



# METROPOLITAN DETROIT MARKET

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OFFICE  
Q2 2021  
MARKET STATISTICS

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METROPOLITAN DETROIT

# OFFICE MARKET REVIEW

## ECONOMIC OVERVIEW

Second quarter 2021 closed with a direct vacancy rate of 19.90%, an overall vacancy rate of 21.46%, and an average asking direct rental rate reported at \$18.52 psf. In June, the Michigan unemployment rate was recorded at 5.0%, a decrease of 16.2 percentage points compared to this time last year, while the U.S. unemployment rate was recorded at 5.9%, a decrease of 5.2 percentage points from one year ago. U.S. job openings surged to a record high as available positions escalated to 9.21M in May compared to April's 9.19M. As the economy begins to rebound, social activity begins to grow, and more individuals become vaccinated U.S. employers are in high demand to fill a growing number of positions yet continue to face challenges. Many employers have begun offering incentives and increased wages to attract new employees and retain existing ones. Despite the 5% increase in the consumer price index over the past year, the largest increase since 2008, additional indicators and resources are pointing to an improving economy. Indicators include available job openings, an increase in travel, a spike in U.S. home construction that increased from 3.6% in May to 6.3% in June, and a growth in the manufacturing sector despite issues with the supply chain.

## OFFICE MARKET DISCUSSION

Leasing activity remained at a moderate pace with a few notable transactions to close the quarter. First in Birmingham, White Glove subleased 18,952 sf at 280 N. Old Woodward Avenue, also in Birmingham, Robert Schechter and Associates, LLC signed a deal for 12,405 sf at 277 Pierce Street. While in Bingham Farms, Rapid Mortgage Funding, Inc. leased 17,276 sf of space at 30700 Telegraph Road in the Bingham Office Center. Lastly in Southfield, Doner Partners signed a deal totaling 17,234 sf at 400 Galleria Officentre.

Several investment sales closed during the second quarter. In Southfield, Groupe Quint purchased the 186,000 Class B office building at 25200 Telegraph Road and 16025 Northland Drive was purchased by 16025 Northland, LLC. The 110,544 sf Stoneridge II building located at 40950 Woodward Avenue in Bloomfield Hills and the 20,000 sf building located at 37601-37649 Pembroke Avenue in Livonia were both purchased as an investment by LREH Michigan, LLC.

## OUTLOOK

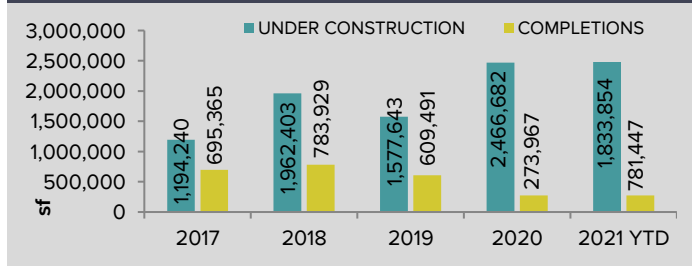
The Metro Detroit office market has made progress toward normalcy throughout second quarter. With COVID-19 restrictions completely lifted in Michigan, business leaders have forecasted growth of the state's economy over the next 6-12 months as more professionals return to the office during the third and fourth quarters of 2021. Some of the most important factors contributing toward the economic recovery has been ongoing support for small businesses, keeping individuals employed and continued business growth moving in a positive direction. CNBC recently announced their Top State's for Business annual ranking, with Michigan at #11, jumping 13 spots since 2019. Also recently reported, Michigan currently leads venture capital growth in the Great Lakes Region and is one of the fastest growing states for venture capital investments with an increase in venture dollars from \$300M in 2016 to \$3.1B in 2020.

Overall, the second quarter closed on a positive note as the Metro Detroit office market continues to focus on recovery, optimism, and steps needed to ensure a strong close of 2021. It is expected that leasing activity will begin to increase as companies start bringing employees back to the office and establish a plan moving forward.

