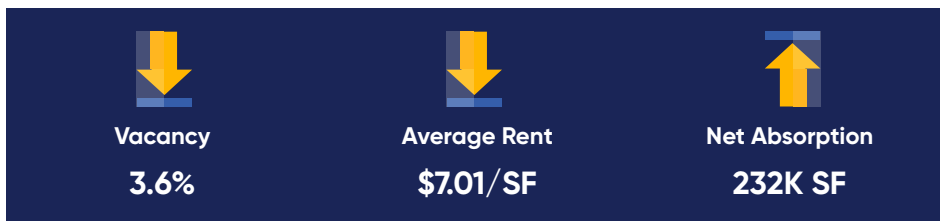


Market Report

The Metro Detroit office market's vacancy rate increased slightly to 9.9%. Approximately 129,000 SF of office space was delivered this quarter, with almost 3.5 million SF currently under construction. Net absorption is negative at approximately 208,000 SF.



Vacancies in the Metro Detroit industrial market dropped to 3.6%. About 152,000 SF of industrial space was delivered this quarter with over 5.7 million SF currently under construction. Absorption was positive at approximately 232,000 SF.



Rental and Vacancy Rates

Market Rent (\$/SF)	Total Vacancy Rate	
\$23.50	Office Market 4 & 5 Star	9.5%
\$21.24	Office Market 3 Star	10.8%
\$17.30	Office Market 1 & 2 Star	9.1%
\$20.71	Office Market All Ratings	9.9%
\$6.70	Industrial Market Logistics	3.9%
\$6.67	Industrial Market Specialized	2.4%
\$10.53	Industrial Market Flex	8.1%
\$7.01	Industrial Market All Types	3.6%

Recent Transactions

Tenant/Buyer	Size	Submarket	Type	Sector
Plante Moran	133,816 SF	Southfield	Lease	Office
31440 Northwestern Hwy	65,575 SF	Farmington/Farmington Hills	Lease	Office
Summit Centre	36,000 SF	Troy South	Sale	Office
Amazon.com Services	569,532 SF	W of Van Dyke/Macomb	Lease	Industrial
CMS Logistics	214,402 SF	Downriver South	Lease	Industrial
4400 Purks Road	157,100 SF	Auburn Hills/Pontiac/Rochester	Sale	Industrial

Occupier's Perspective

↓ Detroit's industrial market is still seeing some of the lowest vacancy rates that have been recorded.

▬ Detroit's industrial market rental rates are expected to stay right at the \$7.00 mark for the next few quarters.

↑ Detroit's office market is seeing an increase in rent discounts and tenant improvement allowances due to a shrinking supply of new office space and tenants leasing space in older properties.

Market Trends & COVID-19



Both the office and industrial markets in Detroit are experiencing negative rent growth for the first time in several years due to the resulting financial impact from the pandemic.

Detroit's office market could be looking at commercial office space rental rates falling by potentially 10% over the next four quarters as the lockdown creates uncertainty and social distancing disrupts standard office environments.

Detroit's industrial market is anticipated to remain healthy with significant capital investment and demand due to the strong economy prior to the pandemic.