

METROPOLITAN  
**DETROIT**  
**MARKET**

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OFFICE

**Q2 2024**

MARKET STATISTICS



METROPOLITAN DETROIT

# OFFICE MARKET REVIEW

## ECONOMIC OVERVIEW

Second quarter 2024 closed with a direct vacancy rate of 20.01%, an overall vacancy rate of 22.41%, and an average asking direct rental rate reported at \$19.26 per sq. ft. In June, the Michigan unemployment rate was recorded at 4.1%, an increase of 0.5 percentage points compared to one year ago. The quarter ended with US weekly jobless claims falling, yet the total number of Americans eligible to receive jobless benefits was recorded at the highest level since 2021. Despite persistently elevated interest rates and stubborn levels of inflation, US employers continued to add a considerable number of jobs recorded at 175,000 in April, 218,000 in May, and a minor decrease to 206,000 in June. Inflation continues to be the main focus as anticipation looms towards an impending reduction of the benchmark interest rate and further evaluating the state of the economy. Inflation eased in 2023, and in June for the third straight month in a row, both positive indicators the benchmark rate could be cut from its 23-year high. In closing out the second quarter, the Federal Reserve announced favorable inflation readings, and confidence that annual price increases are leveling off toward their 2 percent inflation target before rates are cut. Data has shown inflation had fallen close to target levels in previous months, and if the trend continues there is a potential for one cut to the benchmark rate this year after further assessment.

## STATS ON THE GO

	Q2 2023	Q2 2024	Y-O-Y CHANGE	12 MONTH OVERVIEW
Overall Vacancy	23.81%	22.41%	-1.40%	▼
Direct Asking Rents (psf/yr)	\$18.66	\$19.26	3.3 %	▲

## OFFICE MARKET DISCUSSION

A number of notable leases closed second quarter. In Troy, OPMobility, a leader in sustainable and connected mobility technologies, inked a deal totaling 77,054 sq. ft. located at 4685 Investment Drive. In Plymouth, Victors Home Solutions signed a deal for 49,950 sq. ft. at 41100 Plymouth Road. In Farmington Hills, The Sam Bernstein Law Firm, PLLC specializing in personal injury cases expanded into 45,822 sq. ft. at 31440 Northwestern Highway in the Woodlands Officentre. Lastly in Birmingham, JPMorgan Chase & Company leased 42,000 sq. ft. at 370 E. Brown Street, and will be an anchor tenant of the new 135,000 sq. ft., \$80M, 4-story mixed-use development under construction in downtown Birmingham expected to be completed June 2026

The largest sale closed was a 2-building office portfolio located at 2301 & 2401 W. Big Beaver Road in Troy totaling 409,318 sq. ft. A.F. Jonna Development & Management Company purchased the portfolio as an investment along the Big Beaver Corridor. In Southfield, the 300,000 sq. ft. Raleigh Officentre at 25300-25330 Telegraph Road, situated on 14.61 acres, owned by Credit Acceptance Corporation, sold at auction to Patel Telegraph Road, LLC as an investment. In Bloomfield Hills, the 2-story, Class B office building located at 100 W. Long Lake Road was purchased by Ecojivca Properties, LLC, a solar energy solutions company which plans to occupy the property.