## UNDER CONSTRUCTION

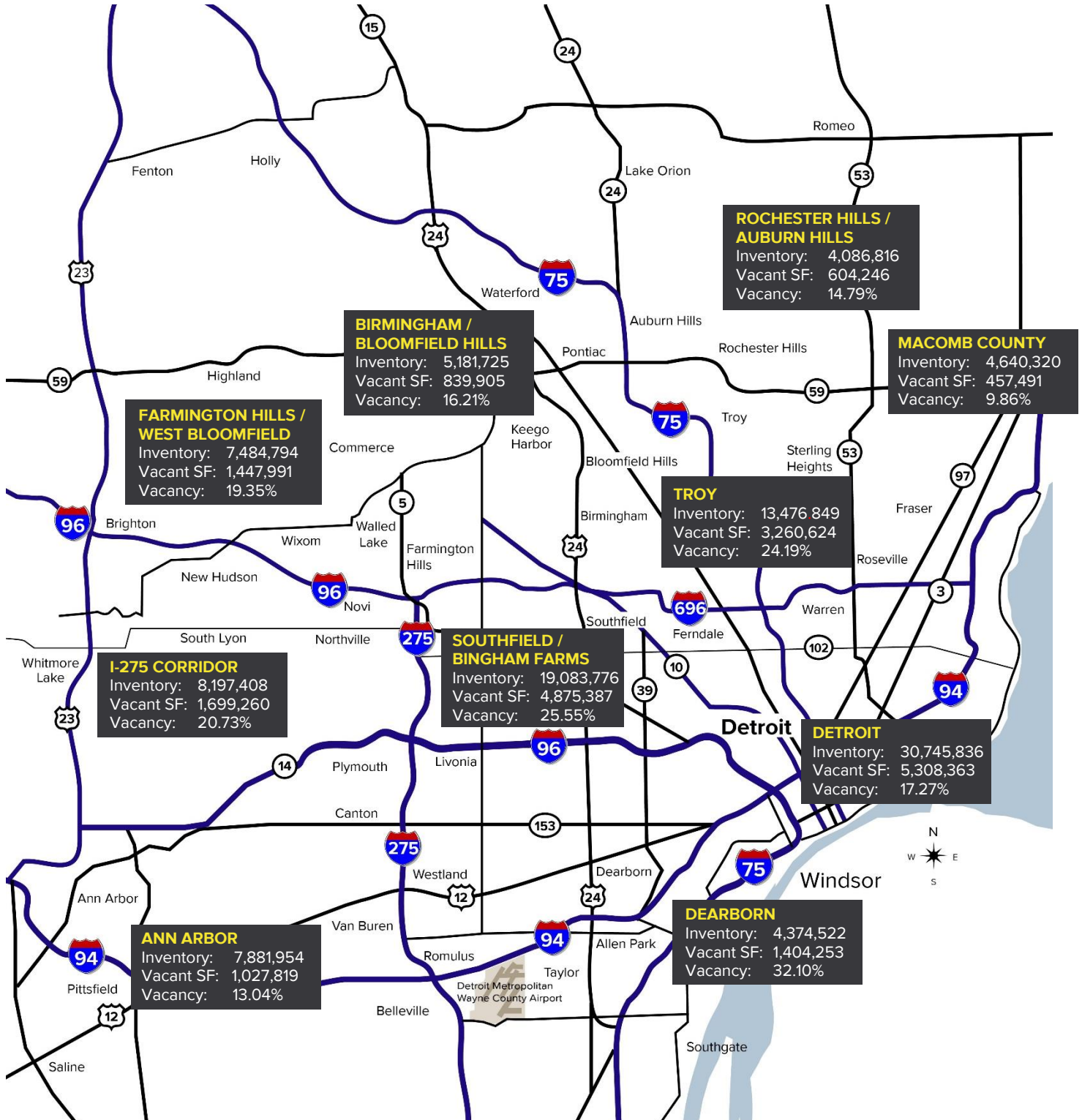
| BUILDING / MARKET                       | CITY    | SF      | ESTIMATED COMPLETION |
|---|---------|---------|----------------------|
| 2025 Woodward Avenue Detroit            | Detroit | 422,437 | March 2022           |
| 1206 Woodward Avenue Detroit            | Detroit | 366,000 | August 2023          |
| 39000 W. Seven Mile Road I-275 Corridor | Livonia | 127,379 | February 2022        |

