METROPOLITAN
DETROIT MARKET

OFFICE
Q3 2024
MARKET STATISTICS

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Q3 2024 | OFFICE SNAPSHOT

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METROPOLITAN DETROIT

OFFICE MARKET REVIEW

ECONOMIC OVERVIEW

STATS ON THE GO

	Q3 2023	Q3 2024	Y-O-Y CHANGE	12 MONTH OVERVIEW
Overall Vacancy	23.95%	22.46%	-1.49%	▼
Direct Asking Rents (psf/yr)	$18.71	$18.93	1.19 %	▲

Third quarter 2024 closed with a direct vacancy rate of 20.28%, an overall vacancy rate of 22.46%, and an average asking direct rental rate reported at $18.93 per sq. ft. In September, the Michigan unemployment rate was recorded at 4.5%, an increase of 0.6 percentage points compared to one year ago. In August, U.S. employers added 142,000 job openings bringing the total reported to 8 million, a considerable increase compared to 7.7 million in July. Additionally, 254,000 total jobs were added in September, supporting a solid job market and modestly growing economy. The University of Michigan Research Seminar in Quantitative Economics recently released an economic forecast for the State of Michigan showing job growth slowing to 0.8% in 2024, down from 1.8% in 2023, with estimates of 0.3% in 2025 and 0.4% in 2026. In September, inflation reached its lowest level for the first time in over three years as consumer goods and service prices have shown consistent signs of decline. Based on the latest inflation data, and after much anticipation, the Federal Reserve cut a key interest rate by 0.5 percentage points, the first reduction in over four years, bringing relief to consumers and businesses. There is growing confidence inflation is gradually reaching its 2% target, as the overall economy is showing signs of another rate cut before the close of 2024, along with a series of rate cuts throughout 2025.

OFFICE MARKET DISCUSSION

A considerable number of leases closed the third quarter. In Southfield, the largest lease was inked by Crescent Academy for a total of 66,000 sq. ft. located at 26200 Lahser Road, which will be used as a charter school for students in pre-kindergarten through 8th grade. While in Ann Arbor, the University of Michigan signed a lease totaling 29,001 sq. ft. at 1000 Oakbrook Drive. In Farmington Hills, Fishbeck, Thompson, Carr, & Huber, a firm specializing in engineering and architectural services, leased 26,730 sq. ft. located at 31440 Northwestern Highway in the Woodlands Officentre. Lastly, in Detroit, attorney Miller Johnson expanded its presence at 500 Woodward Avenue in the Ally Building, signing a deal for 24,449 sq. ft. on the 36th floor, in addition to the existing 10,680 sq. ft. space they currently occupy on the 28th floor.

The largest sale closed was a 2-building office portfolio located at 19975 & 20255 Victor Parkway in Livonia, totaling 276,446 sq. ft. Friedman Real Estate purchased the portfolio as an investment in the Livonia Corporate Park along the I-275 Corridor. In Southfield, a 114,397 sq. ft. 5-story office property located at 28333 Telegraph Road was sold to Tamaroff Jeffrey Automotive Group, which will occupy the property. In Troy, MediVera Compounding Pharmacy purchased the 56,000 sq. ft. office building located at 5225 Crooks Road to serve as their new headquarters.

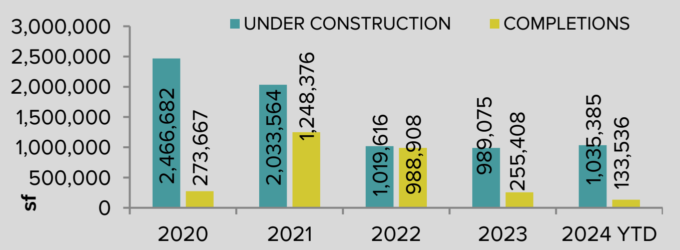
OUTLOOK

Earlier this year, General Motors announced plans to relocate its headquarters from the Renaissance Center to the newly constructed Hudson's Detroit site, set to be completed in 2025, leaving much speculation as to the future of the Renaissance Center Towers including considerations for partial demolition. With new office construction at an all-time low and a decline in demand for large spaces over the past few years, there is an increased focus on re-evaluating the use of existing buildings for potential redevelopment. Nonetheless, the office market continues making efforts to regain momentum despite on-going challenges, including heightened sublease vacancies. There is optimism that in the coming months, companies will begin to reassess their need for office space as more employees return to the office full-time or on a hybrid schedule.

