

METROPOLITAN
DETROIT
MARKET

OFFICE

Q1 2023

MARKET STATISTICS



METROPOLITAN DETROIT

OFFICE MARKET REVIEW

ECONOMIC OVERVIEW

First quarter 2023 closed with a direct vacancy rate of 20.93%, an overall vacancy rate of 23.14%, and an average asking direct rental rate reported at \$18.87 psf. In March, the Michigan unemployment rate was recorded at 4.1%, a decrease of 0.3 percentage points compared to this time last year, while the U. S. unemployment rate was recorded at 3.5%. Despite ongoing inflation and climbing interest rates, layoffs remain minimal, and the job market resilient. Employers added 504,000 jobs during the month of January and the U.S. unemployment rate dropped to 3.4%, the lowest it's been since 1969. In February, employers added 311,000 jobs and 236,000 jobs in March. It was reported the U.S. economy grew 2.1% by end of 2022, marking 6 months of solid growth, while the first couple months of 2023 the economy grew at a slower pace by 1.1%. In February the Federal Reserve raised the key interest rate by a quarter percentage point and by another quarter of a percentage point in March, the 9th increase beginning one year ago at the start of fighting inflation. The Federal Reserve has signaled that one more rate hike may be necessary this year. On a positive note, consumer confidence slightly increased in March as inflation eased at the wholesale level giving way to optimism that this may be a continued trend throughout 2023.

OFFICE MARKET DISCUSSION

A number of leases were signed during the first quarter. First in Southfield, Ascension, one of the largest private healthcare systems in the United States, signed a deal totaling 14,976 sq. ft. of space on the 5th floor of 22250 Providence Drive. While in Troy, Total Filtration Services, Inc. leased 11,061 sq. ft. of space on the 7th floor of the Class A building located at 755 W. Big Beaver Road. In Novi, Uline, Inc. signed a lease for 10,252 sq. ft. of Class B office space located at 46280 Dylan Parkway. Lastly, in Troy, QADC Corporation inked a deal for 8,789 sq. ft. on the 5th floor of the Class A building located at 100 W. Big Beaver Road.

Several sales closed the quarter. First in Troy, 5555 New King Drive, LLC purchased the 4-story, 114,000 sq. ft., office property located at 5555 New King Drive in the North Troy Office Park and will occupy the building. In Southfield, a 2-building portfolio sale closed totaling 67,000 sq. ft. located at 18000 W. 8 Mile Road and 20800 Southfield Road purchased by Southfield Place, LLC as an investment. Lastly in Novi, One World Market, Inc. purchased the 2-story, 47,000 sq. ft., located at 42705 Grand River Avenue and will be a user of the property.

OUTLOOK

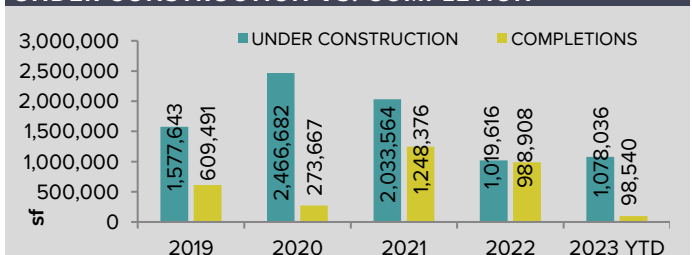
In February, Henry Ford Health announced plans to build a new 1 million sq. ft., \$1.8B hospital and research center in Detroit, and is expected to anchor an expansive \$2.5B development including commercial, residential and hotel space. The development is a joint effort between Henry Ford Health, Detroit Pistons owner Tom Gores and Michigan State University. Based on plan approval, construction is expected to begin next year. While the \$300M, restored Book Tower in Detroit is expected to open this spring and will offer a mix of office, retail, hotel and residential space.

Three years since the onset of the pandemic, the appearance of the office market continues to remain unsettled due to factors including climbing interest rates, many organizations are weighing options of how best to utilize their space in an effort towards cost savings, and while a number of companies are requiring in-person office work full-time or a minimum number of days a week, many are still deciding how to balance this schedule. Several landlords are beginning to consider alternative uses for their empty office space such as converting into multi-family or storage space.

UNDER CONSTRUCTION

BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION
120 Henry Street Detroit	Detroit	132,500	December 2023
Ann Arbor Technology Center Ann Arbor	Ann Arbor	122,600	December 2023
1405 E. South Boulevard Rochester Hills/Auburn Hills	Rochester Hills	60,000	May 2023