## UNDER CONSTRUCTION VS. COMPLETION



METROPOLITAN DETROIT

# OFFICE MARKET REVIEW



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# OFFICE MARKET REVIEW

| Submarket:<br>Buildings 20,000 Sq. Ft. & Up | Total Inventory<br>Square Feet | Available Square Feet<br>w/Sublease | Vacancy %<br>w/Sublease | Direct Available<br>Square Feet | Direct<br>Vacancy % | Direct Vacancy %<br>1 <sup>st</sup> - 2 <sup>nd</sup> Qtr |
|---|--------------------------------|-------------------------------------|-------------------------|---------------------------------|---------------------|---|
| <b>CLASS A</b>                              |                                |                                     |                         |                                 |                     |   |
| Ann Arbor                                   | 2,592,938                      | 249,391                             | 9.62%                   | 217,663                         | 8.39%               | 1.17%   |
| Birmingham/ Bloomfield                      | 1,895,589                      | 475,023                             | 25.06%                  | 473,117                         | 24.96%              | -0.32%  |
| Dearborn                                    | 1,534,978                      | 382,520                             | 24.92%                  | 310,997                         | 7.00%               | 0.88%   |
| Detroit                                     | 10,362,416                     | 1,593,535                           | 15.38%                  | 1,543,163                       | 14.89%              | 1.29%   |
| Farmington Hills/West Bloomfield            | 2,411,248                      | 674,210                             | 27.96%                  | 660,858                         | 27.41%              | 0.47%   |
| I-275 Corridor*                             | 2,627,918                      | 606,680                             | 23.09%                  | 541,372                         | 20.60%              | 0.26%   |
| Macomb County**                             | 573,400                        | 25,487                              | 4.44%                   | 24,587                          | 4.29%               | 0.46%   |
| Rochester Hills/Auburn Hills                | 654,115                        | 167,162                             | 25.56%                  | 149,129                         | 22.80%              | 0.23%   |
| Southfield/Bingham Farms                    | 5,868,546                      | 1,569,192                           | 26.74%                  | 1,443,711                       | 24.60%              | 0.19%   |
| Troy  | 6,558,896                      | 2,082,051                           | 31.74%                  | 1,867,378                       | 28.47%              | 1.38%   |
| <b>CLASS A TOTAL</b>                        | <b>35,080,044</b>              | <b>7,825,251</b>                    | <b>22.31%</b>           | <b>7,231,975</b>                | <b>20.62%</b>       | <b>1.43%</b>  |
| <b>CLASS B</b>                              |                                |                                     |                         |                                 |                     |   |
| Ann Arbor                                   | 4,792,905                      | 799,063                             | 16.67%                  | 762,245                         | 15.90%              | 0.22%   |
| Birmingham/ Bloomfield                      | 3,095,572                      | 365,413                             | 11.80%                  | 343,934                         | 11.11%              | -0.30%  |
| Dearborn                                    | 2,534,432                      | 882,449                             | 34.82%                  | 881,949                         | 34.80%              | 2.64%   |
| Detroit                                     | 15,632,501                     | 2,970,051                           | 19.00%                  | 2,932,874                       | 18.76%              | -0.23%  |
| Farmington Hills/West Bloomfield            | 4,598,234                      | 783,993                             | 17.05%                  | 726,271                         | 15.79%              | -0.14%  |
| I-275 Corridor*                             | 4,930,903                      | 1,079,233                           | 21.89%                  | 1,005,586                       | 20.39%              | -0.28%  |
| Macomb County**                             | 3,271,887                      | 424,143                             | 12.96%                  | 400,291                         | 12.23%              | 0.50%   |
| Rochester Hills/Auburn Hills                | 3,001,739                      | 602,311                             | 20.07%                  | 424,366                         | 14.14%              | 2.17%   |
| Southfield/Bingham Farms                    | 11,410,374                     | 3,404,207                           | 29.83%                  | 2,953,949                       | 25.89%              | -1.73%  |
| Troy  | 6,160,655                      | 1,423,924                           | 23.11%                  | 1,291,927                       | 20.97%              | 0.68%   |
