



YoY  
Chg

12-Mo.  
Forecast

**12.1%**

Vacancy Rate

**-368K**

Net Absorption, SF

**\$20.29**

Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q2 2020

YoY  
Chg

12-Mo.  
Forecast

**1.54M**

Detroit Employment

**21.6%**Detroit  
Unemployment Rate**13.0%**U.S.  
Unemployment Rate

Source: BLS

## ECONOMIC OVERVIEW

It is not a secret that the COVID-19 pandemic has brought on a variety of challenges in nearly every market throughout the world. Metro Detroit and Michigan as a whole was no exception, being one of the hardest hit states in the US during early stages of the virus. There is, however, some light at the end of the tunnel with Detroit's economy slowly beginning to open back up. Construction, retail, and personal services have all made large strides in rehiring and reopening their operations quicker than most expected. Large 3PL companies have continued to hire throughout the pandemic as there has been a large surge in ecommerce in the past few months. Demand for skill-based workers is still high in Metro Detroit as construction efforts are back to nearly 100%. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

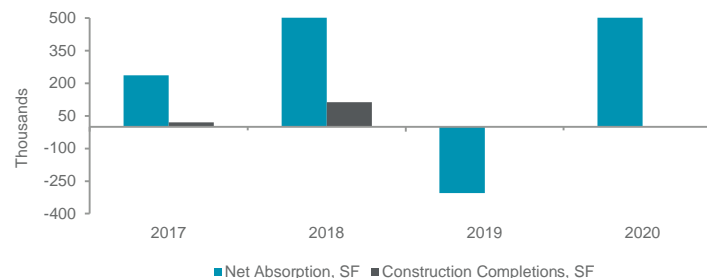
## SUPPLY AND DEMAND

Nearly 300,000 square feet (sf) of office space was leased in second quarter 2020, down from 1,414,039 sf in second quarter 2019. Tier-one automotive supplier, Marelli, flagged their new North American Headquarters in the Southfield submarket, leasing nearly 200,000 sf. Plante Moran, relocated in the Southfield submarket, securing a 130,000 sf lease. Metro Detroit had negative 328,000 sf net absorption in second quarter 2020, down significantly from 516,000 sf in second quarter 2019. In Detroit's Central Business district there is currently 788,437 sf of office space under construction on two Class-A buildings that are expected to be completed within the next three years. Another notable project is taking place in the Southfield submarket, where 55,000 sf of office space is expected to be delivered by the end of 2021. The overall vacancy rate was 12.1% in Q2 2020, a 20-basis-point (bp) increase from 11.9% in second quarter 2019.

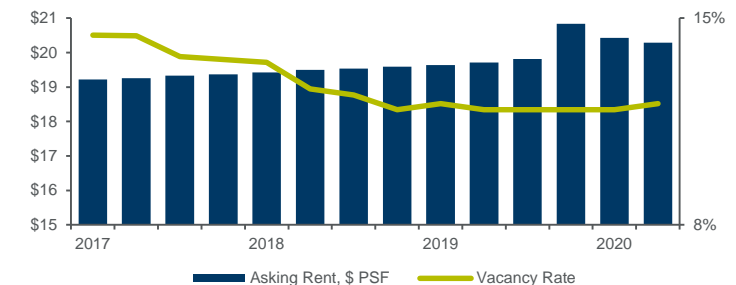
## PRICING

Overall asking rates in Metro Detroit average \$20.29 per square foot (psf) gross compared to \$19.90 psf in second quarter 2019. The CBD, Birmingham/Bloomfield and Ann Arbor submarkets have all seen over \$0.50 psf increases since second quarter 2019. The largest change occurred in the Detroit New Center/Midtown Submarket with a \$3.00 psf increase in average asking rate (year-over-year). Pricing will likely remain stable in upcoming quarters.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT





## MARKET STATISTICS

SUBMARKET	TOTAL INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION (SF)	Q2 LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*
Airport District	1,967,779	84,000	48,374	6.7%	-2,724	-2,724	0	0	\$18.52
Ann Arbor	8,104,933	16,482	785,922	9.9%	-35,131	-138,236	733	0	\$21.58
Auburn Hills/Rochester	3,026,284	11,093	309,822	10.6%	45,235	7,252	4,480	0	\$22.65
Birmingham/Bloomfield	3,589,212	1,029	305,021	8.5%	-6,235	-12,111	6,813	0	\$27.64
Dearborn/Downriver	6,645,221	4,915	725,917	11.0%	-12,836	-7,303	0	0	\$19.37
Detroit CBD	17,092,793	7,954	1,991,291	11.7%	-44,577	-26,711	5,494	788,437	\$23.46
Detroit New Center/Midtown	5,759,337	1,034	428,782	7.5%	-63,697	95,051	0	0	\$25.86
Farmington Hills/Novi/West Bloomfield	11,754,913	83,918	1,301,243	11.8%	-17,403	-426,832	94,176	0	\$22.25
Lakes Area	781,000	0	95,748	12.3%	-15,689	-15,684	0	0	\$24.03
Livonia/Northville/Plymouth	5,709,032	9,000	531,138	9.5%	-14,404	10,256	27,060	0	\$16.82
Macomb County	5,293,824	3,000	462,176	8.8%	15,366	32,352	0	20,060	\$17.83
Pontiac	4,057,162	5,895	529,983	13.2%	-12,671	-84,113	6,561	0	\$19.25
Royal Oak	2,157,851	1,650	124,583	5.8%	9,950	17,571	4,672	0	\$19.54
Southfield/Bingham Farms	18,674,201	43,078	3,112,106	16.9%	134,826	445,414	96,093	55,000	\$18.56
The Pointes	474,514	0	69,539	14.7%	1,499	-24,609	0	0	\$18.50
Troy	13,896,893	89,950	2,053,539	15.4%	-49,881	-96,060	51,065	0	\$21.04
<b>DETROIT TOTALS</b>	<b>108,984,949</b>	<b>362,998</b>	<b>12,875,184</b>	<b>12.1%</b>	<b>-368,372</b>	<b>-226,487</b>	<b>297,147</b>	<b>863,497</b>	<b>\$20.29</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
26555 Northwestern Hwy	Southfield	Marelli	195,262	New Lease
3000 Town Center	Southfield	Plante Moran	133,816	New Lease
26400 Lahser Rd / 26200 Lahser Rd	Southfield	Eduvision	47,406	New Lease
31440 Northwestern Hwy	Farmington Hills/Novi/West Bloomfield	Faurecia	42,000	New Lease
755 W Big Beaver Rd	Troy	Champion Home Builders, Inc	19,624	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
18000 W 9 Mile Rd	Southfield	Real Ventures Southfield LLC / Epi Center LLC	241,396	\$2.5M / \$10
5430 Data Ct	Ann Arbor	Torchlight Investors / Ipanema Avis, LLC	89,184	\$7.7M / \$86
550 Stephenson Hwy	Troy	John Wernis / LREH Michigan LLC	69,899	\$6.3M / \$88
39395 W Twelve Mile Rd	Farmington Hills/Novi/West Bloomfield	Northern Equities Group / Channing Realty Advisors	44,083	\$6.7M / \$152
575 East Big Beaver	Troy	Credential Check Corporation / LREH Michigan LLC	36,000	\$3.7M / \$103

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