



METROPOLITAN
DETROIT
MARKET

OFFICE
Q3 2021
MARKET STATISTICS



METROPOLITAN DETROIT

OFFICE MARKET REVIEW

ECONOMIC OVERVIEW

Third quarter 2021 closed with a direct vacancy rate of 19.84%, an overall vacancy rate of 21.45%, and an average asking direct rental rate reported at \$18.74 psf. The Michigan unemployment rate was recorded at 4.6%, a decrease of 3.9 percentage points compared to this time last year, while the U.S. unemployment rate was recorded at 4.8%. The unemployment rate has consistently decreased each quarter of 2021; however, there was a slight increase during the last few weeks of September with claims rising to 362,000. Employers continued to boost hiring efforts while offering incentives and hiring bonuses to fill a growing number of open positions notably in the service sector. Meanwhile, U.S. wholesale prices increased by 8.6% compared to one year ago and U.S. consumer confidence decreased for the third straight month. Ongoing supply chain complications have unexpectedly driven an increase in cost for many consumer and construction materials causing concern as inflation increased 5.4% compared to one year ago, matching a 13-year high as the cost of construction, food, gas and cars have significantly increased. The U.S. housing market continued on an upswing this quarter with prices at a near-record high.

STATS ON THE GO

| | Q3 2020 | Q3 2021 | Y-O-Y CHANGE | 12 MONTH FORECAST |
|------------------------------|---------|---------|--------------|-------------------|
| Overall Vacancy | 19.51% | 21.45% | 1.94% | ▲ |
| Direct Asking Rents (psf/yr) | \$18.69 | \$18.74 | 0.27% | ▲ |

OFFICE MARKET DISCUSSION

Several leases closed the quarter with two of the largest deals in Troy. First, Proctor Financial inked a deal totaling 74,584 sf of space on the 4th, 5th and 6th floors located at 700 Tower Drive, while Hall Financial subleased 25,124 sf located at 1650 Research Drive in the Maple Research Park. In Southfield, Estate Financial signed a lease totaling 17,488 sf on the 8th floor located at 18000 W. 9 Mile Road. Also in Southfield, Koussan Hamood, PLC signed a deal totaling 16,498 sf located at 28819 Franklin Road.

A number of sales closed during the third quarter. The largest sale totaled 182,761 sf, located at 27500 Drake Road in Farmington Hills purchased by Kojaian Management Corporation as an investment. In Northville, the 110,000 sf property located at 40300 Traditions Drive was sold as an investment to Hamilton Equity Partners for \$42M. The 3-story property, constructed in 2020, is 100% leased to Cooper Standard Automotive as their headquarters.

OUTLOOK

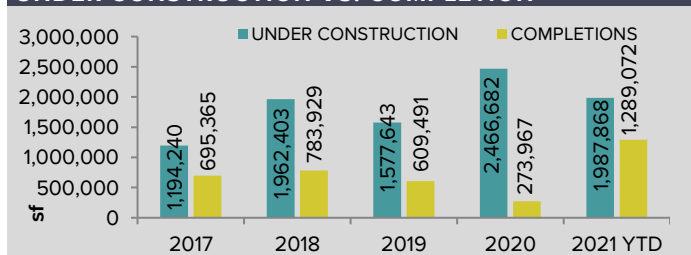
New developments and construction of ongoing projects continue. Construction recently started on a \$45M, 7-story, 227-room hotel in Corktown, located just west of downtown and is expected to be completed in 2023. While the site where the Brush Park South development was supposed to be built has been sold to MLV Detroit, LLC for \$2.1M. There are plans to redevelop the site, but no details have been disclosed. In Southfield, Contour Companies of Bloomfield Hills has purchased the former Northland Mall Property for \$11.1M. Plans for the 100 acre site include an office building, residential, retail and restaurants.

In July the Michigan Strategic Fund approved a total of \$700M total in capital investments for a wide range of project around the state, including the former Northland Mall redevelopment project further strengthening economic recovery. While Governor Whitmer proposed \$2.1B in investments to expand and grow opportunities to support small businesses, invest in communities and the middle class. While challenges still remain, many business leaders continue to report confidence in the growth of their business with an increase in sales and projected growth into 2022.

