MARKETBEAT
DETROIT
OFFICE Q3 2024

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
21.8% Vacancy Rate	▲	▲
-2.4M YTD Net Absorption, SF	▼	▼
$20.23 Asking Rent, PSF	▲	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.0M Detroit Employment	▲	▲
4.5% Detroit Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▼

Source:BLS

MICHIGAN ECONOMIC OVERVIEW

The unemployment rate in Metro Detroit climbed 70 basis points (bps) over the past year from 3.8% in Q3 2023 to 4.5% as of Q3 2024. Local unemployment trails the national rate of 4.1%.

Many of the state's top CEO's expect Michigan's economy to remain stable for the remainder of 2024. The most recent survey released by *Business Leaders for Michigan* show 73.0% of CEO's expect the state's economy to stay unchanged. Additionally, 51.0% of respondents expect their company revenues to increase by year-end.

SUPPLY AND DEMAND: INCREASED VACANCY PERSISTS IN Q3

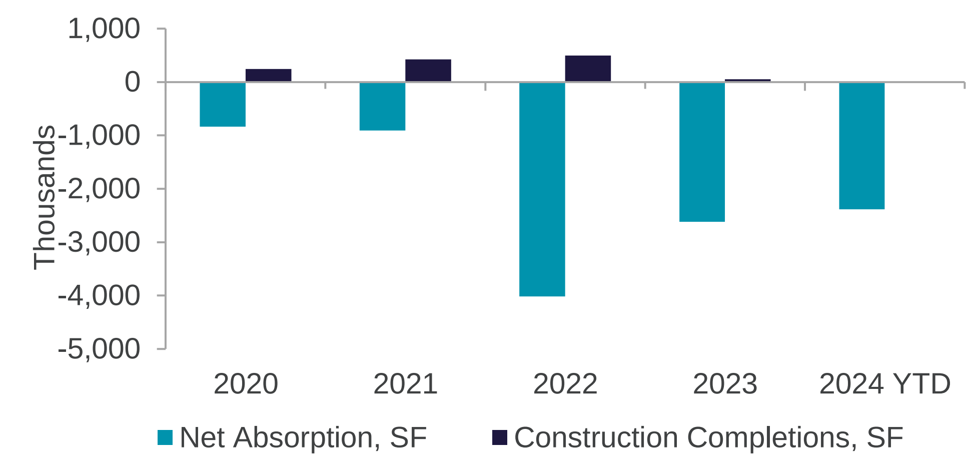
Metro Detroit's office vacancy rate increased on a quarter-over-quarter (QOQ) basis in nine of the past ten quarters. Following a slight vacancy increase between Q1 and Q2, vacancy increased by 130 bps in the third quarter of 2024 to 21.8%. Vacancy has now exceeded the 20.0% threshold for the third consecutive quarter. Of the 22.2 million square feet (msf) vacant across the market, 1.6 msf was available for sublease, which increased by 6.3% year-over-year (YOY).

Similar to the vacancy rate, overall net absorption was negative in nine of the last ten quarters. Net absorption in Q3 2024 was negative 1.4 msf, which brought the year-to-date (YTD) absorption to negative 2.4 msf. Notable new full-building vacancies in the third quarter included 210,000 sf at 1075 West Entrance Drive and 160,000 sf at 27300 West 11 Mile Road. Apart from absorption, Q3 2024 new leasing activity was 560,000 sf, a 13.8% increase YOY. Leasing activity is an indicator of future quarterly net absorption. The largest lease signed this quarter was in Southfield/Bingham Farms, where Crescent Academy leased 66,000 sf at the Lahser Center II on Lahser Road.

