



METROPOLITAN  
**DETROIT**  
**MARKET**

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OFFICE  
**Q1 2022**  
MARKET STATISTICS

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KNOW SIGNATURE | KNOW RESULTS

METROPOLITAN DETROIT

# OFFICE MARKET REVIEW

## ECONOMIC OVERVIEW

First quarter 2022 closed with a direct vacancy rate of 20.59%, an overall vacancy rate of 22.00%, and an average asking direct rental rate reported at \$19.39 psf. In March, the Michigan unemployment rate was recorded at 4.4%, a decrease of 0.7 percentage points compared to this time last year. As the U.S. job market nears full recovery, 431,000 jobs were added in March, the number of Americans applying for unemployment benefits reached a 52-year low, and the U.S. unemployment rate was recorded at 3.6%, a decrease of 2.4 percentage points compared to one year ago, the lowest rate since the beginning of the pandemic two years ago. However, U.S. inflation has surged to an increase of 7.9% over the past year currently standing at a 40-year high, long-term mortgage rates have risen to the highest they have been since 2019, while producer prices have increased 11.2% compared to one year ago due to higher energy costs leaving consumers around the country to feel the impacts, and U.S. confidence readings fell to the lowest level since 2011. The Federal Reserve announced plans to combat further inflation with increases to the interest rate, which has remained at zero since the beginning of the pandemic. In March, a 0.4% rate increase was issued with an advisory of six additional rate increases throughout 2022 totaling 1.9% and potentially 2.8% by the end of 2023 based on their median forecast, impacting higher loans for consumers and businesses.

## STATS ON THE GO

|                              | Q1 2021 | Q1 2022 | Y-O-Y CHANGE | 12 MONTH FORECAST |
|------------------------------|---------|---------|--------------|-------------------|
| Overall Vacancy              | 20.76%  | 22.00%  | 1.24%        | ▲                 |
| Direct Asking Rents (psf/yr) | \$18.51 | \$19.39 | 4.8%         | ▲                 |

## OFFICE MARKET DISCUSSION

The office market leasing activity remained consistent to previous quarters with several smaller deals signed. First in Auburn Hills, Mersino inked a deal totaling 17,210 sq. ft. of space at the 3-story property located at 900 N. Squirrel Road. Second in Ann Arbor, Coherix Corporation leased 14,925 sq. ft. of space located at 3980 Ranchero Drive. While in Troy, Capital Home Mortgage subleased 11,418 sq. ft. located at the 5-story building at 3310 W. Big Beaver

Two of the largest sales to close the quarter were both investment sales located in Troy. First, Manchester Wilshire, LLC purchased the 5-story, 186,954 sq. ft. building located at 901 Wilshire Drive, while AEVRI Long Lake, LLC purchased the 171,994 sq. ft. Class A, 3-story building located at 1301 W. Long Lake Road. Lastly in Birmingham, the 3-story, 125,998 sq. ft. Class A property located at 325 N. Old Woodward was purchased by 325 Owner, LLC as an investment.

## OUTLOOK

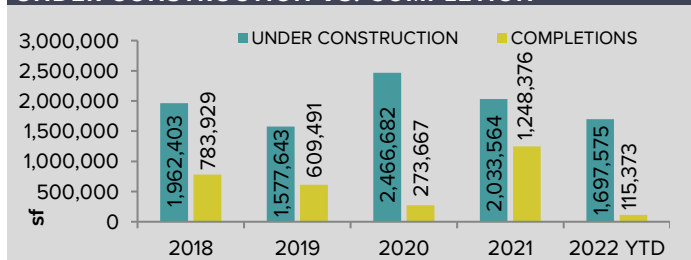
In February, Majorel, a company focused on designing, building and delivering next-generation end-to-end customer experience solutions for multiple brands, announced plans to open a Detroit office virtually in April, with their physical downtown Detroit office location yet to be disclosed. Majorel will initially hire 200 full-time employees with plans to create up to 500 jobs. The Detroit Regional Partnership had been working since March 2021 to attract Majorel to southeast Michigan, eventually selecting Detroit as their new location out of more than 50 other cities

The Metro Detroit office market, like much of the country, continues to make progress and strides towards recovering economically from the pandemic. There continues to be noticeable gains in employment growth, increase in wages, and the resilience of organizations and their ability to collaborate and grow their business in diverse directions. There is a considerable amount of progress, growth and re-establishment to be made moving forward into 2022.