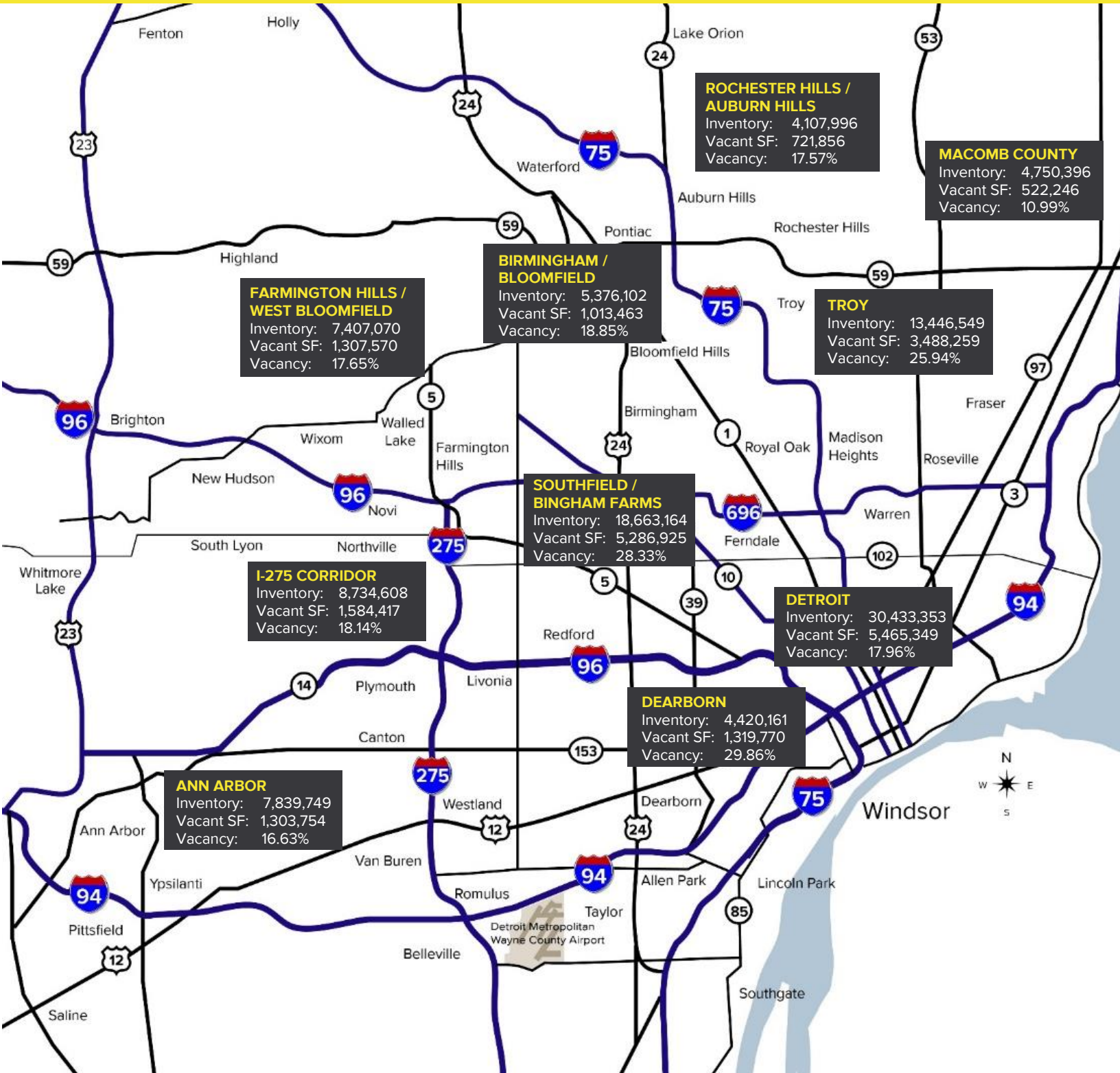
UNDER CONSTRUCTION VS. COMPLETION





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Submarket: Buildings 20,000 Sq. Ft. & Up	Total Inventory Square Feet	Available Square Feet w/Sublease	Vacancy % w/Sublease	Direct Available Square Feet	Direct Vacancy %	Direct Vacancy % Change 4 th - 1 st Qtr
CLASS A						
Ann Arbor	2,440,437	226,617	9.29%	193,198	7.92%	-3.98%
Birmingham/Bloomfield	2,122,695	594,954	28.03%	594,954	28.03%	2.23%
Dearborn	1,419,212	350,070	24.67%	348,457	24.55%	-0.75%
Detroit	10,985,324	3,041,098	27.68%	2,695,754	24.54%	9.51%
Farmington Hills/West Bloomfield	2,411,248	523,314	21.70%	482,220	20.00%	-1.46%
I-275 Corridor*	2,837,918	884,658	31.17%	735,949	25.93%	-0.23%
Macomb County**	573,400	33,798	5.89%	33,798	5.89%	-0.03%
Rochester Hills/Auburn Hills	714,15	184,259	25.80%	182,691	25.58%	0.60%
Southfield/Bingham Farms	5,868,546	1,741,076	29.67%	1,481,503	25.24%	-1.26%
Troy	6,558,596	2,164,751	33.01%	1,868,518	28.49%	-0.63%
CLASS A TOTAL	35,931,491	9,744,595	27.12%	8,617,042	23.98%	2.14%
CLASS B						
Ann Arbor	4,903,201	1,144,927	23.35%	1,066,158	21.74%	4.06%
Birmingham/Bloomfield	3,095,572	413,030	13.34%	402,853	13.01%	-0.48%
Dearborn	2,901,163	942,313	32.48%	942,313	32.48%	-0.32%
Detroit	15,137,337	2,352,847	15.54%	2,282,485	15.08%	-5.02%
Farmington Hills/West Bloomfield	4,520,510	818,484	18.11%	750,736	16.61%	-0.01%
I-275 Corridor*	5,184,503	975,734	18.82%	785,957	15.16%	-1.47%
Macomb County**	3,381,963	429,834	12.71%	405,982	12.00%	-0.92%
Rochester Hills/Auburn Hills	2,962,919	789,021	26.63%	528,867	17.85%	-1.73%
Southfield/Bingham Farms	11,058,666	3,739,044	33.81%	3,380,256	30.57%	-0.28%
Troy	6,130,655	1,599,070	26.08%	1,482,055	24.17%	-1.56%
CLASS B TOTAL	59,725,489	13,204,304	22.28%	12,027,662	20.29%	-1.46%
CLASS C						
Ann Arbor	496,111	44,398	8.95%	44,398	8.95%	0.45%
Birmingham/Bloomfield	157,835	15,656	9.92%	15,656	9.92%	1.38%
Dearborn	99,786	29,000	29.06%	29,000	29.06%	-0.25%
Detroit	4,310,692	496,310	11.51%	487,110	11.30%	-0.69%
Farmington Hills/West Bloomfield	475,312	74,614	15.70%	74,614	15.70%	0.40%
I-275 Corridor*	712,187	62,511	8.78%	62,511	8.78%	1.95%
Macomb County**	795,033	82,466	10.37%	82,466	10.37%	-1.27%
Rochester Hills/Auburn Hills	430,962	16,525	3.83%	10,298	2.39%	-1.09%
Southfield/Bingham Farms	1,735,952	425,166	24.49%	425,166	24.49%	1.26%
