



METROPOLITAN
DETROIT
MARKET

OFFICE
Q3 2022
MARKET STATISTICS



METROPOLITAN DETROIT

OFFICE MARKET REVIEW

ECONOMIC OVERVIEW

Third quarter 2022 closed with a direct vacancy rate of 20.71%, an overall vacancy rate of 22.46%, and an average asking direct rental rate reported at \$19.16 psf. In June, the Michigan unemployment rate was recorded at 4.1%, a decrease of 0.5 percentage points compared to this time last year. In August, U.S. job openings declined to 10.1 million, the lowest since June 2021, while adding 528,000 jobs, more than double economist’s original estimates of 258,000 jobs. In September, the hiring pace slightly declined due to higher rates and slower company growth with 263,000 jobs added and an unemployment rate of 3.5%, a decrease of 1.3 percentage points compared to one year ago. Year to date the Federal Reserve has increased the interest rate five times. The Federal Reserve has announced they will continue to aggressively institute rate increases until inflation declines and are confident that balance among the economy is being restored. Wall Street closed out the month of September down 9.3%, the worst month since March of 2020. Interest rate hikes have taken a toll on the housing market as home prices have decreased at an accelerated rate, long-term mortgage rates increased for 6 straight weeks by the end of September, and a 30-year rate was recorded at 6.7%, the highest in 15 years. Consumers, employers and the overall market remain aware and cautious heading into the fourth quarter as anticipation builds as the year is ready to close out.

STATS ON THE GO

	Q3 2021	Q3 2022	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	21.45%	22.46%	1.01%	▲
Direct Asking Rents (psf/yr)	\$18.74	\$19.16	2.3%	▲

OFFICE MARKET DISCUSSION

Several notable leases were signed during the third quarter with the largest deal inked by Comerica Bank with the lease of 2 buildings located at 36455 Corporate Drive and 36555 Corporate Drive in Farmington Hills totaling 340,000 sq. ft. Comerica plans to move 2,000 employees from their current locations in Auburn Hills and Livonia into this larger office space. While in Novi, Autosystems America, Inc. signed a deal totaling 91,708 sq. ft. located at 39550 Orchard Hill Place. Lastly in Detroit, Majorel, a customer experience management company signed a lease for 35,000 sq. ft. of space in the 27-story, Class C office building located at 211 W. Fort Street with plans to move 600 employees into this new space in the fall.

Several investment sales closed the quarter with the largest being a 2-building portfolio of Class A space totaling 459,594 sq. ft. located at 700 Tower Drive and 800 Tower Drive in Troy purchased by KAWA Capital Management. While in West Bloomfield, Big Sky Medical purchased the 149,000 sq. ft., 3-story property located at 6900 Orchard Lake Road. In Farmington Hills, Trasco Realty, LLC purchased Arboretum West, a 3-story Class B building totaling 117,998 sq. ft. located at 34705 W. 12 Mile Road. Lastly in Auburn Hills, FANUC America Corporation purchased the 132,745 sq. ft., 3-story Class B property located at 2630 Featherstone Road and will occupy the building.

OUTLOOK

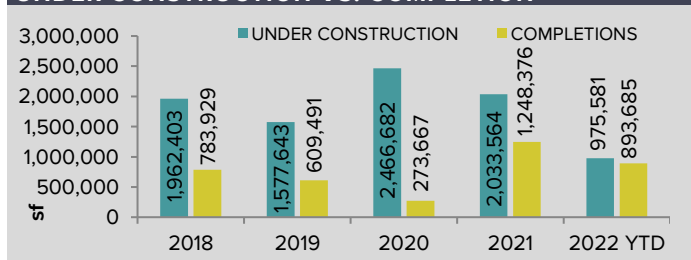
Construction of Huntington Tower, the first office tower to be built in downtown Detroit in more than 30 years, was completed in September. Construction of the 427,000 sq. ft., 21-story office tower is located at 2025 Woodward Avenue, will serve as Huntington Bank’s commercial banking headquarters and will be home to 750 employees. While in Farmington Hills, Mercedes Benz Financial Services USA officially opened their newly constructed 3-story, 200,000 sq. ft. headquarters located at 35555 W. 12 Mile Road located on 35 acres.