## UNDER CONSTRUCTION

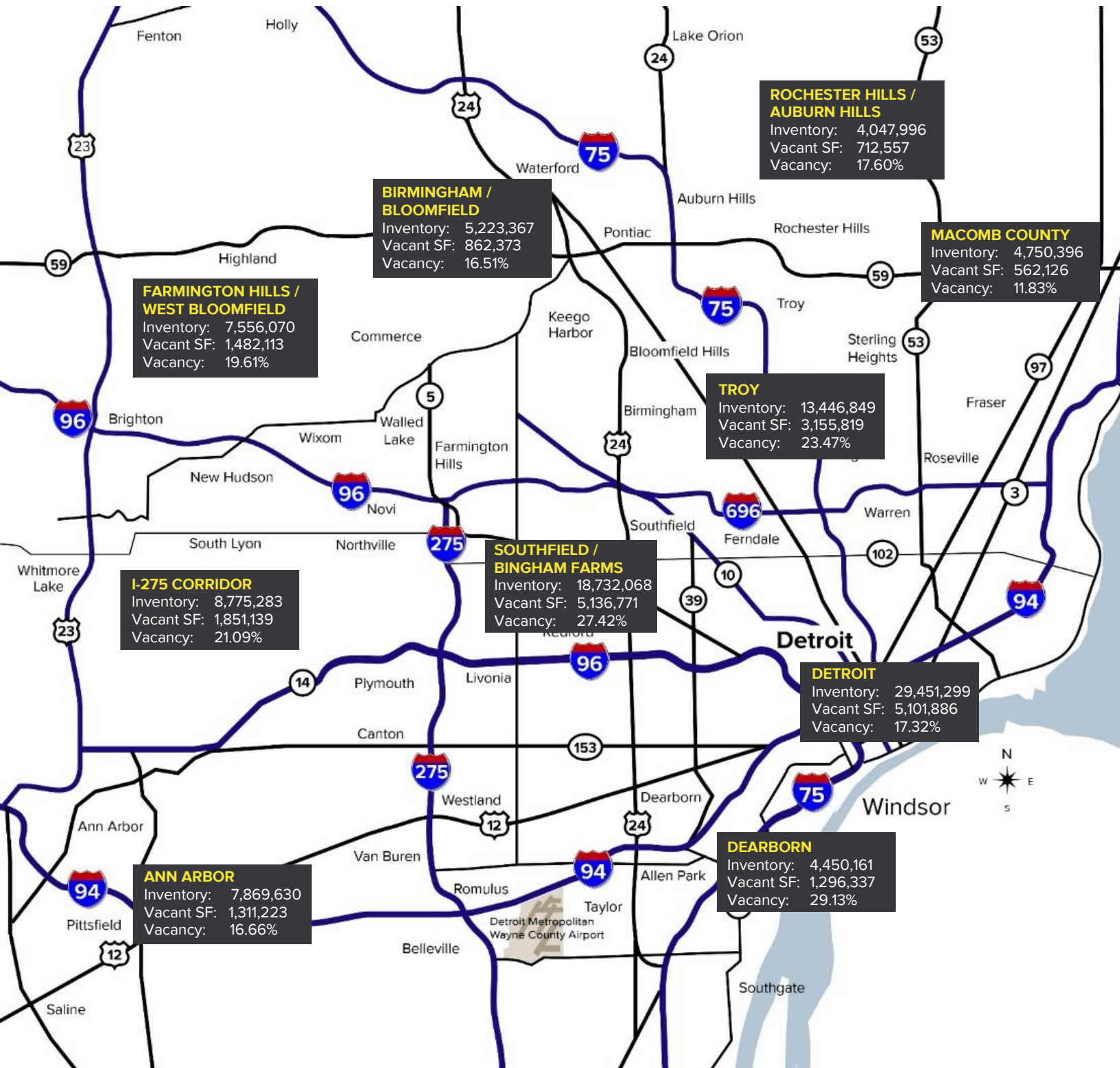
| BUILDING / MARKET                           | CITY             | SF      | ESTIMATED COMPLETION |
|---|------------------|---------|----------------------|
| 2025 Woodward Avenue Detroit                | Detroit          | 422,437 | October 2022         |
| 40705 Woodward Avenue Birmingham/Bloomfield | Bloomfield Hills | 74,371  | June 2022            |
| 44070 W. 12 Mile Road I-275 Corridor        | Novi             | 26,028  | September 2022       |