Troy	757,298	137,686	18.18%	137,686	18.18%	7.77%
CLASS C TOTAL	9,971,168	1,384,332	13.88%	1,368,905	13.73%	0.52%
COMBINED CLASS A, B, & C						
Ann Arbor	7,839,749	1,415,942	18.06%	1,303,754	16.63%	1.43%
Birmingham/Bloomfield	5,376,102	1,023,640	19.04%	1,013,463	18.85%	0.87%
Dearborn	4,420,161	1,321,383	29.89%	1,319,770	29.86%	-0.45%
Detroit	30,433,353	5,890,255	19.35%	5,465,349	17.96%	0.80%
Farmington Hills/West Bloomfield	7,407,070	1,416,412	19.12%	1,307,570	17.65%	-0.43%
I-275 Corridor*	8,734,608	1,922,903	22.01%	1,584,417	18.14%	-0.79%
Macomb County**	4,750,396	546,098	11.50%	522,246	10.99%	-0.87%
Rochester Hills/Auburn Hills	4,107,996	989,805	24.09%	721,856	17.57%	-1.26%
Southfield/Bingham Farms	18,663,164	5,905,286	31.64%	5,286,925	28.33%	-0.42%
Troy	13,446,549	3,901,507	29.01%	3,488,259	25.94%	-0.58%
METRO DETROIT OFFICE MARKET TOTAL	105,179,148	24,333,231	23.14%	22,013,609	20.93%	-0.01%

*I-275 Corridor includes: Livonia, Northville, Novi, Plymouth/Plymouth Twp. **Macomb County includes: Clinton Twp., Mt. Clemens, Shelby Twp., Sterling Heights, Utica and Warren.

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TOP SALE TRANSACTIONS

Building	City	Market	Size/SF	Sale Type	Buyer
5555 New King Street	Troy	Troy	114,000	User	5555 New King Drive, LLC
18000 W. 8 Mile Rd. & 20800 Southfield Rd. 2-Bldg. Portfolio	Southfield	Southfield/Bingham Farms	67,000	Investment	Southfield Place, LLC
42705 Grand River	Novi	I-275 Corridor	47,000	User	One World Market, Inc.
550-565 E. Larned Street	Detroit	Detroit	30,000	Investment	Undisclosed
39525 14 Mile Road	Novi	I-275 Corridor	27,308	Investment	39525 West Fourteen Mile, LLC

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
22250 Providence Drive	Southfield	Southfield/Bingham Farms	14,976	Direct	Ascension
755 W. Big Beaver Road	Troy	Troy	11,061	Direct	Total Filtration Services, Inc.
46280 Dylan Drive	Novi	I-275 Corridor	10,252	Direct	Uline, Inc.
100 W. Big Beaver Road	Troy	Troy	8,789	Direct	QADC Corporation
1168 Oak Valley Drive	Ann Arbor	Ann Arbor	8,596	Direct	Stantec

SIGNATURE QUICK FACTS

<p>Q1 2023 SIGNATURE LISTED...</p> <p> 167 NEW PROPERTIES</p> <p> 2,701,969 SQUARE FEET</p> <p> 452.41 ACRES</p>	<p>Q1 2023 SIGNATURE CLOSED....</p> <p> 303 TRANSACTIONS</p> <p> 7,823,225 SQUARE FEET</p> <p> 351.73 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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