

METROPOLITAN
DETROIT
MARKET

OFFICE

Q3 2023

MARKET STATISTICS



METROPOLITAN DETROIT

OFFICE MARKET REVIEW

ECONOMIC OVERVIEW

Third quarter 2023 closed with a direct vacancy rate of 21.57%, an overall vacancy rate of 23.95%, and an average asking direct rental rate reported at \$18.71 psf. In September, the Michigan unemployment rate was recorded at 3.9%, a decrease of 0.4 percentage points compared to this time last year, while the U.S. unemployment rate was recorded at 3.8%, an increase of 0.3 percentage points from this time last year. It has been reported U.S. employers on average have added 236,000 jobs per month throughout the year. In September U.S. employers added 336,000 jobs to close out the quarter, a positive sign employers remain confident as layoffs remain low, less individuals have applied for jobless benefits, despite an uncertain economy as interest rates continue to climb. The U.S. economy grew at a 4.9% annual rate between July and September better than expected based on previous estimates. In July, despite inflation being at its lowest point since early 2021, the Federal Reserve increased the key interest rate for the 11th time in 17th months by 0.25%, bringing the rate to the highest it has been in more than 20 years, furthering the fall of home sales as long-term mortgage rates reached their highest level since 2000. Interest rates remained unchanged in September, while there was indication another rate hike by year-end may be necessary, and keeping rates elevated into 2024.

STATS ON THE GO

	Q3 2022	Q3 2023	Y-O-Y CHANGE	12 MONTH OVERVIEW
Overall Vacancy	22.46%	23.95%	1.49%	▲
Direct Asking Rents (psf/yr)	\$19.16	\$18.71	-2.4 %	▼

OFFICE MARKET DISCUSSION

A number of leases were signed during the third quarter. First in Troy, American Rheinmetall Vehicles, LLC inked a deal totaling 41,875 sq. ft. of Class B office space located at 3155 W. Big Beaver Road. In Southfield, Alteris Group, LLC signed a deal for 21,274 sq. ft. of Class A office space located at 26600 Telegraph Road. In Troy, Dinsmore, a nationally well-known law firm, signed a deal totaling 19,400 sq. ft. of Class A office space located on the 19th floor at 755 W. Big Beaver Road. While Progressive, a nationally recognized insurance company, leased space totaling 14,890 sq. ft. of Class B space located at 46321-46365 Five Mile Road in Plymouth Township.

Several sales closed the quarter. First in Farmington Hills, Basha Diagnostics P.C. sold their 2-story 46,468 sq. ft. Class C office property located at 31500 W. 13 Mile Road and was purchased by 31500 13 Mile, LLC as an investment. Also in Farmington Hills, the 30,000 sq. ft. property at 23800 Orchard Lake Road was purchased by 23800 Medical, LLC as an investment. Lastly in Southfield, Cybernor Holdings, LLC sold their 2-story, 12,600 sq. ft. building located at 23875 Northwestern Highway to 23875 Northwestern, LLC and will be a user of the property.

OUTLOOK

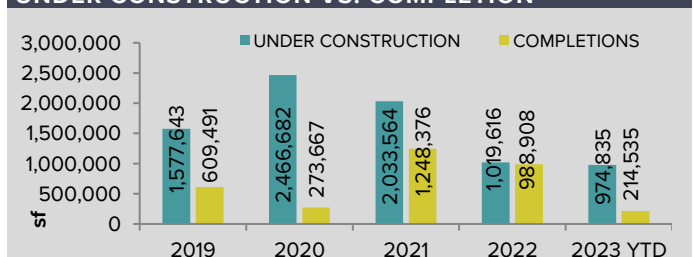
In August it was announced the former 1.1 million-square-foot Kmart Corporate headquarters, situated on roughly 40 acres, located at the corner of Coolidge Highway and W. Big Beaver Road will be demolished after sitting vacant for nearly 20 years. The owners of the site will pursue options seeking around \$11M in brownfield reimbursements towards demolition and redevelopment of the site which has yet to be approved. Official redevelopment plans have not yet been submitted, but most likely will be a mixed-use of retail, office and multi-family for this busy location.

The Metro Detroit office market continues to experience challenges and increased office vacancy rates, while sales activity remains sluggish as high interest rates persist causing potential buyers to remain hesitant. New construction of office properties remains almost non-existent, as a heavier focus turns towards mixed-use development projects incorporating retail, residential units and a small portion of office space.

UNDER CONSTRUCTION

BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION
120 Henry Street Detroit	Detroit	132,500	December 2023
111 Henry Street Detroit	Detroit	73,500	December 2023
975 S. Rochester Road Rochester Hills/Auburn Hills	Rochester Hills	13,349	November 2023

