

**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>22.0%</b> Vacancy Rate	▲	▲
<b>-3.1M</b> YTD Net Absorption, SF	▼	▼
<b>\$20.16</b> Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▬

**ECONOMIC INDICATORS**

	YOY Chg	Outlook
<b>2.0M</b> Detroit Employment	▲	▲
<b>4.8%</b> Detroit Unemployment Rate	▲	▲
<b>4.2%</b> U.S. Unemployment Rate <i>Source: BLS</i>	▲	▲

**MICHIGAN ECONOMIC OVERVIEW**

The unemployment rate in Metro Detroit climbed 80 basis points (bps) over the past year from 4.0% in Q4 2023 to 4.8% in Q4 2024. The local unemployment rate remained below the national level of 4.2%.

Despite a recent rise in Michigan's unemployment rate due to economic headwinds, the *University of Michigan Research Seminar in Quantitative Economics* forecasts job growth in 2025 and 2026. This optimistic outlook suggests that Michigan's economy is expected to rebound, driven by the anticipated Federal Reserve reductions in interest rates and tax cuts in the coming years.

**SUPPLY AND DEMAND**

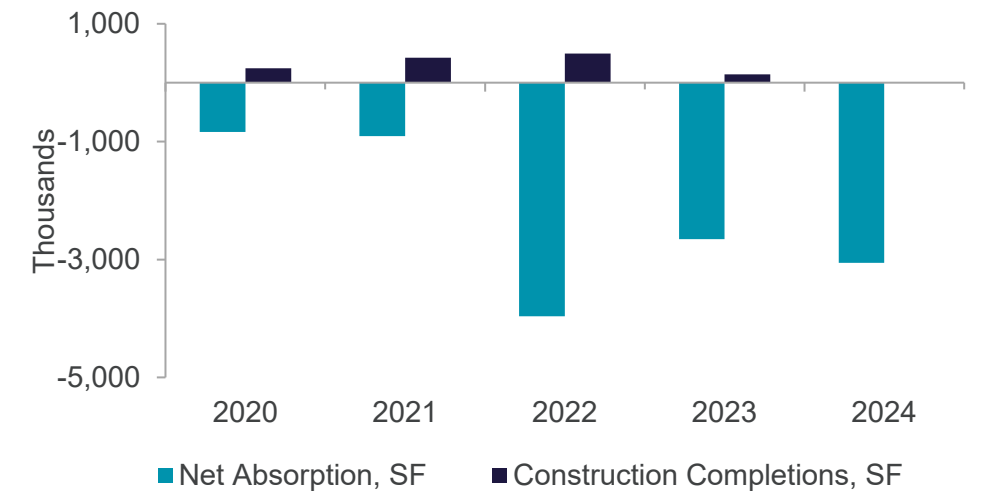
Vacancy has increased each of the past 10 quarters and is unlikely to fall anytime soon. After posting a 19.0% in Q4 2023, the overall vacancy rate increased by 300 bps to 22.0% in Q4 2024. While vacancy increases were widespread, vacancy doubled in the Auburn Hills/Rochester Hills submarket on a year-over-year (YOY) basis. Of the 22.6 million square feet (msf) vacant across the market, 1.6 msf was available for sublease. YOY sublease vacancy increased by 13.1%.

Overall net absorption was negative in ten of the last eleven quarters, Q4 2024 net absorption was one of the least negative quarters in 2024 at -428,000 square feet (sf). In the Troy submarket, Alliance Mobile and Public Risk Group moved into a combined 25,000 sf at the Long Lake Crossing Campus near I-75. This brought the submarket's overall net absorption to 21,000 sf for Q4. Full-year 2024 absorption was negative 3.1 msf. The suburban Southfield/Bingham submarket (-812,000 sf) alone accounted for more than one-quarter of the total negative absorption. Apart from absorption, full-year 2024 new leasing activity was 2.6 msf, a 19.4% increase YOY. Leasing activity is an indicator of future quarterly net absorption.