The vacancy rate of sublease space continues to remain elevated, yet the Metro Detroit office market continues to see small progress towards continued recovery. Owners and landlords in the office market continue to struggle filling space. Many are reevaluating their properties concerning amenities, offering incentives for existing tenants, while attracting new ones, and updating aging properties.

UNDER CONSTRUCTION

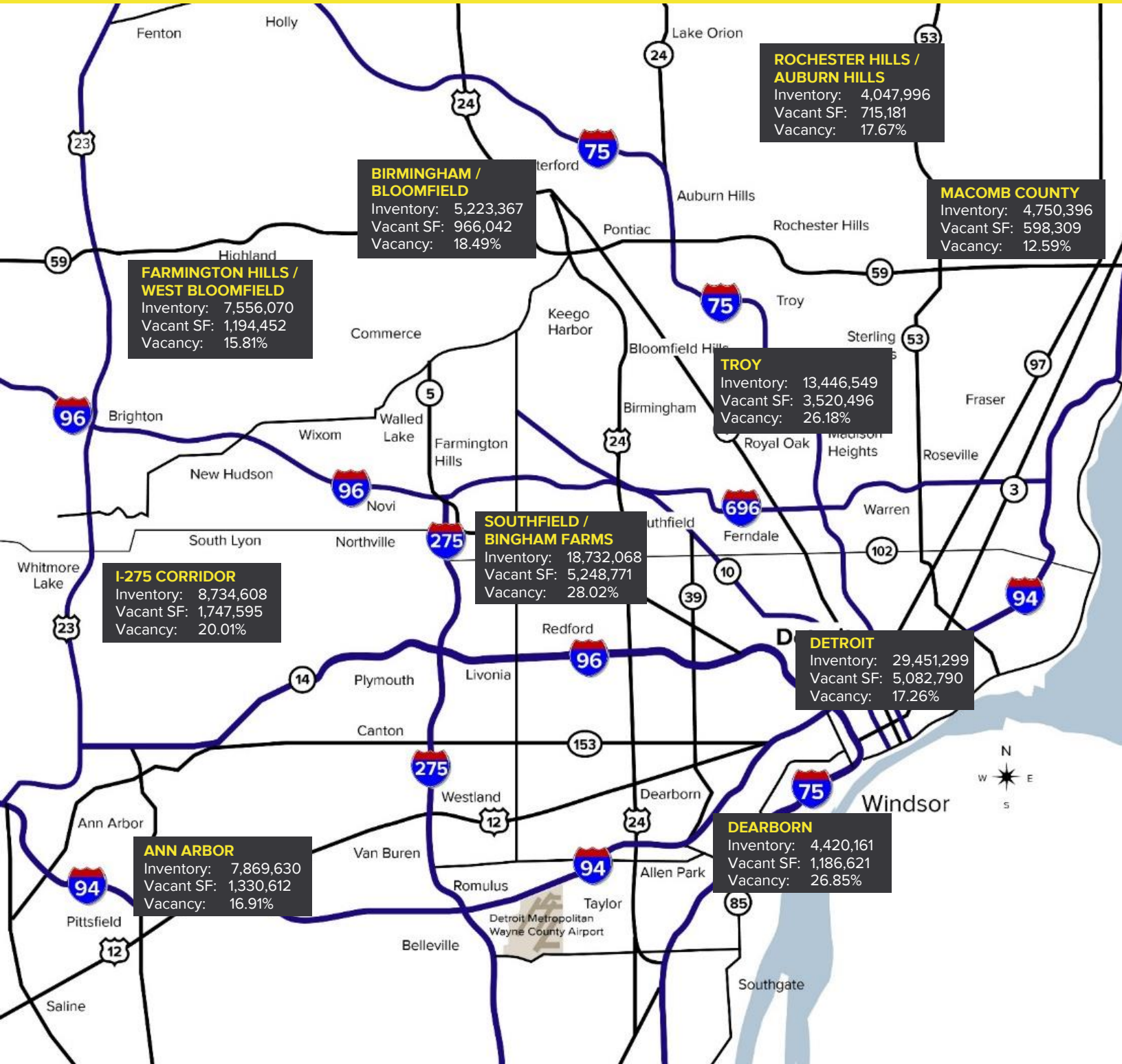
BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION
111 Henry Street Detroit	Detroit	73,500	December 2023
1405 E. South Boulevard Rochester Hills/ Auburn Hills	Rochester Hills	60,000	January 2023
44070 W. 12 Mile Road I-275 Corridor	Novi	26,028	March 2023