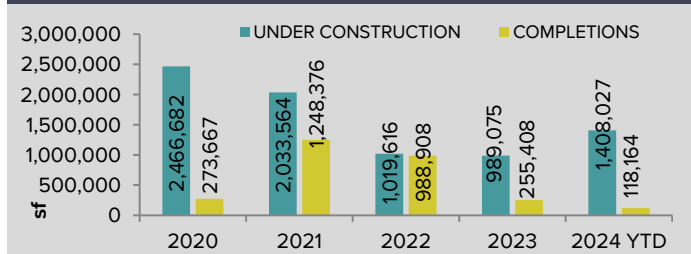
## OUTLOOK

Originally breaking ground in December 2017, construction of the \$1.4B, two-building development off Woodward Avenue in Detroit made headlines, as construction of the 685-foot tower reached its final height and has officially been named Hudson's Detroit. General Motor's Company announced plans to relocate their global headquarters from the Renaissance Center in 2025 and will sign a 15-year lease for the top 2 floors totaling around 100,000 sq. ft. of the 12-story mixed-use office, retail and event-space at Hudson's Detroit. Also in Detroit, \$90M in tax incentives has been awarded toward the 25-story luxury JW Marriott convention-style hotel to be built on the former Joe Louis Arena site. While in Troy, the 40-acre parcel of the former Kmart Corporate Headquarters at Big Beaver Road & Coolidge Highway has been cleared and ready for development. The University of Michigan Health in Ann Arbor announced plans to purchase 7.28 acres of the site for \$4.4M with plans to construct a multi-specialty clinical facility.

## UNDER CONSTRUCTION

BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION
1240 Woodward Avenue Detroit	Detroit	560,000	December 2024
370 W. Brown Street Birmingham/Bloomfield	Birmingham	135,000	June 2026
900 Briarwood Circle Ann Arbor	Ann Arbor	134,900	September 2025

## 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 1 <sup>st</sup> – 2 <sup>nd</sup> Qtr
<b>CLASS A</b>						
Ann Arbor	2,440,437	370,024	15.16%	303,399	12.43%	-0.27%
Birmingham/Bloomfield	2,122,695	609,308	28.70%	609,308	28.70%	0.42%
Dearborn	1,419,212	122,993	8.67%	122,993	8.67%	-15.77%
Detroit	10,657,596	2,674,569	25.10%	2,366,402	22.20%	-4.37%
Farmington Hills/West Bloomfield	2,411,248	661,490	27.43%	561,252	23.28%	3.93%
I-275 Corridor*	2,837,918	863,148	30.41%	751,728	26.49%	-0.36%
Macomb County**	573,400	30,645	5.34%	30,645	5.34%	-0.35%
Rochester Hills/Auburn Hills	741,170	121,873	16.44%	116,370	15.70%	-11.59%
Southfield/Bingham Farms	5,947,860	1,741,592	29.28%	1,452,947	24.43%	0.33%
Troy	6,558,596	1,762,051	26.87%	1,583,703	24.15%	-3.93%
<b>CLASS A TOTAL</b>	<b>35,710,132</b>	<b>8,957,693</b>	<b>25.08%</b>	<b>7,898,747</b>	<b>22.12%</b>	<b>-2.60%</b>
<b>CLASS B</b>						
Ann Arbor	4,762,070	1,119,367	23.51%	966,238	20.29%	0.37%
Birmingham/Bloomfield	3,095,572	399,852	12.92%	395,878	12.79%	-0.13%
Dearborn	2,901,163	481,784	16.61%	481,784	16.61%	-2.14%
Detroit	15,075,047	2,412,734	16.00%	2,347,892	15.57%	0.51%
Farmington Hills/West Bloomfield	4,480,510	847,666	18.92%	830,747	18.54%	0.39%
I-275 Corridor*	5,184,503	1,139,624	21.98%	907,225	17.50%	0.14%
Macomb County**	3,381,963	526,018	15.55%	515,377	15.24%	-0.24%
Rochester Hills/Auburn Hills	3,292,919	800,603	24.31%	491,296	14.92%	0.87%
Southfield/Bingham Farms	10,999,153	4,002,515	36.39%	3,454,570	31.41%	-0.86%
Troy	6,130,655	1,584,350	25.84%	1,483,685	24.20%	-2.93%
<b>CLASS B TOTAL</b>	<b>59,303,555</b>	<b>13,314,513</b>	<b>22.45%</b>	<b>11,874,692</b>	<b>20.02%</b>	<b>-0.34%</b>
<b>CLASS C</b>						
Ann Arbor	496,111	74,772	15.07%	74,772	15.07%	1.68%
Birmingham/Bloomfield	157,835	13,768	8.72%	13,768	8.72%	3.53%
Dearborn	99,786	22,000	22.05%	22,000	22.05%	0.00%
Detroit	4,401,364	492,124	11.18%	488,324	11.09%	-0.84%
Farmington Hills/West Bloomfield	451,122	58,482	12.96%	48,056	10.65%	-0.48%
I-275 Corridor*	680,375	99,652	14.65%	99,652	14.65%	-0.36%
Macomb County**	795,033	71,672	9.01%	71,672	9.01%	0.38%
Rochester Hills/Auburn Hills	430,962	17,268	4.01%	17,268	4.01%	2.77%
Southfield/Bingham Farms	1,735,952	289,433	16.67%	289,433	16.67%	0.03%
Troy	757,298	120,247	15.88%	120,247	15.88%	-0.34%
<b>CLASS C TOTAL</b>	<b>10,005,838</b>	<b>1,259,418</b>	<b>12.59%</b>	<b>1,245,192</b>	<b>12.44%</b>	<b>-0.15%</b>
<b>COMBINED CLASS A, B, &amp; C</b>						
Ann Arbor	7,698,618	1,564,163	20.32%	1,344,409	17.46%	0.25%
Birmingham/Bloomfield	5,376,102	1,022,928	19.03%	1,018,954	18.95%	0.19%
Dearborn	4,420,161	626,777	14.18%	626,777	14.18%	-6.47%
Detroit	30,134,007	5,579,427	18.52%	5,202,618	17.26%	-1.41%
Farmington Hills/West Bloomfield	7,342,880	1,567,638	21.35%	1,440,055	19.61%	1.50%
I-275 Corridor*	8,702,796	2,102,424	24.16%	1,758,605	20.21%	-0.06%
Macomb County**	4,750,396	628,335	13.23%	617,694	13.00%	-0.15%
Rochester Hills/Auburn Hills	4,465,051	939,744	21.05%	624,934	14.00%	-1.01%
Southfield/Bingham Farms	18,682,965	6,033,540	32.29%	5,196,950	27.82%	-0.40%
Troy	13,446,549	3,466,648	25.78%	3,187,635	23.71%	-3.27%
<b>METRO DETROIT OFFICE MARKET TOTAL</b>	<b>105,019,525</b>	<b>23,531,624</b>	<b>22.41%</b>	<b>21,018,631</b>	<b>20.01%</b>	<b>-1.09%</b>

