet Overall	Vacancy % Overall	Available Square Feet Direct	Vacancy % Direct	Direct Vacancy % Change 1 st - 2 nd Quarter
NORTH CORRIDOR							
Auburn Hills	330	21,353,471	1,199,236	5.62%	880,274	4.12%	-0.24%
Madison Heights	431	10,873,707	865,829	7.96%	758,549	6.98%	0.29%
Orion Twp/Lake Orion	67	4,719,295	194,135	4.11%	194,135	4.11%	0.00%
Rochester/Rochester Hills	313	10,188,869	510,375	5.01%	459,482	4.51%	0.98%
Royal Oak Area*	683	16,969,122	1,007,606	5.94%	809,363	4.77%	0.29%
Southfield/Bloomfield Twp	278	7,694,844	255,588	3.32%	255,588	3.32%	0.01%
Troy	847	21,501,549	979,155	4.55%	917,495	4.27%	0.29%
TOTAL SUBMARKET	2,949	93,300,857	5,011,924	5.37%	4,274,886	4.58%	0.21%
EAST CORRIDOR							
Chesterfield Twp	232	8,706,977	293,855	3.37%	293,855	3.37%	0.05%
Clinton Twp	454	9,060,921	249,507	2.75%	190,854	2.11%	0.12%
Fraser	262	6,092,943	77,881	1.28%	77,881	1.28%	0.65%
Mt. Clemens	100	3,019,855	118,040	3.91%	118,040	3.91%	1.60%
Roseville	280	7,202,963	190,473	2.64%	190,473	2.64%	-0.25%
Shelby Twp/Macomb Twp	421	12,621,000	356,417	2.82%	356,417	2.82%	0.42%
Sterling Heights	535	18,641,247	495,806	2.66%	495,806	2.66%	0.23%
Warren	990	31,826,552	1,434,327	4.51%	1,390,196	4.37%	0.15%
TOTAL SUBMARKET	3,274	97,172,458	3,216,306	3.31%	3,113,522	3.20%	0.23%
SOUTH CORRIDOR							
Brownstown Twp	58	5,831,335	78,325	1.34%	78,325	1.34%	0.00%
Dearborn/Dearborn Heights	313	12,195,883	723,192	5.93%	723,192	5.93%	0.50%
Romulus	396	21,968,305	1,780,789	8.11%	1,669,756	7.60%	0.08%
Taylor	307	11,299,163	544,946	4.82%	544,946	4.82%	0.79%
TOTAL SUBMARKET	1,074	51,294,686	3,127,252	6.10%	3,016,219	5.88%	0.33%
WEST CORRIDOR							
Ann Arbor	387	11,272,519	703,086	6.24%	690,479	6.13%	-2.34%
Farmington/Farmington Hills	423	12,160,488	859,347	7.07%	692,083	5.69%	1.23%
Livonia	822	31,602,053	1,003,634	3.18%	984,293	3.11%	-0.18%
Plymouth/Canton	487	20,609,517	639,420	3.10%	581,048	2.82%	0.02%
Redford	203	5,888,681	122,344	2.08%	122,344	2.08%	-0.57%
Van Buren Twp	58	6,631,735	0	0.00%	0	0.00%	0.00%
Wayne/Westland	280	6,931,143	74,472	1.07%	74,472	1.07%	-2.00%
TOTAL SUBMARKET	2,660	95,096,136	3,402,303	3.58%	3,144,719	3.31%	-0.35%
I-96 CORRIDOR							
Brighton/Genoa Twp/Green Oak Twp	257	6,898,121	144,430	2.09%	144,430	2.09%	0.59%
Fowlerville/Howell	124	4,643,261	186,908	4.03%	186,906	4.03%	0.02%
Lyon Twp/South Lyon/Milford/New Hudson	141	5,489,451	287,809	5.24%	282,559	5.15%	-2.00%
Novi	312	11,284,252	600,789	5.32%	528,849	4.69%	0.80%
Walled Lake/Commerce Twp	208	4,728,648	173,095	3.66%	167,695	3.55%	1.25%
Wixom	377	12,329,169	361,930	2.94%	318,625	2.58%	0.51%
TOTAL SUBMARKET	1,419	45,372,902	1,754,961	3.87%	1,629,064	3.59%	0.32%
METRO DETROIT INDUSTRIAL MARKET TOTAL	11,376	382,237,039	16,512,746	4.32%	15,178,410	3.97%	0.10%

*Royal Oak Area includes: Berkley, Ferndale, Hazel Park, Oak Park and Royal Oak.

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INDUSTRIAL MARKET REVIEW

TOP SALE TRANSACTIONS

Building	City	Market	Size/SF	Sale Type	Buyer
26201 Northwestern Highway	Southfield	North Corridor	166,515	Investment	New Mountain Capital
1700 Atlantic Boulevard	Auburn Hills	North Corridor	121,263	User	Superior Electric Great Lakes Company
14441 Rotunda Drive	Dearborn	South Corridor	48,362	User	Stanford Brothers, LLC
200 Elizabeth Street	Mount Clemens	East Corridor	42,385	Investment	Jas Fortune 500 Properties, LLC
950 W. Maple Road	Troy	North Corridor	39,058	Investment	Barbat Group, LLC

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
800 Standard Parkway	Auburn Hills	North Corridor	150,102	Direct	Convergix Automation Solutions
31840-31870 Enterprise Drive	Livonia	West Corridor	130,700	Direct	OPW Fluids Group, Inc.
2150 Executive Hills Drive	Auburn Hills	North Corridor	114,830	Direct	Penske Vehicle Services, Inc.
55285 Lyon Industrial Drive	New Hudson	I-96 Corridor	71,128	Direct	Ilmor Marine, LLC
43100 W. 9 Mile Road	Novi	I-96 Corridor	65,814	Direct	SW North America, Inc.

SIGNATURE QUICK FACTS

<p>Q1 & Q2 2024 SIGNATURE LISTED...</p> <p> 387 NEW PROPERTIES</p> <p> 6,131,404 SQUARE FEET</p> <p> 651.44 ACRES</p>	<p>Q1 & Q2 2024 SIGNATURE CLOSED....</p> <p> 632 TRANSACTIONS</p> <p> 9,083,190 SQUARE FEET</p> <p> 566 ACRES</p>	<p> 42% CONSISTENT MARKET SHARE</p> <hr/> <p>FULL-SERVICE COMMERCIAL REAL ESTATE</p> <hr/> <p>TCN  MEMBER FIRM WORLDWIDE REAL ESTATE SERVICES</p>
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