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



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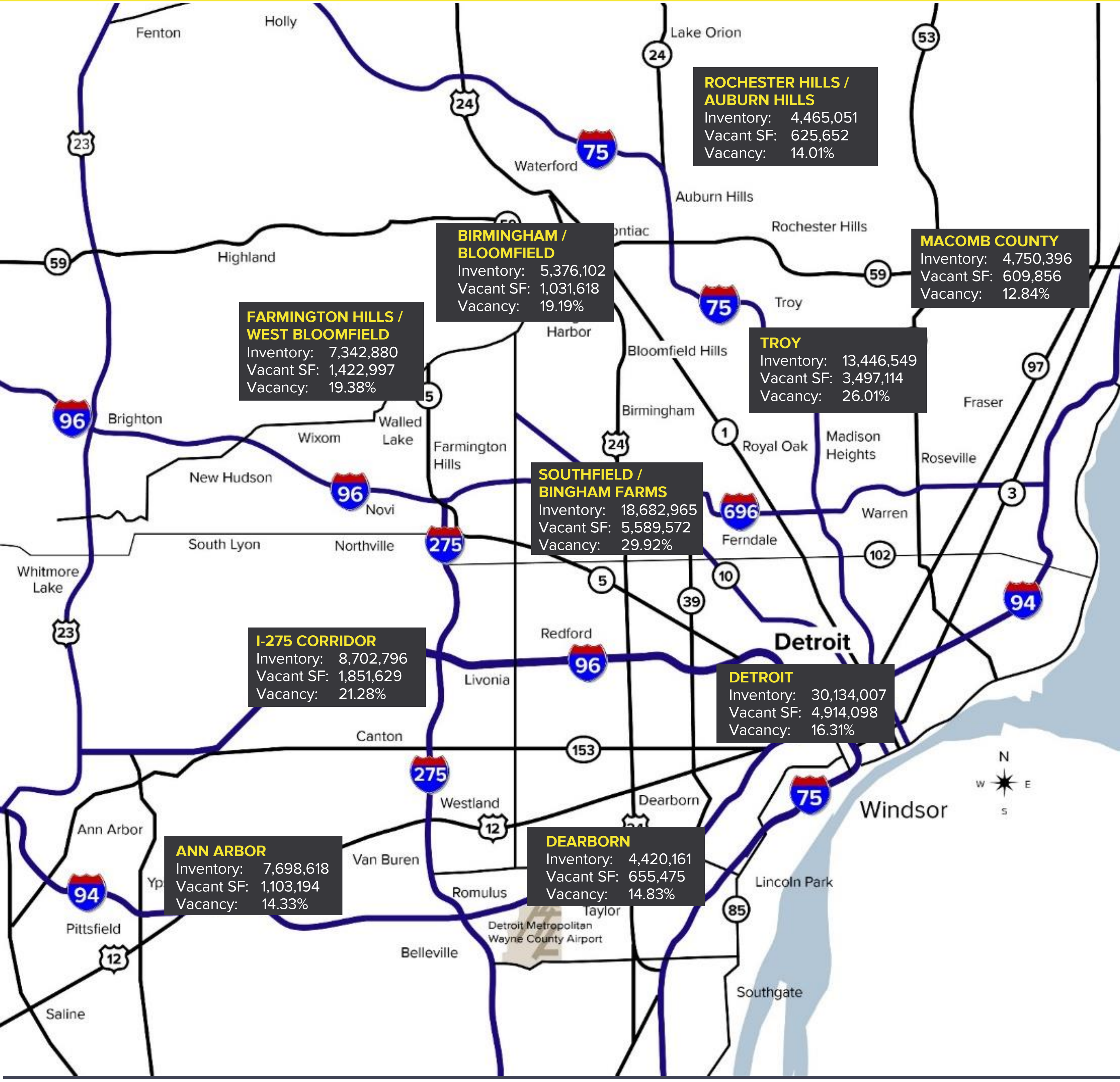