\*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
2301 & 2401 W. Big Beaver Road 2-Building Portfolio	Troy	Troy	409,318	Investment	A.F. Jonna Delevopment & Mgmt. Co.
25300-25330 Telegraph Road	Southfield	Southfield/ Bingham Farms	300,000	Investment	Patel Telegraph Road, LLC
23999 Northwestern Highway	Southfield	Southfield/ Bingham Farms	52,400	Investment	SKU Holdings, LLC
28455 Haggerty Road	Novi	I-275 Corridor	42,379	Investment	Nova Sky Haggerty, LLC
100 W. Long Lake Road	Bloomfield Hills	Birmingham/ Bloomfield Hills	40,000	User	Ecojivca Properties, LLC

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
4685 Investment Drive	Troy	Troy	77,054	Direct	OPMobility
41100 Plymouth Road	Plymouth	I-275 Corridor	49,950	Direct	Victors Home Solutions
31440 Northwestern Highway	Farmington Hills	Frmington Hills/ W. Bloomfield	45,822	Direct	The Sam Bernstein Law Firm, PLLC
370 E. Brown Street	Birmingham	Birmingham/ Bloomfield Hills	42,000	Direct	JPMorgan Chase & Company
26555 Northwestern Highway	Southfield	Southfield/ Bingham Fams	35,708	Sublease	Open Dealer Exchange

SIGNATURE QUICK FACTS

<p><b>Q2 2024</b> SIGNATURE LISTED...</p> <p> <b>200</b> NEW PROPERTIES</p> <p> <b>3,882,011</b> SQUARE FEET</p> <p> <b>346.62</b> ACRES</p>	<p><b>Q2 2024</b> SIGNATURE CLOSED....</p> <p> <b>299</b> TRANSACTIONS</p> <p> <b>4,132,018</b> SQUARE FEET</p> <p> <b>432.07</b> ACRES</p>	<p> <b>42%</b> CONSISTENT MARKET SHARE</p> <p><b>FULL-SERVICE COMMERCIAL REAL ESTATE</b></p> <p><b>TCN</b>  <b>MEMBER FIRM</b> WORLDWIDE REAL ESTATE SERVICES</p>
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