



15.2%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

-511K

YTD Net Absorption, SF



\$20.84

Asking Rent, PSF



(Overall, All Property Classes)

Stats above not reflective of U.S. MarketBeat Tables

ECONOMIC INDICATORS
Q3 2022

2.1M

Detroit Employment

YoY
Chg12-Mo.
Forecast

4.0%

Detroit
Unemployment Rate

3.5%

U.S.
Unemployment Rate

Source: BLS

ECONOMIC OVERVIEW

Based on the Bureau of Labor Statistics (BLS), the unemployment rate in Detroit was 5.7% in Q3 2021 but decreased to just 4.0% as of Q3 2022. Local unemployment remains above the national rate of 3.5%, maintaining the trend for the fourth consecutive quarter.

The University of Michigan estimates Detroit's economy to remain stable despite national economic turbulence. Information indicates that most of the real economic activity, mainly the civilian labor force and unemployment, will continue to be robust throughout the year. Another indicator showcasing Detroit's economic stability is the growth in Detroit development projects, for which the City of Detroit has seen a total of \$83.8M in approved grants to fund real estate rehabilitation and infrastructure projects. Also of note, General Motor's CEO recently confirmed that its headquarters will remain in downtown Detroit.

SUPPLY AND DEMAND

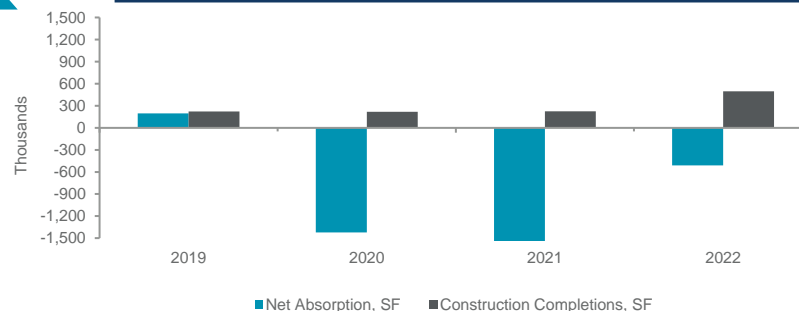
After reaching 14.0% in Q2, direct vacancy (which excludes sublease vacancy) in the Greater Detroit office market decreased by 30 basis points (bps) to 13.7% in Q3 2022. While slightly lower than the prior quarter, vacancy was also 50 bps higher on a year-over-year (YOY) basis. Newly vacant space totaling 422,437 square feet (sf) at 2025 Woodward Ave in the Detroit Central Business District (CBD) submarket was the largest vacancy added throughout the quarter and was a primary driver of the CBD office market's roughly 20.0% increase in vacant space YOY. When combined, overall vacancy (direct plus sublease vacancy) increased from 14.2% in Q3 2021 to 15.2% in Q3 2022.

Though marking a ten-quarter streak of negative overall net absorption, Q3 saw just negative 32,094 sf in net absorption for the quarter. This brought the year-to-date (YTD) total to negative 511,325 sf. Of 18 total office submarkets, six experienced positive YTD overall net absorption. Leading the way was the Detroit CBD submarket which recorded 320,476 sf of positive net absorption YTD including 180,020 sf of that total occurring in Q3.

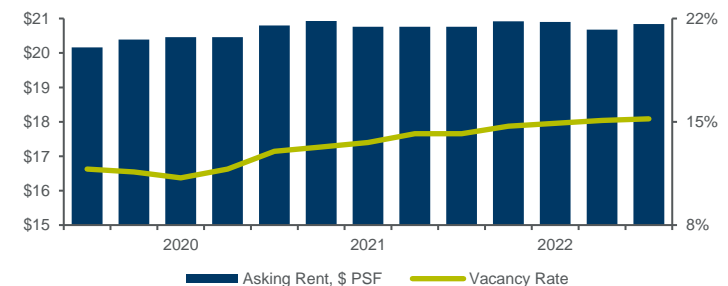
PRICING

Across all categories, the overall average asking rental rate was \$20.84 per square foot (psf) gross in Q3 2022, an increase of 38 bps over the prior year. Detroit CBD asking rents decreased by 11.0% YOY to \$24.39 psf gross in Q3 2022.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	TOTAL INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	CLASS A ASKING RENT
Detroit CBD	17,256,324	317,226	1,711,439	11.8%	320,476	0	\$24.39	\$32.00
Airport District	1,914,997	21,473	70,192	4.8%	86,724	0	\$19.04	\$25.00
Ann Arbor CBD	4,359,648	131,484	645,282	17.8%	-334,819	0	\$27.70	\$30.00
Ann Arbor Non-CBD	3,709,997	6,592	514,718	14.1%	-11,190	0	\$24.81	\$32.52
Auburn Hills/Rochester Hills	3,224,040	35,441	337,826	11.6%	129,776	13,349	\$19.94	\$21.16
Birmingham/Bloomfield	4,301,567	7,984	441,789	10.5%	-4,690	22,485	\$28.43	\$29.68
Dearborn/Downriver	6,266,965	0	1,061,956	16.9%	151,141	0	\$19.51	\$20.12
Detroit New Center/Midtown	5,613,648	1,926	237,823	4.3%	-8,994	206,000	\$28.15	\$29.04
Farmington Hills/Novi/West Bloomfield	11,014,475	91,352	1,296,476	13.5%	-25,659	40,042	\$21.63	\$23.53
Lakes Area	812,133	0	94,613	11.6%	-7,490	0	\$25.51	\$31.52
Livonia	3,879,425	79,744	657,949	19.0%	-110,040	0	\$18.95	\$22.00
Macomb County	5,599,379	0	748,874	13.4%	-133,367	92,275	\$19.74	\$24.55
Plymouth/Northville	1,791,066	102,710	160,309	14.7%	14,811	0	\$20.70	N/A
Pontiac	3,832,056	46,029	581,167	16.4%	-89,640	0	\$23.68	\$24.48
Royal Oak	2,010,747	4,812	153,566	7.7%	33,537	50,000	\$17.74	N/A
Southfield/Bingham Farms	17,866,877	305,211	3,618,883	22.0%	-281,192	0	\$19.30	\$22.98
The Pointes	496,313	0	67,474	13.6%	-11,266	0	\$18.18	N/A
Troy	14,306,458	461,762	2,385,579	19.9%	-229,443	0	\$19.94	\$20.41
DETROIT TOTALS	108,256,115	1,613,746	14,785,915	15.2%	-511,325	424,151	\$20.84	\$24.70

*Rental rates reflect full service asking | Stats are not reflective of U.S. MarketBeat Tables

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
36455 & 36555 Corporate Dr	Farmington Hills/Novi/West Bloomfield	Comerica Bank	273,830	New Lease
39550 Orchard Hill Pl	Farmington Hills/Novi/West Bloomfield	Autosystems America, Inc.	91,708	New Lease
38695 7 Mile Rd	Livonia	Siemens PLM	46,564	Renewal
27000 Hills Tech Ct	Oakland Southwest	Lordstown Motors Corp	33,345	New Lease

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
6900 Orchard Lake Rd	Farmington Hills/Novi/West Bloomfield	Seavest, LLC / Big Sky Medical	149,000	\$64.5M / \$432
2630 Featherstone Rd	Auburn Hills/Rochester Hills	Thomas M. Cooley Law School / Fanuc America Corporation	132,745	\$18.5M / \$139
34705 W 12 Mile Rd	Farmington Hills/Novi/West Bloomfield	Moses Rabinowitz / Ashley Capital, LLC	117,998	\$15.9M / \$134

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