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Submarket: Buildings 20,000 Sq. Ft. & Up	Total Inventory Square Feet	Available Square Feet w/Sublease	Vacancy % w/Sublease	Direct Available Square Feet	Direct Vacancy %	Direct Vacancy % Change 2nd – 3rd Qtr
CLASS A						
Ann Arbor	2,440,437	342,149	14.02%	275,524	11.29%	-1.14%
Birmingham/Bloomfield	2,122,695	616,861	29.06%	604,050	28.46%	-0.24%
Dearborn	1,419,212	113,176	7.97%	113,176	7.97%	-0.70%
Detroit	10,657,596	2,538,931	23.82%	2,230,764	20.93%	-1.27%
Farmington Hills/West Bloomfield	2,411,248	621,987	25.80%	521,749	21.64%	-1.64%
I-275 Corridor*	2,837,918	857,068	30.20%	756,857	26.67%	0.18%
Macomb County**	573,400	32,272	5.63%	32,272	5.63%	0.29%
Rochester Hills/Auburn Hills	741,170	123,331	16.64%	117,828	15.90%	0.20%
Southfield/Bingham Farms	5,947,860	2,197,614	36.95%	1,912,294	32.15%	7.72%
Troy	6,558,596	1,993,440	30.39%	1,787,550	27.26%	3.11%
CLASS A TOTAL	**35,710,132**	**9,436,829**	**26.43%**	**8,352,064**	**23.39%**	**1.27%**
CLASS B						
Ann Arbor	4,762,070	921,582	19.35%	767,668	16.12%	-4.17%
Birmingham/Bloomfield	3,095,572	418,183	13.51%	412,818	13.34%	0.55%
Dearborn	2,901,163	520,299	17.93%	520,299	17.93%	1.32%
Detroit	15,075,047	2,297,679	15.24%	2,236,889	14.84%	-0.73%
Farmington Hills/West Bloomfield	4,480,510	893,119	19.93%	874,700	19.52%	0.98%
I-275 Corridor*	5,184,503	1,223,657	23.60%	995,258	19.20%	1.70%
Macomb County**	3,381,963	515,423	15.24%	507,712	15.01%	-0.23%
Rochester Hills/Auburn Hills	3,292,919	596,946	18.13%	489,456	14.86%	-0.06%
Southfield/Bingham Farms	10,999,153	3,952,562	35.94%	3,438,873	31.26%	-0.15%
Troy	6,130,655	1,681,098	27.42%	1,586,658	25.88%	1.68%
CLASS B TOTAL	**59,303,555**	**13,020,548**	**21.96%**	**11,830,331**	**19.95%**	**-0.07%**
CLASS C						
Ann Arbor	496,111	60,002	12.09%	60,002	12.09%	-2.28%
Birmingham/Bloomfield	157,835	14,750	9.35%	14,750	9.35%	0.63%
Dearborn	99,786	22,000	22.05%	22,000	22.05%	0.00%
Detroit	4,401,364	450,245	10.23%	446,445	10.14%	-0.95%
Farmington Hills/West Bloomfield	451,122	34,974	7.75%	26,548	5.88%	-4.77%
I-275 Corridor*	680,375	99,514	14.63%	99,514	14.63%	-0.02%
Macomb County**	795,033	69,872	8.79%	69,872	8.79%	-0.22%
Rochester Hills/Auburn Hills	430,962	18,368	4.26%	18,368	4.26%	0.25%
Southfield/Bingham Farms	1,735,952	238,405	13.73%	238,405	13.73%	-2.94%
Troy	757,298	122,906	16.23%	122,906	16.23%	0.35%
CLASS C TOTAL	**10,005,838**	**1,313,036**	**11.30%**	**1,118,810**	**11.18%**	**-1.23%**
COMBINED CLASS A, B, & C						
Ann Arbor	7,698,618	1,323,733	17.19%	1,103,194	14.33%	-3.08%
Birmingham/Bloomfield	5,376,102	1,049,794	19.53%	1,031,618	19.19%	0.24%
Dearborn	4,420,161	655,475	14.83%	655,475	14.83%	0.65%
Detroit	30,134,007	5,286,855	17.54%	4,914,098	16.31%	-0.95%
Farmington Hills/West Bloomfield	7,342,880	1,550,080	21.11%	1,422,997	19.38%	-0.23%
I-275 Corridor*	8,702,796	2,180,239	25.05%	1,851,629	21.28%	1.07%
Macomb County**	4,750,396	617,567	13.00%	609,856	12.84%	-0.16%
Rochester Hills/Auburn Hills	4,465,051	738,645	16.54%	625,652	14.01%	0.01%
Southfield/Bingham Farms	18,682,965	6,388,581	34.19%	5,589,572	29.92%	2.10%
Troy	13,446,549	3,797,444	28.24%	3,497,114	26.01%	2.30%
METRO DETROIT OFFICE MARKET TOTAL	**105,019,525**	**23,588,413**	**22.46%**	**21,301,205**	**20.28%**	**0.28%**

*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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TOP SALE TRANSACTIONS

Building	City	Market	Size/SF	Sale Type	Buyer
19975 & 20255 Victor Parkway 2-Building Portfolio	Livonia	I-275 Corridor	276,446	Investment	Friedman Real Estate
28333 Telegraph Road	Southfield	Southfield/ Bingham Farms	114,397	User	Tamaroff Jeffrey Automotive Group
28400 Northwestern Highway	Southfield	Southfield/ Bingham Farms	60,000	Investment	Undisclosed
5225 Crooks Road	Troy	Troy	56,000	User	MediVera Compounding Pharmacy
29409 Haggerty Road	Novi	I-275 Corridor	26,000	User	Senior Planning Advisors

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
26200 Lahser Road	Southfield	Southfield/ Bingham Farms	66,000	Direct	Crescent Academy
1000 Oakbrook Drive	Ann Arbor	Ann Arbor	29,001	Direct	University of Michigan
31440 Northwestern Highway	Farmington Hills	Frmington Hills/ W. Bloomfield	26,730	Direct	Fishbeck, Thompson, Carr, & Huber
500 Woodward Avenue	Detroit	Detroit	24,449	Direct	Miller Johnson
26533 Evergreen Road	Southfield	Southfield/ Bingham Famrs	22,498	Direct	Lucid Motors

SIGNATURE QUICK FACTS

Q3 2024
SIGNATURE LISTED...

NEW
197
NEW PROPERTIES

4,256,508
SQUARE FEET

393.48
ACRES

Q3 2024
SIGNATURE CLOSED....

CLOSED
304
TRANSACTIONS

4,608,457
SQUARE FEET

1,236.05
ACRES

42%
CONSISTENT MARKET SHARE

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