



17.9%

Vacancy Rate

YoY  
Chg12-Mo.  
Forecast

-805K

YTD Net Absorption, SF



\$19.75

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS  
Q4 2022

2.1M

Detroit Employment

YoY  
Chg12-Mo.  
Forecast

3.6%

Detroit  
Unemployment Rate

3.7%

U.S.  
Unemployment Rate

Source: BLS, Moody's Analytics

## ECONOMIC OVERVIEW

According to the Bureau of Labor Statistics, the Detroit metro area's unemployment rate fell to 3.6% at year-end, a 60 basis point (bps) improvement year-over-year (YOY). Following the broader metro region's strength, the City of Detroit is boasting its lowest unemployment rate since the year 2000 at 6.4%.

Detroit's unemployment recovery is great news for a region that is emerging from its troubled economic past. According to the Mayor's office, Detroit's employment revival can be attributed to the city's efforts in boosting city job programs like JumpStart and Detroit at Work. Amongst the roughly 10,000 jobs in Detroit proper, large employers which are actively hiring are Amazon and Ford Motor Companies, as well as a recovering hospitality and service industry.

## SUPPLY AND DEMAND

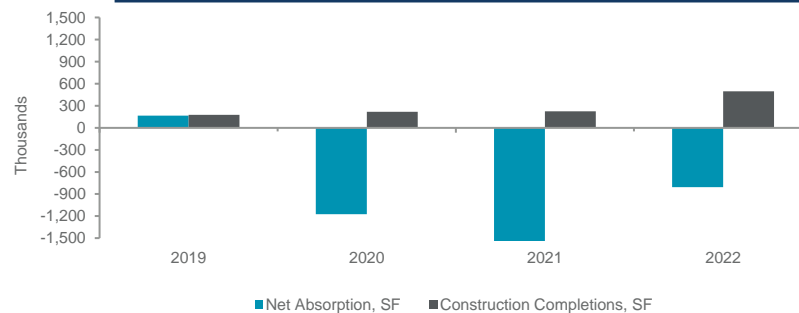
Metro Detroit recorded 383,540 square feet (sf) of new leasing activity during Q4 2022, a decrease of 540,172 sf from the prior quarter, bringing year-to-date (YTD) leasing to 2.0 million square feet (msf). As compared to Q4 2021, leasing activity recorded 1.1 msf, a 65.9% decrease YOY. For Q4 2022, one of the largest lease renewal transactions was inked by Fiserv, Inc. at 5600 Crooks Rd in the Troy submarket.

Continuing an eleven-quarter streak of negative overall net absorption, Q4 2022 experienced negative 238,665 sf in net absorption. This activity brought the YTD total to negative 805,468 sf. Of 19 tracked office submarkets, nine experienced positive YTD overall net absorption. Leading the way was the Detroit Central Business District (CBD) submarket which recorded 300,956 sf of positive net absorption. Overall vacancy increased by 190 bps YOY and 130 bps quarter-over-quarter (QOQ). A significant amount of vacant space can be attributed to the significant exodus from large office space in search of reduced square footage, for instance, the Renaissance Center Towers are credited to have more than half of downtown Detroit's empty office space, per Crain's Detroit.

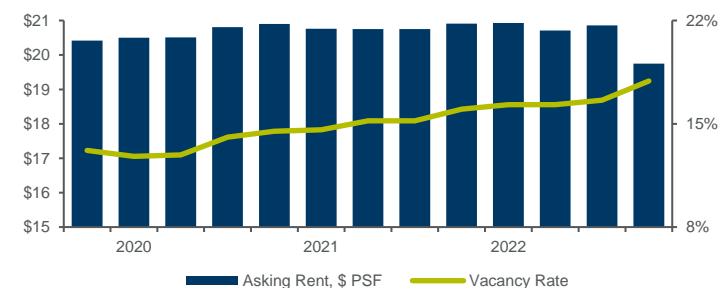
## PRICING

Across all categories, the overall average asking rental rate was \$19.75 per square foot (psf) gross in Q4 2022, a decrease of 550 bps over the prior year. Detroit CBD asking rents decreased by 15.2% YOY to \$23.32 psf gross in Q4 2022.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; 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)*	OVERALL AVG ASKING RENT (CLASS A)*
Detroit CBD	17,283,523	338,260	2,307,340	15.3%	300,956	432,600	\$23.32	\$32.00
Airport District	1,401,306	21,473	133,462	11.1%	86,724	0	\$16.32	\$25.00
Ann Arbor CBD	4,017,242	42,077	574,414	15.3%	-351,917	0	\$31.52	\$35.32
Ann Arbor Non-CBD	3,314,302	6,592	397,707	12.2%	37,408	0	\$21.48	\$33.50
Auburn Hills/Rochester Hills	2,965,900	219,523	510,511	24.6%	-289,132	0	\$17.44	\$20.48
Birmingham	2,132,273	1,075	107,854	5.1%	-2,525	0	\$30.53	\$35.56
Bloomfield	1,570,284	500	208,166	13.3%	49,058	0	\$25.15	\$23.67
Dearborn/Downriver	5,091,412	0	1,053,433	20.7%	111,786	0	\$17.28	\$18.29
Detroit New Center/Midtown	5,724,811	1,926	422,941	7.4%	17,895	0	\$25.38	\$26.47
Farmington Hills/Novi/West Bloomfield	10,535,981	102,311	1,712,595	17.2%	-96,890	26,028	\$19.30	\$20.63
Clarkston & Waterford Area	698,925	0	70,850	10.1%	13,314	0	\$26.35	\$30.00
Livonia	3,707,369	71,940	865,304	25.3%	-133,353	0	\$18.46	\$22.00
Macomb County	4,627,970	0	387,602	8.4%	-137,174	92,275	\$17.92	\$23.63
Plymouth/Northville	1,521,984	5,745	101,520	7.0%	113,962	0	\$19.47	N/A
Pontiac	3,526,226	49,084	530,099	16.4%	-109,825	0	\$15.43	\$23.04
Royal Oak	1,876,437	0	172,667	9.2%	-77,703	50,000	\$15.71	N/A
Southfield/Bingham Farms	17,661,214	219,342	4,248,944	25.3%	-121,700	0	\$17.87	\$21.52
The Pointes	433,063	0	49,735	11.5%	-4,252	0	\$29.00	N/A
Troy	12,965,954	351,140	2,830,871	24.5%	-212,100	0	\$19.82	\$21.34
<b>DETROIT TOTALS</b>	<b>101,056,176</b>	<b>1,430,988</b>	<b>16,686,015</b>	<b>17.9%</b>	<b>-805,468</b>	<b>600,903</b>	<b>\$19.75</b>	<b>\$24.67</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5600 Crooks Rd	Troy	Fiserv Inc.	34,267	Renewal
27777 Franklin Rd	Southfield/Bingham Farms	Citizens Financial Group	19,730	Renewal
3221 W Big Beaver Rd	Troy	Total Quality Logistics	12,234	Renewal

## KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
27400 Northwestern Hwy	Southfield/Bingham Farms	Friedman Real Estate / Inland Real Estate Group	125,000	\$5.8 M / \$46.80
295 Kirts Blvd	Troy	Kelly Services, Inc. / Cypress Partners	99,000	\$5.9 M / \$60.10
44000 Garfield Rd	Macomb County	Monahan Development / National Realty Centers	63,350	\$5.0 M / \$78.67

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