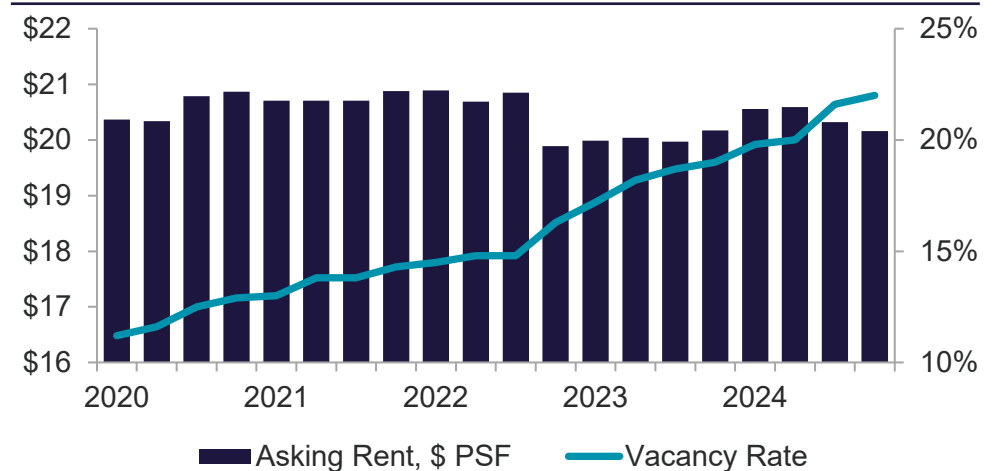
**PRICING**

Across all categories, the overall asking rental rate was \$20.16 per square foot (psf) gross in Q4 2024, which was less than a 1.0% decrease over the prior year. YOY asking rents increased 7.5% in the Detroit CBD submarket, while Detroit New Center/Midtown saw a drop of 9.7%.

**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	17,793,904	300,850	3,867,213	23.4%	-111,035	-462,259	432,600	\$24.09	\$30.00
Airport District	1,401,306	0	415,606	29.7%	0	0	0	N/A	N/A
Ann Arbor CBD	4,052,774	79,087	470,759	13.6%	-26,870	-112,453	0	\$27.68	\$34.00
Ann Arbor Non-CBD	3,333,462	133,786	531,694	20.0%	-9,084	-74,364	0	\$22.56	\$28.00
Auburn Hills/Rochester Hills	3,346,197	114,793	924,473	31.1%	-62,925	-548,253	0	\$19.40	\$19.50
Birmingham	2,132,273	0	240,004	11.3%	-9,107	-61,157	42,000	\$34.03	\$39.35
Bloomfield	1,570,284	1,391	234,986	15.1%	-37	-2,168	0	\$23.47	\$25.46
Dearborn/Downriver	4,928,801	2,104	895,565	18.2%	-107,110	-146,109	0	\$18.28	\$17.04
Detroit New Center/Midtown	5,771,980	16,503	509,763	9.1%	-8,783	-1,054	206,000	\$22.58	\$25.69
Farmington Hills/Novi/West Bloomfield	10,780,086	121,118	1,905,661	18.8%	-1,183	-204,813	0	\$18.93	\$21.60
Clarkston & Waterford Area	673,240	0	97,732	14.5%	1,100	622	0	\$24.01	\$23.50
Livonia	3,775,118	0	988,772	26.2%	7,211	-223,302	0	\$17.41	\$22.00
Macomb County	4,683,322	7,711	488,266	10.6%	-7,012	-86,425	25,000	\$18.73	\$22.24
Plymouth/Northville	1,521,984	0	65,966	4.3%	0	-352	0	\$18.40	\$23.50
Pontiac	3,358,886	14,280	536,988	16.4%	-37,080	-42,814	0	\$21.42	\$20.59
Royal Oak	1,977,070	6,977	164,199	8.7%	-24,200	-12,677	0	\$23.01	\$28.00
Southfield/Bingham Farms	17,846,633	516,261	5,240,111	32.3%	-52,482	-811,628	0	\$17.55	\$19.85
The Pointes	433,063	0	34,781	8.0%	0	1,900	0	N/A	N/A
Troy	13,276,545	259,183	3,426,101	27.8%	20,844	-269,180	0	\$19.92	\$20.51
<b>DETROIT TOTALS</b>	<b>102,656,928</b>	<b>1,574,044</b>	<b>21,038,640</b>	<b>22.0%</b>	<b>-427,753</b>	<b>-3,056,485</b>	<b>705,600</b>	<b>\$20.16</b>	<b>\$25.00</b>