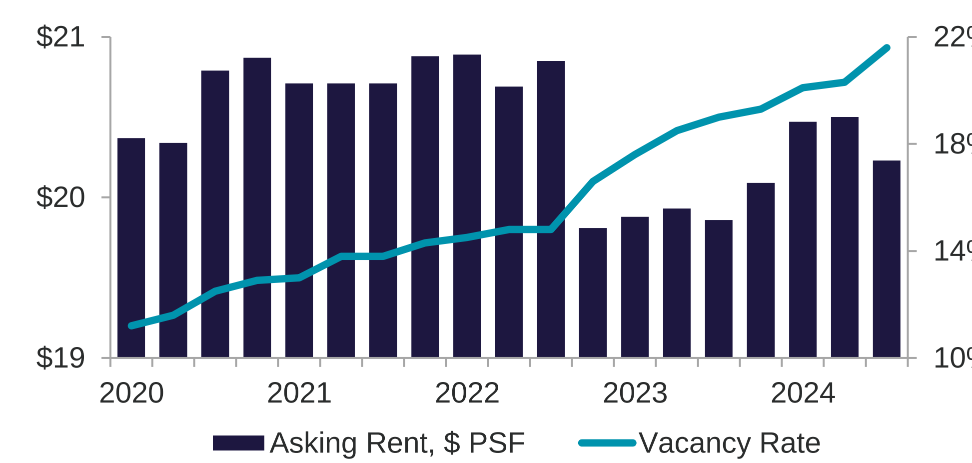
PRICING: ASKING RATES SLIGHTLY INCREASED YOY

Across all categories, the overall asking rental rate was $20.23 per square foot (psf) gross in Q3 2024, an increase of 1.9% YOY, but a slight decrease over the prior quarter.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	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	17,775,269	250,268	3,784,414	22.7%	-47,461	-373,956	432,600	$24.33	$30.00
Airport District	1,401,306	0	461,256	32.9%	0	0	0	$10.00	N/A
Ann Arbor CBD	4,060,242	79,087	454,100	13.1%	-15,333	-94,545	0	$27.23	$35.00
Ann Arbor Non-CBD	3,331,791	133,786	521,082	19.7%	10,011	-64,357	0	$22.55	$28.00
Auburn Hills/Rochester Hills	3,352,184	112,993	878,892	29.6%	-414,706	-477,473	0	$19.36	$19.79
Birmingham	2,132,283	0	230,227	10.8%	-8,263	-51,380	42,000	$34.01	$38.87
Bloomfield	1,570,284	1,391	234,949	15.1%	3,909	-2,131	0	$24.19	$25.95
Dearborn/Downriver	4,905,401	2,104	795,587	16.3%	-8,141	-38,999	0	$18.14	$18.00
Detroit New Center/Midtown	5,799,811	16,503	517,414	9.2%	-3,821	-7,729	206,000	$24.85	$25.54
Farmington Hills/Novi/West Bloomfield	10,775,822	119,724	1,930,114	19.0%	-80,069	-203,596	0	$20.06	$21.65
Clarkston & Waterford Area	673,240	0	100,950	15.0%	-1,772	-478	0	$24.01	$23.50
Livonia	3,764,492	4,326	1,098,725	29.3%	-127,088	-214,019	0	$17.11	$22.00
Macomb County	4,673,057	7,711	495,393	10.8%	2,913	-79,640	25,000	$18.33	$21.94
Plymouth/Northville	1,521,984	0	64,868	4.3%	-1,904	-352	0	$18.39	$23.50
Pontiac	3,289,666	12,811	502,226	15.7%	-7,214	-8,000	0	$21.32	$20.59
Royal Oak	1,951,472	6,977	133,115	7.2%	-2,155	19,173	0	$21.69	$28.00
Southfield/Bingham Farms	17,840,320	534,706	5,199,122	32.1%	-661,417	-775,849	0	$17.40	$19.58
The Pointes	433,063	0	34,781	8.0%	0	1,900	0	N/A	N/A
Troy	13,244,020	272,197	3,181,603	26.1%	1,120	-27,451	0	$20.01	$20.78
DETROIT TOTALS	**102,495,697**	**1,554,584**	**20,618,818**	**21.6%**	**-1,361,391**	**-2,383,424**	**705,600**	**$20.23**	**$25.00**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2024