## UNDER CONSTRUCTION VS. COMPLETION



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| 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>Change<br>4 <sup>th</sup> - 1 <sup>st</sup> Qtr |
|---|--------------------------------|-------------------------------------|-------------------------|---------------------------------|---------------------|---|
| <b>CLASS A</b>                              |                                |                                     |                         |                                 |                     |   |
| Ann Arbor                                   | 2,592,938                      | 369,818                             | 14.26%                  | 369,818                         | 14.26%              | 6.64%   |
| Birmingham/Bloomfield                       | 1,969,960                      | 538,913                             | 27.36%                  | 511,020                         | 25.94%              | 0.75%   |
| Dearborn                                    | 1,449,212                      | 506,106                             | 34.92%                  | 506,106                         | 7.00%               | 0.00%   |
| Detroit                                     | 9,780,507                      | 1,662,004                           | 16.99%                  | 1,623,666                       | 16.60%              | 0.65%   |
| Farmington Hills/West Bloomfield            | 2,411,248                      | 672,000                             | 27.87%                  | 641,009                         | 26.58%              | 1.07%   |
| I-275 Corridor*                             | 2,837,918                      | 840,114                             | 29.60%                  | 672,841                         | 23.71%              | -1.79%  |
| Macomb County**                             | 573,400                        | 46,422                              | 8.10%                   | 45,522                          | 7.94%               | 4.85%   |
| Rochester Hills/Auburn Hills                | 654,115                        | 136,333                             | 20.84%                  | 114,615                         | 17.52%              | -4.18%  |
| Southfield/Bingham Farms                    | 5,868,546                      | 1,755,265                           | 29.91%                  | 1,551,765                       | 26.44%              | -0.82%  |
| Troy  | 6,558,896                      | 1,849,569                           | 28.20%                  | 1,681,896                       | 25.64%              | 3.80%   |
| <b>CLASS A TOTAL</b>                        | <b>34,696,740</b>              | <b>8,376,544</b>                    | <b>24.14%</b>           | <b>7,718,258</b>                | <b>22.24%</b>       | <b>1.61%</b>  |
| <b>CLASS B</b>                              |                                |                                     |                         |                                 |                     |   |
| Ann Arbor                                   | 4,780,581                      | 921,845                             | 19.28%                  | 890,056                         | 18.62%              | 0.69%   |
| Birmingham/Bloomfield                       | 3,095,572                      | 350,881                             | 11.33%                  | 335,274                         | 10.83%              | 0.02%   |
| Dearborn                                    | 2,901,163                      | 804,454                             | 27.73%                  | 732,431                         | 25.25%              | -7.10%  |
| Detroit                                     | 15,137,342                     | 2,779,888                           | 18.36%                  | 2,744,227                       | 18.13%              | 0.86%   |
| Farmington Hills/West Bloomfield            | 4,669,510                      | 842,305                             | 18.04%                  | 798,056                         | 17.09%              | -0.12%  |
| I-275 Corridor*                             | 5,225,178                      | 1,122,649                           | 21.49%                  | 1,023,757                       | 19.59%              | 0.76%   |
| Macomb County**                             | 3,381,963                      | 450,031                             | 13.31%                  | 426,179                         | 12.60%              | 1.00%   |
| Rochester Hills/Auburn Hills                | 2,962,919                      | 666,657                             | 22.50%                  | 580,835                         | 19.60%              | 6.16%   |
| Southfield/Bingham Farms                    | 11,058,666                     | 3,510,437                           | 31.74%                  | 3,212,758                       | 29.05%              | 1.48%   |
| Troy  | 6,130,655                      | 1,488,527                           | 24.28%                  | 1,412,209                       | 23.04%              | 0.03%   |
| <b>CLASS B TOTAL</b>                        | <b>59,343,549</b>              | <b>12,937,674</b>                   | <b>21.80%</b>           | <b>12,155,782</b>               | <b>20.48%</b>       | <b>0.66%</b>  |
| <b>CLASS C</b>                              |                                |                                     |                         |                                 |                     |   |
| Ann Arbor                                   | 496,111                        | 51,349                              | 10.35%                  | 51,349                          | 10.35%              | -1.75%  |
| Birmingham/Bloomfield                       | 157,835                        | 16,079                              | 10.19%                  | 16,079                          | 10.19%              | 0.04%   |
| Dearborn                                    | 99,786                         | 57,800                              | 57.92%                  | 57,800                          | 57.92%              | -11.34%   |
| Detroit                                     | 4,533,450                      | 743,193                             | 16.39%                  | 733,993                         | 16.19%              | -2.26%  |
| Farmington Hills/West Bloomfield            | 475,312                        | 43,048                              | 9.06%                   | 43,048                          | 9.06%               | -1.76%  |
| I-275 Corridor*                             | 712,187                        | 176,816                             | 24.83%                  | 154,541                         | 21.70%              | -0.75%  |
| Macomb County**                             | 795,033                        | 90,425                              | 11.37%                  | 90,425                          | 11.37%              | -0.38%  |
| Rochester Hills/Auburn Hills                | 430,962                        | 17,107                              | 3.97%                   | 17,107                          | 3.97%               | 0.00%   |
| Southfield/Bingham Farms                    | 1,804,856                      | 372,248                             | 20.62%                  | 372,248                         | 20.62%              | -6.06%  |
| Troy  | 757,298                        | 61,714                              | 8.15%                   | 61,714                          | 8.15%               | -1.48%  |
| <b>CLASS C TOTAL</b>                        | <b>10,262,830</b>              | <b>1,629,779</b>                    | <b>15.88%</b>           | <b>1,598,304</b>                | <b>15.57%</b>       | <b>-3.47%</b>   |
| <b>COMBINED CLASS A, B, &amp; C</b>         |                                |                                     |                         |                                 |                     |   |
| Ann Arbor                                   | 7,869,630                      | 1,343,012                           | 17.07%                  | 1,311,223                       | 16.66%              | 2.49%   |
| Birmingham/Bloomfield                       | 5,223,367                      | 905,873                             | 17.34%                  | 862,373                         | 16.51%              | 0.33%   |
| Dearborn                                    | 4,450,161                      | 1,368,360                           | 30.75%                  | 1,296,337                       | 29.13%              | -4.24%  |
| Detroit                                     | 29,451,299                     | 5,185,085                           | 17.61%                  | 5,101,886                       | 17.32%              | 0.31%   |
| Farmington Hills/West Bloomfield            | 7,556,070                      | 1,557,353                           | 20.61%                  | 1,482,113                       | 19.61%              | 0.13%   |
| I-275 Corridor*                             | 8,775,283                      | 2,139,579                           | 24.38%                  | 1,851,139                       | 21.09%              | -0.16%  |
| Macomb County**                             | 4,750,396                      | 586,878                             | 12.35%                  | 562,126                         | 11.83%              | 1.26%   |
| Rochester Hills/Auburn Hills                | 4,047,996                      | 820,097                             | 20.26%                  | 712,557                         | 17.60%              | 3.84%   |
| Southfield/Bingham Farms                    | 18,732,068                     | 5,637,950                           | 30.10%                  | 5,136,771                       | 27.42%              | 0.03%   |
| Troy  | 13,446,849                     | 3,399,810                           | 25.28%                  | 3,155,819                       | 23.47%              | 1.78%   |
| <b>METRO DETROIT OFFICE MARKET TOTAL</b>    | <b>104,303,119</b>             | <b>22,943,997</b>                   | <b>22.00%</b>           | <b>21,472,344</b>               | <b>20.59%</b>       | <b>0.58%</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                   |
|----------------------------|------------|------------------------------|---------|------------|-------------------------|
| 901 Wilshire Drive         | Troy       | Troy                         | 186,954 | Investment | Machester Wilshire, LLC |
| 1301 W Long Lake Road      | Troy       | Troy                         | 171,994 | Investment | AEVRI Long Lake, LLC    |
| 325 N. Old Woodward Avenue | Birmingham | Birmingham/<br>Bloomfield    | 125,998 | Investment | 325 Owner, LLC          |
| 26600 Telegraph Road       | Southfield | Southfield/<br>Bingham Farms | 108,634 | Investment | Princeton Enterprises   |
| 5875 New King Court        | Troy       | Troy                         | 82,182  | User       | Chapa Properties, LLC   |