UNDER CONSTRUCTION VS. COMPLETION



METROPOLITAN DETROIT

OFFICE MARKET REVIEW

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 2 nd - 3 rd Qtr
CLASS A						
Ann Arbor	2,440,437	382,293	15.66%	305,477	12.52%	-0.77%
Birmingham/Bloomfield	2,122,695	616,150	29.03%	616,150	29.03%	0.14%
Dearborn	1,419,212	355,018	25.02%	355,018	25.02%	0.00%
Detroit	10,657,596	2,870,031	26.93%	2,543,191	23.86%	-0.47%
Farmington Hills/West Bloomfield	2,411,248	562,904	23.34%	462,666	19.19%	-0.41%
I-275 Corridor*	2,837,918	829,172	29.22%	724,020	25.51%	-0.46%
Macomb County**	573,400	33,798	5.89%	33,798	5.89%	0.00%
Rochester Hills/Auburn Hills	714,115	209,733	29.37%	202,662	28.38%	0.25%
Southfield/Bingham Farms	5,868,546	2,050,366	34.94%	1,794,143	30.57%	-0.12%
Troy	6,558,596	2,111,271	32.19%	1,826,020	27.84%	-4.13%
CLASS A TOTAL	35,603,763	10,020,736	28.15%	8,863,145	24.89%	-1.03%
CLASS B						
Ann Arbor	4,903,201	1,197,184	24.42%	1,015,496	20.71%	-0.04%
Birmingham/Bloomfield	3,095,572	408,809	13.21%	396,208	12.80%	0.92%
Dearborn	2,901,163	569,228	19.62%	569,228	19.62%	0.12%
Detroit	15,137,337	2,527,117	16.69%	2,474,999	16.35%	1.35%
Farmington Hills/West Bloomfield	4,520,510	773,260	17.11%	721,743	15.97%	-1.00%
I-275 Corridor*	5,184,503	1,131,874	21.83%	878,872	16.95%	0.25%
Macomb County**	3,381,963	438,459	12.96%	438,459	12.96%	1.00%
Rochester Hills/Auburn Hills	2,962,919	734,958	24.81%	473,272	15.97%	-1.75%
Southfield/Bingham Farms	11,058,666	4,186,986	37.86%	3,812,880	34.48%	2.00%
Troy	6,130,655	1,618,258	26.40%	1,473,197	24.03%	-0.24%
CLASS B TOTAL	59,276,489	13,586,133	22.92%	12,254,354	20.67%	0.66%
CLASS C						
Ann Arbor	496,111	56,122	11.31%	56,122	11.31%	-1.91%
Birmingham/Bloomfield	157,835	15,920	10.09%	15,920	10.09%	0.18%
Dearborn	99,786	22,950	23.00%	22,950	23.00%	-6.06%
Detroit	4,310,692	520,274	12.07%	520,274	12.07%	0.40%
Farmington Hills/West Bloomfield	475,312	51,908	10.92%	48,527	10.21%	0.23%
I-275 Corridor*	712,187	114,336	16.05%	114,336	16.05%	6.06%
Macomb County**	795,033	105,647	13.29%	105,647	13.29%	1.51%
Rochester Hills/Auburn Hills	430,962	12,380	2.87%	12,380	2.87%	-0.27%
Southfield/Bingham Farms	1,735,952	408,048	23.51%	408,048	23.51%	-0.43%
Troy	757,298	196,273	25.92%	196,273	25.92%	10.13%
CLASS C TOTAL	9,971,168	1,503,858	15.08%	1,500,477	15.05%	1.27%
COMBINED CLASS A, B, & C						
Ann Arbor	7,839,749	1,635,599	20.86%	1,377,095	17.57%	-0.38%
Birmingham/Bloomfield	5,376,102	1,040,879	19.36%	1,028,278	19.13%	0.59%
Dearborn	4,420,161	947,196	21.43%	947,196	21.43%	-0.05%
Detroit	30,105,625	5,917,422	19.66%	5,538,464	18.40%	0.58%
Farmington Hills/West Bloomfield	7,407,070	1,388,072	18.74%	1,232,936	16.65%	-0.73%
I-275 Corridor*	8,734,608	2,075,382	23.76%	1,717,228	19.66%	0.49%
Macomb County**	4,750,396	577,904	12.17%	577,904	12.17%	0.97%
Rochester Hills/Auburn Hills	4,107,996	957,071	23.30%	688,314	16.76%	-1.24%
Southfield/Bingham Farms	18,663,164	6,645,400	35.61%	6,015,071	32.23%	1.11%
Troy	13,446,549	3,925,802	29.20%	3,495,490	26.00%	-1.55%
METRO DETROIT OFFICE MARKET TOTAL	104,851,420	25,110,727	23.95%	22,617,976	21.57%	0.15%

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

METROPOLITAN DETROIT

OFFICE MARKET REVIEW









TOP SALE TRANSACTIONS

Building	City	Market	Size/SF	Sale Type	Buyer
31500 13 Mile Road	Farmington Hills	Farmington Hills/ W. Bloomfield	46,468	Investment	31500 13 Mile, LLC
23800 Orchard Lake Road	Farmington Hills	Farmington Hills/ W. Bloomfield	30,000	Investment	23800 Medical, LLC
411 W. Andover Road	Bloomfield Hills	Birmingham/ Bloomfield	25,348	Investment	Undisclosed
23875 Northwestern Highway	Southfield	Southfield/ Bingham Farms	12,600	User	23875 Northwestern, LLC
2328-2332 Livernois Road	Troy	Troy	11,087	Investment	ZLE Properties, LLC

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
3155 W. Big Beaver Road	Troy	Troy	41,875	Direct	American Rheinmetall Vehicles, LLC
26600 Telegraph Road	Southfield	Southfield/ Bingham Farms	21,274	Direct	Alteris Group, LLC
755 W. Big Beaver Road	Troy	Troy	19,400	Direct	Dinsmore
46321-46365 Five Mile Road	Plymouth Twp.	I-275 Corridor	14,890	Direct	Progressive
22260 Haggerty Road	Northville	I-275 Corridor	12,924	Direct	CCA Health

SIGNATURE QUICK FACTS

<p>Q3 2023 SIGNATURE LISTED...</p> <p> 181 NEW PROPERTIES</p> <p> 2,870,421 SQUARE FEET</p> <p> 407.52 ACRES</p>	<p>Q3 2023 SIGNATURE CLOSED....</p> <p> 276 TRANSACTIONS</p> <p> 6,091,066 SQUARE FEET</p> <p> 75.72 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>
---	---	---