UNDER CONSTRUCTION VS. COMPLETION



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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 2 nd - 3 rd Qtr
CLASS A						
Ann Arbor	2,592,938	410,107	15.82%	336,172	12.96%	-0.04%
Birmingham/Bloomfield	1,969,960	561,778	28.52%	546,819	27.76%	0.35%
Dearborn	1,419,212	342,327	24.12%	340,714	7.00%	0.00%
Detroit	9,780,507	1,541,480	15.76%	1,511,489	15.45%	-1.65%
Farmington Hills/West Bloomfield	2,411,248	527,548	21.88%	540,589	20.93%	-6.31%
I-275 Corridor*	2,837,918	852,150	30.03%	739,790	26.07%	2.45%
Macomb County**	573,400	50,597	8.82%	50,597	8.82%	1.83%
Rochester Hills/Auburn Hills	654,115	118,482	18.11%	115,318	17.63%	-0.01%
Southfield/Bingham Farms	5,868,546	1,767,452	30.12%	1,561,226	26.60%	0.94%
Troy	6,558,596	2,311,118	35.24%	1,951,770	29.76%	0.54%
CLASS A TOTAL	34,666,440	8,483,039	24.47%	7,658,484	22.09%	-0.58%
CLASS B						
Ann Arbor	4,780,581	995,458	20.82%	937,909	19.62%	0.39%
Birmingham/Bloomfield	3,095,572	418,468	13.52%	404,999	13.08%	2.23%
Dearborn	2,901,163	888,430	30.62%	816,907	28.16%	1.15%
Detroit	15,137,342	2,886,888	19.07%	2,852,248	18.84%	0.68%
Farmington Hills/West Bloomfield	4,669,510	729,331	15.62%	672,103	14.39%	-2.41%
I-275 Corridor*	5,184,503	1,032,457	19.91%	956,035	18.44%	-1.74%
Macomb County**	3,381,963	472,267	13.96%	448,415	13.26%	-0.09%
Rochester Hills/Auburn Hills	2,962,919	864,612	29.18%	582,756	19.67%	0.27%
Southfield/Bingham Farms	11,058,666	3,579,761	32.37%	3,331,075	30.12%	0.63%
Troy	6,130,655	1,576,086	25.71%	1,456,142	23.75%	-0.84%
CLASS B TOTAL	59,302,874	13,443,758	22.67%	12,458,589	21.01%	0.08%
CLASS C						
Ann Arbor	496,111	56,531	11.39%	56,531	11.39%	0.83%
Birmingham/Bloomfield	157,835	14,224	9.01%	14,224	9.01%	-3.84%
Dearborn	99,786	29,000	29.06%	29,000	29.06%	4.01%
Detroit	4,533,450	728,253	16.06%	719,053	15.86%	-0.07%
Farmington Hills/West Bloomfield	475,312	17,760	3.74%	17,760	3.74%	-4.43%
I-275 Corridor*	712,187	51,770	7.27%	51,770	7.27%	-14.99%
Macomb County**	795,033	99,297	12.49%	99,297	12.49%	-3.38%
Rochester Hills/Auburn Hills	430,962	17,107	3.97%	17,107	3.97%	0.00%
Southfield/Bingham Farms	1,804,856	356,470	19.75%	356,470	19.75%	0.22%
Troy	757,298	112,584	14.87%	112,584	14.87%	-3.81%
CLASS C TOTAL	10,262,830	1,482,996	14.45%	1,473,796	14.36%	-1.76%
COMBINED CLASS A, B, & C						
Ann Arbor	7,869,630	1,462,096	18.58%	1,330,612	16.91%	0.28%
Birmingham/Bloomfield	5,223,367	994,470	19.04%	966,042	18.49%	1.33%
Dearborn	4,420,161	1,259,757	28.50%	1,186,621	26.85%	-0.59%
Detroit	29,451,299	5,156,621	17.51%	5,082,790	17.26%	-0.20%
Farmington Hills/West Bloomfield	7,556,070	1,274,639	16.87%	1,194,452	15.81%	-3.78%
I-275 Corridor*	8,734,608	1,936,377	22.17%	1,747,595	20.01%	-1.46%
Macomb County**	4,750,396	622,161	13.10%	598,309	12.59%	-0.42%
Rochester Hills/Auburn Hills	4,047,996	1,000,201	24.71%	715,181	17.67%	0.20%
Southfield/Bingham Farms	18,732,068	5,703,683	30.45%	5,248,771	28.02%	0.69%
Troy	13,446,549	3,999,788	29.75%	3,520,496	26.18%	-0.34%
METRO DETROIT OFFICE MARKET TOTAL	104,232,144	23,409,793	22.46%	21,590,869	20.71%	-0.33%