| <b>CLASS B TOTAL</b>                        | <b>59,429,202</b>              | <b>12,734,787</b>                   | <b>21.43%</b>           | <b>11,723,392</b>               | <b>19.73%</b>       | <b>-0.10%</b>   |
| <b>CLASS C</b>                              |                                |                                     |                         |                                 |                     |   |
| Ann Arbor                                   | 496,111                        | 47,911                              | 9.66%                   | 47,911                          | 9.66%               | 3.29%   |
| Birmingham/ Bloomfield                      | 190,564                        | 22,854                              | 11.99%                  | 22,854                          | 11.99%              | -0.27%  |
| Dearborn                                    | 305,112                        | 211,307                             | 69.26%                  | 211,307                         | 69.26%              | 0.00%   |
| Detroit                                     | 4,750,919                      | 848,326                             | 17.86%                  | 832,326                         | 17.52%              | -0.01%  |
| Farmington Hills/West Bloomfield            | 475,312                        | 60,862                              | 12.80%                  | 60,862                          | 12.80%              | 1.55%   |
| I-275 Corridor*                             | 638,587                        | 174,577                             | 27.34%                  | 152,302                         | 23.85%              | -0.67%  |
| Macomb County**                             | 795,033                        | 32,613                              | 4.10%                   | 32,613                          | 4.10%               | 0.00%   |
| Rochester Hills/Auburn Hills                | 430,962                        | 30,751                              | 7.14%                   | 30,751                          | 7.14%               | 1.45%   |
| Southfield/Bingham Farms                    | 1,804,856                      | 477,727                             | 26.47%                  | 477,727                         | 26.47%              | -1.20%  |
| Troy  | 757,298                        | 101,737                             | 13.43%                  | 101,319                         | 13.38%              | 2.06%   |
| <b>CLASS C TOTAL</b>                        | <b>10,644,754</b>              | <b>2,008,665</b>                    | <b>18.87%</b>           | <b>1,969,972</b>                | <b>18.51%</b>       | <b>0.18%</b>  |
| <b>COMBINED CLASS A, B, &amp; C</b>         |                                |                                     |                         |                                 |                     |   |
| Ann Arbor                                   | 7,881,954                      | 1,096,365                           | 13.91%                  | 1,027,819                       | 13.04%              | 0.73%   |
| Birmingham/ Bloomfield                      | 5,181,725                      | 863,290                             | 16.66%                  | 839,905                         | 16.21%              | -0.30%  |
| Dearborn                                    | 4,374,522                      | 1,476,276                           | 33.75%                  | 1,404,253                       | 32.10%              | 6.49%   |
| Detroit                                     | 30,745,836                     | 5,411,912                           | 17.60%                  | 5,308,363                       | 17.27%              | 0.32%   |
| Farmington Hills/West Bloomfield            | 7,484,794                      | 1,519,065                           | 20.30%                  | 1,447,991                       | 19.35%              | 0.17%   |
| I-275 Corridor*                             | 8,197,408                      | 1,860,490                           | 22.70%                  | 1,699,260                       | 20.73%              | -0.13%  |
| Macomb County**                             | 4,640,320                      | 482,243                             | 10.39%                  | 457,491                         | 9.86%               | 0.41%   |
| Rochester Hills/Auburn Hills                | 4,086,816                      | 800,224                             | 19.58%                  | 604,246                         | 14.79%              | 1.79%   |
| Southfield/Bingham Farms                    | 19,083,776                     | 5,451,126                           | 28.56%                  | 4,875,387                       | 25.55%              | -1.08%  |
| Troy  | 13,476,849                     | 3,607,712                           | 26.77%                  | 3,260,624                       | 24.19%              | 1.10%   |
| <b>METRO DETROIT OFFICE MARKET TOTAL</b>    | <b>105,154,000</b>             | <b>22,568,703</b>                   | <b>21.46%</b>           | <b>20,925,339</b>               | <b>19.90%</b>       | <b>0.44%</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.

