

	YoY Chg	12-Mo. Forecast
<b>19.9%</b> Vacancy Rate	▲	▲
<b>-3.0M</b> YTD Net Absorption, SF	▼	▼
<b>\$19.69</b> Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

### ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
<b>2.0M</b> Detroit Employment	▲	▲
<b>3.1%</b> Detroit Unemployment Rate	▼	▲
<b>3.7%</b> U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics

### MICHIGAN ECONOMIC OVERVIEW

Based on the Bureau of Labor Statistics, Metro Detroit unemployment rate remained at 3.1%, based on a quarter-over-quarter (QOQ) basis. Local unemployment was lower than the national rate of 3.7% for the fourth consecutive quarter.

JPMorgan Chase highlighted Detroit on how to “show other cities how to bounce back.” With over \$200 million invested over the last ten years, Chase has worked with local governments, community leaders and small business owners to help stimulate the Greater Detroit economy. The revitalization of Detroit is so impactful, that Chase even published a playbook titled, *Lessons Learned from 10 Years of Investment in Detroit*, helping to rethink social impact strategies and the use of financial expertise. Currently, Detroit is experiencing the lowest unemployment rate in decades and a 23.0% rise in household income over the past ten years.

### SUPPLY AND DEMAND: Negative net absorption and higher vacancy persists in the office market

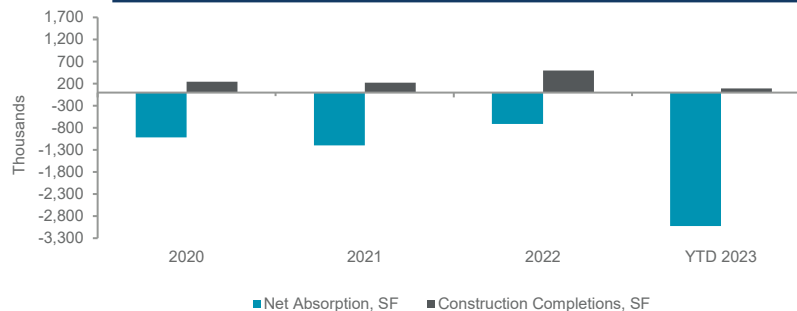
After multiple recent quarters increasing 20 basis points (bps) or more, the overall office vacancy rate in Greater Detroit increased to 19.9% in Q3 2023, a 20 bps increase since the prior quarter. The market saw a 460 bps change on a year-over-year (YOY) basis. Of the 20.3 million square feet (msf) vacant across the market, nearly 2.4 msf was available for sublease, a segment of the market that continues to grow QOQ. Overall, a significant majority of vacant space was in Class B buildings (11.4 msf) versus Class A buildings (7.9 msf).

Continuing a fourteen-quarter streak of negative overall net absorption, Q3 2023 registered nearly 621,000 square feet (sf) in negative overall net absorption, the least amount of negative absorption of 2023, totaling to a negative 3.0 msf year-to-date (YTD). No construction was completed in Q3 2023. At the PNC Center in Troy, the Dinsmore Law Firm leased over 19,000 sf, while TKS Industrial renewed nearly 12,000 sf of office space in the North Troy Corporate Park building. Most leased office spaces in Greater Detroit ranged from 1,500 sf to 8,000 sf. Aside from absorption, Q3 2023 leasing activity in Metro Detroit recorded a slow pace at 423,000-sf of new leasing activity, the lowest amount of leasing activity for 2023. Leasing activity is often an indicator of future positive net absorption in later quarters.

### PRICING: Asking rents remain steady in Q3

Across all categories, the overall average asking rental rate was \$19.69 per square foot (psf) gross in Q3 2023, an increase of 2.3% YOY and a slight decrease of 30 bps over the prior quarter.

### 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 (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Detroit CBD	17,619,402	278,562	3,392,141	20.8%	-91,800	-803,147	432,600	\$22.43	\$32.00
Airport District	1,401,306	0	66,964	6.3%	-21,314	-21,314	0	\$12.24	\$17.00
Ann Arbor CBD	4,060,242	88,805	389,930	11.8%	49,182	2,043	0	\$27.93	\$30.08
Ann Arbor Non-CBD	3,326,626	146,589	505,703	19.6%	-30,438	-355,259	0	\$23.73	\$31.44
Auburn Hills/Rochester Hills	2,971,887	219,768	539,626	25.2%	-2,581	-56,553	0	\$17.45	\$19.35
Birmingham	2,132,273	0	167,547	7.9%	-52,314	-79,190	0	\$33.05	\$34.39
Bloomfield	1,570,284	0	227,034	14.5%	-2,075	-37,354	0	\$24.41	\$24.73
Dearborn/Downriver	5,091,418	0	824,645	16.2%	11,198	-135,310	0	\$17.56	\$19.91
Detroit New Center/Midtown	5,799,811	1,926	431,508	7.5%	-113,947	-119,838	206,000	\$26.13	\$26.64
Farmington Hills/Novi/West Bloomfield	10,762,009	218,306	1,581,321	16.7%	88,280	183,648	0	\$19.13	\$20.97
Clarkston & Waterford Area	698,925	0	106,167	15.2%	2,226	-37,351	0	\$26.18	\$30.00
Livonia	3,760,191	222,006	868,926	29.0%	-35,180	-156,444	0	\$17.64	\$22.00
Macomb County	4,695,245	0	400,660	8.5%	6,247	52,554	25,000	\$18.90	\$23.85
Plymouth/Northville	1,521,984	5,745	89,774	6.3%	5,780	5,986	0	\$18.11	\$23.50
Pontiac	3,469,226	49,202	543,499	17.1%	-42,448	-29,594	0	\$22.16	\$22.48
Royal Oak	1,901,472	0	160,391	8.4%	-11,206	-1,002	50,000	\$21.45	\$28.00
Southfield/Bingham Farms	17,581,473	644,154	4,399,533	28.7%	-278,128	-949,718	0	\$17.43	\$20.59
The Pointes	433,063	0	47,108	10.9%	2,627	2,627	0	\$29.00	N/A
Troy	13,246,144	367,187	3,268,098	27.4%	-104,647	-490,026	0	\$19.31	\$19.53
<b>DETROIT TOTALS</b>	<b>102,042,981</b>	<b>2,263,723</b>	<b>17,998,857</b>	<b>19.9%</b>	<b>-620,538</b>	<b>-3,025,242</b>	<b>713,600</b>	<b>\$19.69</b>	<b>\$20.68</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
755 Big Beaver Rd W	Troy	Dinsmore	19,400	New Lease
901 Tower Dr	Troy	TKS Industrial	11,582	Renewal
38505 Woodward Ave	Bloomfield	RBC Capital Markets	9,104	Renewal

## KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
39200 Six Mile Rd	Livonia	Markus Management Group / Comerica Bank	382,364	\$21.1 M / \$55.18
17320 Twelve Mile Rd W	Southfield/Bingham Farms	Undisclosed / Eric Siegel	53,212	\$5.8 M / \$109.99
42700 Garfield Rd	Macomb County	Remedy Investments, LLC / Garfield Office, LLC	50,265	\$16.2 M / \$321.30

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