*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
700 & 800 Tower Drive 2-Building Portfolio	Troy	Troy	459,594	Investment	KAWA Captial Management
6900 Orchard Lake Road	West Bloomfield	Farmington Hills/ W. Bloomfield	149,000	Investment	Big Sky Medical
2630 Featherstone Road	Auburn Hills	Rochester Hills/ Auburn Hills	132,745	User	FANUC America Corporation
34705 W. 12 Mile Road	Farmington Hills	Farmington Hills/ W. Bloomfield	117,998	Investment	Trasco Realty, LLC
401-411 S. Old Woodward Avenue	Birmingham	Birmingham/ Bloomfield	108,753	Investment	Bacall Companies, LLC

TOP LEASE TRANSACTIONS

Building	City	Market	Size/SF	Lease Type	Tenant
36455 & 36555 Corporate Drive	Farmington Hills	Farmington Hills/ W. Bloomfield	340,000	Direct	Comerica Bank
39550 Orchard Hill Place	Novi	I-275 Corridor	91,708	Direct	Autosystems America, Inc.
211 W. Fort Street	Detroit	Detroit	63,289	Direct	Majorel
2000 W. Lafayette Boulevard	Detroit	Detroit	20,581	Direct	City of Detroit – Elections
25820 Orchard Lake Road	Farmington Hills	Farmington Hills/ W. Bloomfield	11,700	Direct	Michigan Learning Academy

SIGNATURE QUICK FACTS

<p>Q3 2022 SIGNATURE LISTED...</p> <p> 210 NEW PROPERTIES</p> <p> 2,780,212 SQUARE FEET</p> <p> 812.88 ACRES</p>	<p>Q3 2022 SIGNATURE CLOSED...</p> <p> 358 TRANSACTIONS</p> <p> 6,873,888 SQUARE FEET</p> <p> 755.24 ACRES</p>	<p> 42% CONSISTENT MARKET SHARE</p> <p>FULL-SERVICE COMMERCIAL REAL ESTATE</p> <p>TCN  MEMBER FIRM WORLDWIDE REAL ESTATE SERVICES</p>
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