METROPOLITAN DETROIT

# OFFICE MARKET REVIEW

TOP SALE TRANSACTIONS

| Building                    | City             | Market                   | Size/SF | Sale Type  | Buyer                |
|-----------------------------|------------------|--------------------------|---------|------------|----------------------|
| 25200 Telegraph Road        | Southfield       | Southfield/Bingham Farms | 186,000 | Investment | Groupe Quint         |
| 40950 Woodward Avenue       | Bloomfield Hills | Birmingham/Bloomfield    | 110,544 | Investment | LREH Michigan, LLC   |
| 16025 Northland Drive       | Southfield       | Southfield/Bingham Farms | 95,204  | Investment | 16025 Northland, LLC |
| 770 Adams Road              | Birmingham       | Birmingham/Bloomfield    | 22,659  | Investment | FHS Birmingham, LLC  |
| 37601-37649 Pembroke Avenue | Livonia          | I-275 Corridor           | 20,000  | Investment | LREH Michigan, LLC   |

TOP LEASE TRANSACTIONS

| Building                   | City          | Market                   | Size/SF | Lease Type | Tenant                               |
|----------------------------|---------------|--------------------------|---------|------------|--------------------------------------|
| 280 N. Old Woodward Avenue | Birmingham    | Birmingham/Bloomfield    | 18,952  | Sublease   | White Glove                          |
| 30700 Telegraph Road       | Bingham Farms | Southfield/Bingham Farms | 17,276  | Direct     | Rapid Mortgage Funding, Inc.         |
| 400 Galleria Officentre    | Southfield    | Southfield/Bingham Farms | 17,234  | Direct     | Doner Partners                       |
| 277 Pierce Street          | Birmingham    | Birmingham/Bloomfield    | 12,405  | Direct     | Robert Schechter and Associates, LLC |
| 20700 Civic Center Drive   | Southfield    | Southfield/Bingham Farms | 9,504   | Direct     | Med Source Services, Inc.            |

SIGNATURE QUICK FACTS

|  |  |   |
|--|--|---|
| <p><b>Q2 2021</b><br/>SIGNATURE LISTED...</p> <p> <b>204</b><br/>NEW PROPERTIES</p> <p> <b>1,825,006</b><br/>SQUARE FEET</p> <p> <b>186.9</b><br/>ACRES</p> | <p><b>Q2 2021</b><br/>SIGNATURE CLOSED....</p> <p> <b>375</b><br/>TRANSACTIONS</p> <p> <b>7,011,190</b><br/>SQUARE FEET</p> <p> <b>2,637.21</b><br/>ACRES</p> | <p> <b>42%</b><br/>CONSISTENT<br/>MARKET SHARE</p> <hr/> <p><b>FULL-SERVICE<br/>COMMERCIAL REAL ESTATE</b></p> <hr/> <p><b>TCN</b>  <b>MEMBER FIRM</b><br/>WORLDWIDE REAL ESTATE SERVICES</p> |
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