UNDER CONSTRUCTION

| BUILDING / MARKET | CITY | SF | ESTIMATED COMPLETION |
|---|------------------|---------|----------------------|
| 2025 Woodward Avenue Detroit | Detroit | 422,437 | March 2022 |
| 120 Henry Street Detroit | Detroit | 132,500 | December 2023 |
| 40705 Woodward Avenue Birmingham/Bloomfield | Bloomfield Hills | 74,371 | June 2022 |

UNDER CONSTRUCTION VS. COMPLETION



METROPOLITAN DETROIT

OFFICE MARKET REVIEW

| Submarket: Buildings 20,000 Sq. Ft. & Up | Total Inventory Square Feet | Available Square Feet w/Sublease | Vacancy % w/Sublease | Direct Available Square Feet | Direct Vacancy % | Direct Vacancy % Change 2 nd - 3 rd Qtr |
|---|--------------------------------|-------------------------------------|-------------------------|---------------------------------|---------------------|---|
| CLASS A | | | | | | |
| Ann Arbor | 2,592,938 | 211,102 | 8.14% | 211,102 | 8.14% | -0.25% |
| Birmingham/ Bloomfield | 1,969,960 | 530,814 | 26.95% | 514,113 | 26.10% | 1.14% |
| Dearborn | 1,534,978 | 535,938 | 34.92% | 397,002 | 7.00% | 0.00% |
| Detroit | 10,362,416 | 1,353,345 | 13.06% | 1,322,607 | 12.76% | -2.13% |
| Farmington Hills/West Bloomfield | 2,411,248 | 672,079 | 27.87% | 658,727 | 27.32% | -0.09% |
| I-275 Corridor* | 2,627,918 | 767,206 | 29.19% | 701,898 | 26.71% | 6.11% |
| Macomb County** | 573,400 | 22,811 | 3.98% | 21,911 | 3.82% | -0.47% |
| Rochester Hills/Auburn Hills | 654,115 | 167,882 | 25.67% | 147,633 | 22.57% | -0.23% |
| Southfield/Bingham Farms | 5,868,546 | 1,615,621 | 27.53% | 1,487,581 | 25.35% | 0.75% |
| Troy | 6,558,896 | 1,690,238 | 25.77% | 1,424,756 | 21.72% | -6.75% |
| CLASS A TOTAL | 35,154,415 | 7,567,036 | 21.53% | 6,887,330 | 19.59% | -1.03% |
| CLASS B | | | | | | |
| Ann Arbor | 4,792,905 | 856,631 | 17.87% | 824,842 | 17.21% | 1.31% |
| Birmingham/ Bloomfield | 3,095,572 | 369,691 | 11.94% | 346,026 | 11.18% | 0.07% |
| Dearborn | 2,534,432 | 754,848 | 29.78% | 742,348 | 29.29% | -5.51% |
| Detroit | 15,632,501 | 3,344,910 | 21.40% | 3,315,905 | 21.21% | 2.45% |
| Farmington Hills/West Bloomfield | 4,598,234 | 802,696 | 17.46% | 747,360 | 16.25% | 0.46% |
| I-275 Corridor* | 4,930,903 | 1,008,621 | 20.46% | 938,306 | 19.03% | -1.36% |
| Macomb County** | 3,271,887 | 393,047 | 12.01% | 361,385 | 11.05% | -1.18% |
| Rochester Hills/Auburn Hills | 3,001,739 | 583,380 | 19.43% | 429,665 | 14.31% | 0.17% |
| Southfield/Bingham Farms | 11,410,374 | 3,414,829 | 29.93% | 2,954,750 | 25.90% | 0.01% |
| Troy | 6,160,655 | 1,464,473 | 23.77% | 1,357,600 | 22.04% | 1.07% |
| CLASS B TOTAL | 59,429,202 | 12,993,126 | 21.86% | 12,018,187 | 20.22% | 0.49% |
| CLASS C | | | | | | |
| Ann Arbor | 496,111 | 48,336 | 9.74% | 48,336 | 9.74% | 0.08% |
| Birmingham/ Bloomfield | 190,564 | 25,229 | 13.24% | 25,229 | 13.24% | 1.25% |
| Dearborn | 305,112 | 211,307 | 0.00% | 211,307 | 69.26% | 0.00% |
| Detroit | 4,750,919 | 864,731 | 18.20% | 848,731 | 17.86% | 0.34% |
| Farmington Hills/West Bloomfield | 475,312 | 49,288 | 10.37% | 49,288 | 10.37% | -2.43% |
| I-275 Corridor* | 638,587 | 178,241 | 27.91% | 155,966 | 24.42% | 0.57% |
| Macomb County** | 795,033 | 30,028 | 3.78% | 30,028 | 3.78% | -0.32% |
| Rochester Hills/Auburn Hills | 430,962 | 22,976 | 5.33% | 22,976 | 5.33% | -1.81% |
| Southfield/Bingham Farms | 1,804,856 | 481,806 | 26.69% | 481,806 | 26.69% | 0.22% |
| Troy | 757,298 | 99,655 | 13.16% | 99,237 | 13.10% | -0.28% |
| CLASS C TOTAL | 10,644,754 | 2,011,597 | 18.90% | 1,972,904 | 18.53% | 0.02% |
| COMBINED CLASS A, B, & C | | | | | | |
| Ann Arbor | 7,881,954 | 1,116,069 | 14.16% | 1,084,280 | 13.76% | 0.72% |
| Birmingham/ Bloomfield | 5,256,096 | 925,734 | 17.61% | 885,368 | 16.84% | 0.63% |
| Dearborn | 4,374,522 | 1,520,093 | 34.34% | 1,350,657 | 30.88% | -1.22% |
| Detroit | 30,745,836 | 5,562,986 | 18.09% | 5,487,243 | 17.85% | 0.58% |
| Farmington Hills/West Bloomfield | 7,484,794 | 1,524,063 | 20.36% | 1,455,375 | 19.44% | 0.09% |
| I-275 Corridor* | 8,197,408 | 1,954,068 | 23.84% | 1,796,170 | 21.91% | 1.18% |
| Macomb County** | 4,640,320 | 445,886 | 9.61% | 413,324 | 8.91% | -0.95% |
| Rochester Hills/Auburn Hills | 4,086,816 | 774,238 | 18.94% | 600,274 | 14.69% | -0.10% |
| Southfield/Bingham Farms | 19,083,776 | 5,512,256 | 28.88% | 4,924,137 | 25.80% | 0.25% |
| Troy | 13,476,849 | 3,254,366 | 24.15% | 2,881,593 | 21.38% | -2.81% |
| METRO DETROIT OFFICE MARKET TOTAL | 105,228,371 | 22,571,759 | 21.45% | 20,878,421 | 19.84% | -0.06% |