## TOP LEASE TRANSACTIONS

| Building                | City         | Market                           | Size/SF | Lease Type | Tenant                           |
|-------------------------|--------------|----------------------------------|---------|------------|----------------------------------|
| 900 N. Squirrel Road    | Auburn Hills | Rochester Hills/<br>Auburn Hills | 17,210  | Direct     | Mersino                          |
| 3980 Rancho Drive       | Ann Arbor    | Ann Arbor                        | 14,925  | Direct     | Coherix Corporation              |
| 3310 W. Big Beaver Road | Troy         | Troy                             | 11,418  | Sublease   | Capital Home Mortgage            |
| 2723 S. State Street    | Ann Arbor    | Ann Arbor                        | 9,958   | Direct     | Coldwell Banker Weir Manuel, LLC |
| 30500 Van Dyke Avenue   | Warren       | Macomb County                    | 9,950   | Direct     | Michigan Works! Macomb/St. Clair |

## SIGNATURE QUICK FACTS

|  |  |   |
|--|--|---|
| <p><b>Q1 2022</b><br/>SIGNATURE LISTED...</p> <p> <b>195</b><br/>NEW PROPERTIES</p> <p> <b>3,534,381</b><br/>SQUARE FEET</p> <p> <b>549.373</b><br/>ACRES</p> | <p><b>Q1 2022</b><br/>SIGNATURE CLOSED....</p> <p> <b>338</b><br/>TRANSACTIONS</p> <p> <b>6,609,098</b><br/>SQUARE FEET</p> <p> <b>155.65</b><br/>ACRES</p> | <p> <b>42%</b><br/>CONSISTENT<br/>MARKET SHARE</p> <p><b>FULL-SERVICE<br/>COMMERCIAL REAL ESTATE</b></p> <p><b>TCN</b>  <b>MEMBER<br/>FIRM</b><br/>WORLDWIDE<br/>REAL ESTATE SERVICES</p> |
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