\*Rental rates reflect full service asking

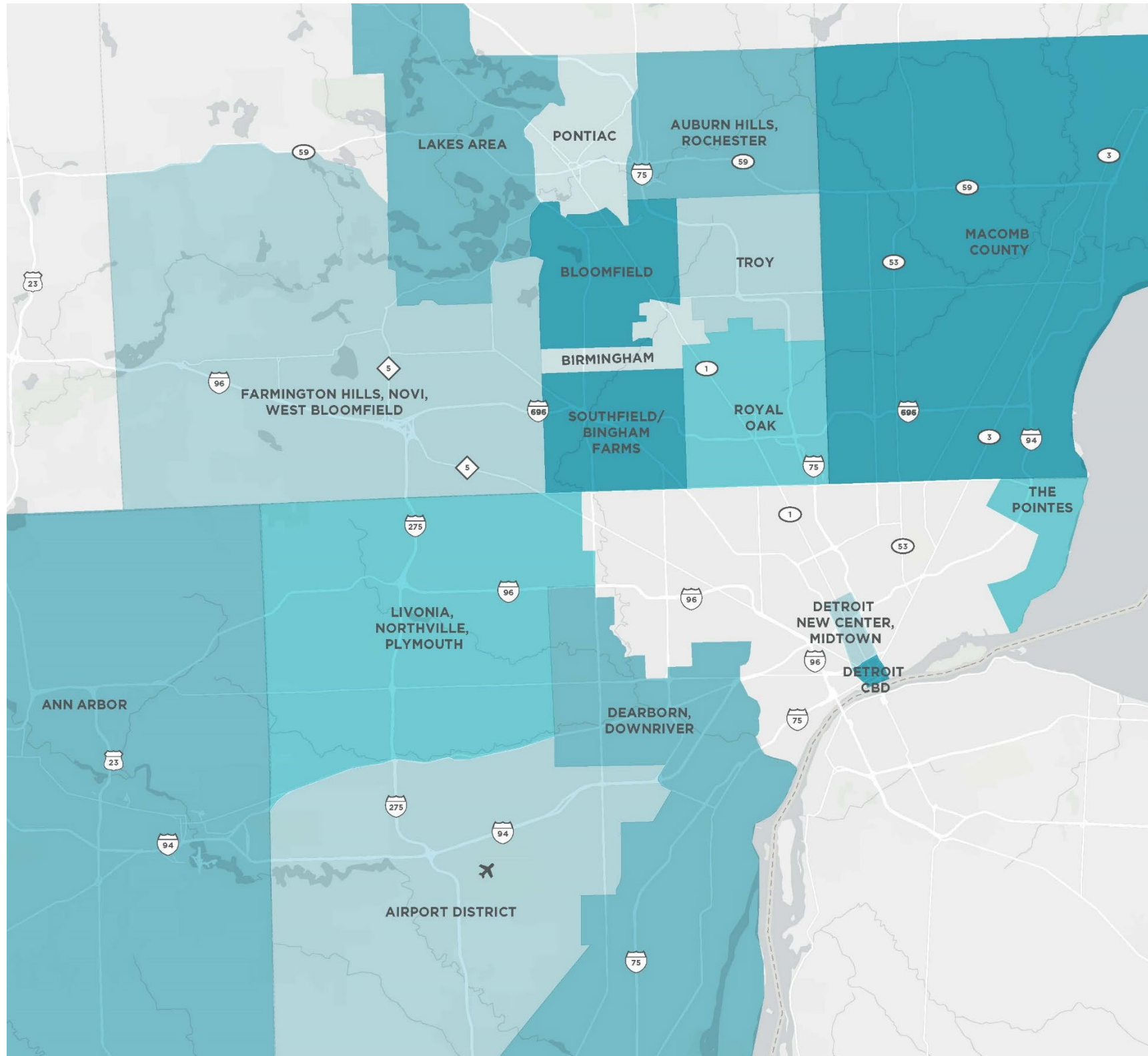
KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
31440 Northwestern Highway	Farmington Hills/Novi/West Bloomfield	Kirk Gibson Foundation	40,668	Sublease
500 Stephenson Highway	Troy	Better Mortgage	12,000	New Lease
31440 Northwestern Highway	Farmington Hills/Novi/West Bloomfield	Amentum Technology Inc.	9,004	New Lease

KEY SALE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
290 Town Center Drive & 330 Town Center Drive	Dearborn/Downriver	Ford Motor Land Development / Epicentre LLC	336,934	\$4.5M / \$13.36
17475 Federal Drive	Dearborn/Downriver	Ford Motor Land Development / Southgate Properties	45,138	\$3.7M / \$81.25
30840 Northwestern Highway	Dearborn/Downriver	Premier Property Advisors LLC / Specialty Property Group LLC	44,339	\$2.7M / \$61.00

OFFICE SUBMARKETS



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