



14.4%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

-589.3K

Net Absorption, SF



\$20.80

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q1 2021

1.87M

Detroit Employment

YoY
Chg12-Mo.
Forecast

5.2%

Detroit
Unemployment Rate

6.0%

U.S.
Unemployment Rate

Source: BLS

Economy

The unemployment rate in Metro Detroit fell nearly 3% since December. At 5.2%, Metro Detroit's unemployment rate now sits below the national average of 6.0%, contrary to fourth quarter 2020 where the unemployment rate was nearly 170 basis points (bps) higher. In February, Michigan's unemployment rate hit its lowest mark since March 2020. While Detroit's job market is showing signs of recovery, the presence of COVID-19 is still felt by many. Uncertainty in the office market will likely remain high until a greater portion of the population is vaccinated and statewide cases of the virus show steady signs of reduction.

SUPPLY AND DEMAND

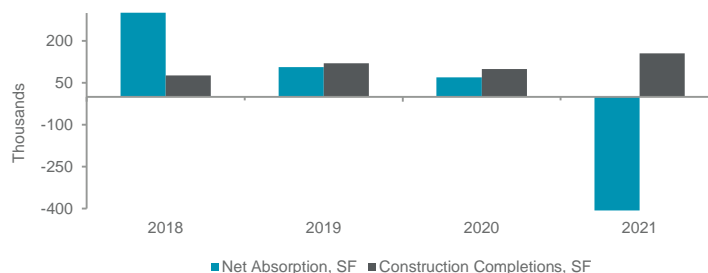
The supply of vacant available sublet space continued to increase in 2021, growing 3.4% from fourth quarter 2020 and over 47% from first quarter 2020. The current inventory of vacant available sublet office space in Metro Detroit is just over 730,000 square feet (sf). Metro Detroit had negative 589,272 square feet (sf) net absorption in first quarter 2021, down significantly from negative 83,407 sf in first quarter 2020. Not surprisingly, Detroit's Central Business District (CBD) suffered the greatest amount of negative absorption for the quarter at negative 144,634 sf. Other major office markets such as Troy and the I-96 corridor followed similar trends.

There was over 460,000 sf of office space leased in first quarter 2021, down from 1.6 million square feet (msf) in first quarter 2021. In a more positive light, the Detroit New-Center submarket posted the largest lease of the quarter with Strategic Staffing solutions leasing over 60,000 sf. Additionally, Olympia Development of Michigan completed 127,000 sf of new construction in Detroit New-Center with Boston Consulting Group and Warner, Norcross, & Judd each signing 29,000 sf leases.

PRICING

For the first time in nearly eight years, the overall average asking rate for first quarter 2021 displayed a quarter-over-quarter decrease at \$20.80 per square foot (psf), compared to \$20.88 psf in fourth quarter 2020. While the majority of Landlord's are holding firm on published rates, this decrease represents the first time Metro Detroit has observed the effects of COVID-19 on average overall pricing.

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)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*
Airport District	1,967,779	84,000	72,916	8.0%	-24,542	-24,542	0	0	N/A
Ann Arbor	8,247,742	17,381	906,615	11.2%	-13,709	-13,709	12,587	0	\$22.73
Auburn Hills/Rochester	3,403,761	62,852	354,951	12.3%	-21,631	-21,631	839	0	\$21.45
Birmingham/Bloomfield	3,662,600	25,245	706,374	10.6%	-19,552	-19,552	15,412	0	\$29.24
Dearborn/Downriver	6,577,639	6,018	1,106,435	16.9%	-158,975	-158,975	58,686	0	\$19.45
Detroit CBD	17,575,487	19,864	2,287,215	13.1%	-144,624	-144,624	6,673	788,437	\$27.73
Detroit New Center/Midtown	5,822,043	0	387,412	6.7%	193,540	193,540	2,173	0	\$28.03
Farmington Hills/Novi/West Bloomfield	11,987,520	79,610	1,406,016	12.4%	-164,010	-164,010	26,422	0	\$22.30
Lakes Area	803,833	0	86,037	10.7%	9,824	9,824	7,400	0	\$24.97
Livonia/Northville/Plymouth	5,697,074	80,648	860,691	16.5%	-110,779	-110,779	28,103	0	\$18.80
Macomb County	5,354,153	0	433,799	8.1%	27,818	27,818	34,529	0	\$18.39
Pontiac	3,575,469	4,990	628,401	17.7%	-1,573	-1,573	1,540	0	\$20.22
Royal Oak	2,053,851	6,462	120,115	6.2%	2,113	2,113	2,290	0	\$18.89
Southfield/Bingham Farms	18,527,510	168,705	3,358,073	19.0%	73,801	73,801	136,009	0	\$19.28
The Pointes	474,513	0	56,208	11.8%	2,605	2,605	2,136	0	N/A
Troy	14,064,934	171,300	2,361,154	18.0%	-239,578	-239,578	89,793	0	\$20.16
DETROIT TOTALS	109,795,908	727,075	15,834,242	14.4%	-589,272	-589,272	424,592	788,437	\$20.80

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3011 W Grand Blvd	Detroit New Center/Midtown	Strategic Staffing Solutions	60,596	New Lease
27555 Farmington Rd	Farmington Hills/Novi/West Bloomfield	Realcomp II Ltd	33,052	Renewal
1000 Town Center	Southfield/Bingham Farms	Evolution Gaming	16,927	New Lease
500 Stephenson Hwy	Troy	Synergy Health	13,722	New Lease

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
31275 Northwestern Hwy	Farmington Hills/Novi/West Bloomfield	Carson Equities / John Hallquist	60,200	\$5.7M / \$95
625 Avis Dr	Ann Arbor	Undisclosed	48,000	\$3.1M / \$65

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