*I-275 Corridor includes: Livonia, Northville, Novi, Plymouth/Plymouth Twp. **Macomb County includes: Clinton Twp., Mt. Clemens, Shelby Twp., Sterling Heights. Utica and Warren.

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OFFICE MARKET REVIEW









TOP SALE TRANSACTIONS

| Building | City | Market | Size/SF | Sale Type | Buyer |
|----------------------------|------------------|--------------------------------|---------|------------|--------------------------------|
| 27500 Drake Road | Farmington Hills | Farmington Hills/W. Bloomfield | 182,761 | Investment | Kojaian Management Corporation |
| 40300 Traditions Drive | Northville | I-275 Corridor | 110,000 | Investment | Hamilton Equity Partners |
| 32500 Telegraph Road | Bingham Farms | Southfield/Bingham Farms | 46,618 | User | MHT Housing |
| 36400 Woodward Avenue | Bloomfield Hills | Birmingham/Bloomfield | 24,816 | Investment | PLG4 Properties, LLC |
| 29566 Northwestern Highway | Southfield | Southfield/Bingham Farms | 21,295 | Investment | Rosemond Venture, LLC |

TOP LEASE TRANSACTIONS

| Building | City | Market | Size/SF | Lease Type | Tenant |
|----------------------|---------------|--------------------------|---------|------------|---------------------|
| 700 Tower Drive | Troy | Troy | 74,584 | Direct | Proctor Financial |
| 1650 Research Drive | Troy | Troy | 25,124 | Sublease | Hall Financial |
| 18000 W. 9 Mile Road | Southfield | Southfield/Bingham Farms | 17,488 | Direct | Estate Financial |
| 28819 Franklin Road | Southfield | Southfield/Bingham Farms | 16,498 | Direct | Koussan Hamood, PLC |
| 30300 Telegraph Road | Bingham Farms | Southfield/Bingham Farms | 12,066 | Direct | Clarivate |

SIGNATURE QUICK FACTS

| | | |
|---|--|---|
| <p>Q3 2021 SIGNATURE LISTED...</p> <p> 158 NEW PROPERTIES</p> <p> 3,107,412 SQUARE FEET</p> <p> 215.38 ACRES</p> | <p>Q3 2021 SIGNATURE CLOSED....</p> <p> 361 TRANSACTIONS</p> <p> 9,484,743 SQUARE FEET</p> <p> 604.14 ACRES</p> | <p> 42% CONSISTENT MARKET SHARE</p> <p>FULL-SERVICE COMMERCIAL REAL ESTATE</p> <p>TCN  MEMBER FIRM WORLDWIDE REAL ESTATE SERVICES</p> |
|---|--|---|