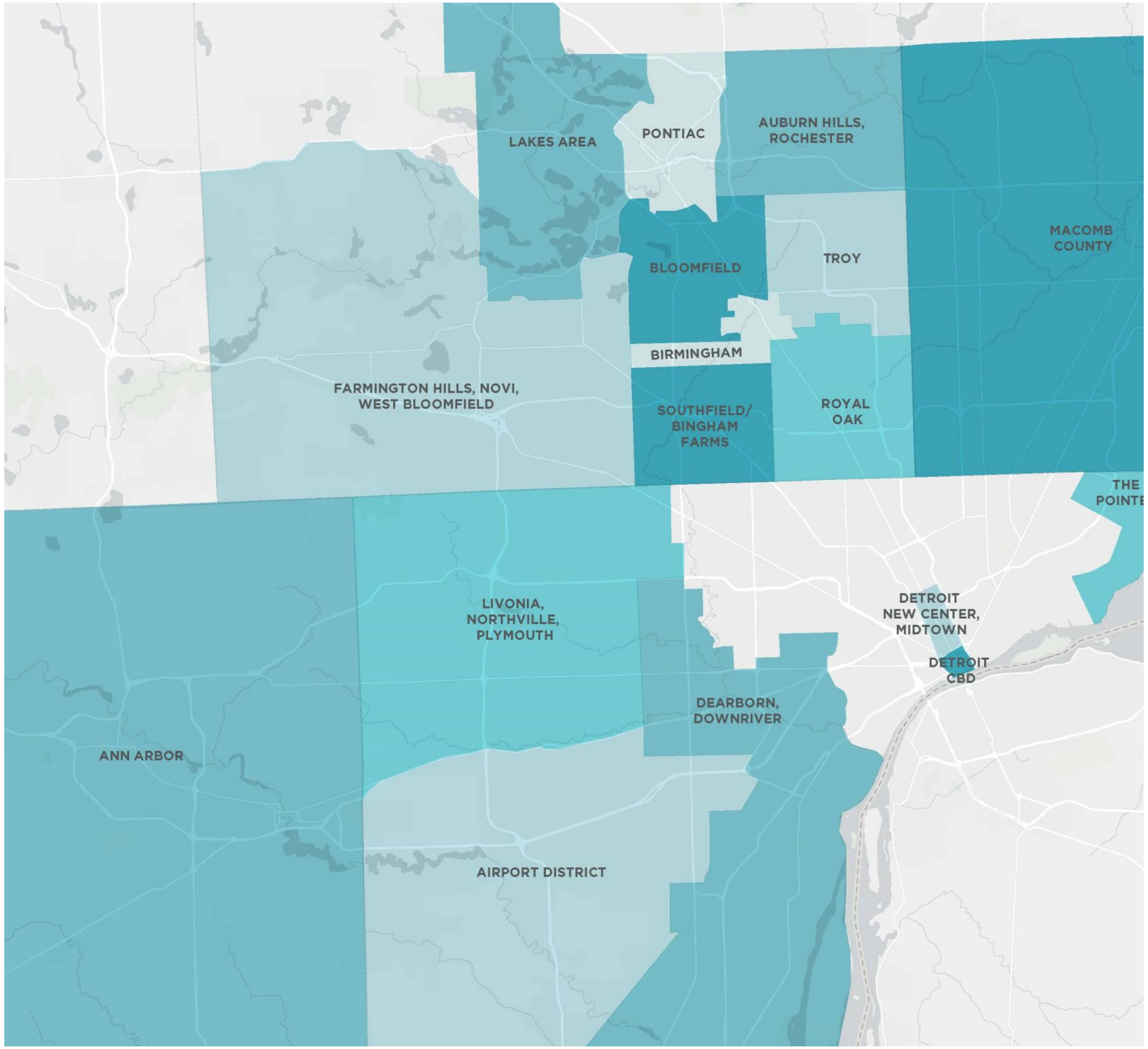
PROPERTY	SUBMARKET	TENANT	SF	TYPE
26200 Lahser Road	Southfield/Bingham Farms	Crescent Academy	66,000	New Lease
50 W. Big Beaver Road	Troy	Capital Home Mortgage	44,336	New Lease
1000 Oakbrook Drive	Ann Arbor CBD	University of Michigan	29,102	New Lease

**Renewals not included in leasing statistics*

KEY SALE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
20255 Victor Parkway & 19975 Victor Parkway	Livonia	ARC VCLIVMI001, LLC / Friedman Real Estate	276,448	$4.5M / $16.28
3551 Hamlin Road	Auburn Hills/Rochester Hills	N/A	209,596	$2.1M / $10.02
28333 Telegraph Road	Southfield/Bingham Farms	H.N. & Frances C. Berger Foundation / Volunteers of America	176,762	N/A

OFFICE SUBMARKETS



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