

METROPOLITAN  
**DETROIT**  
**MARKET**

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OFFICE  
**Q2 2021**  
MARKET STATISTICS



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

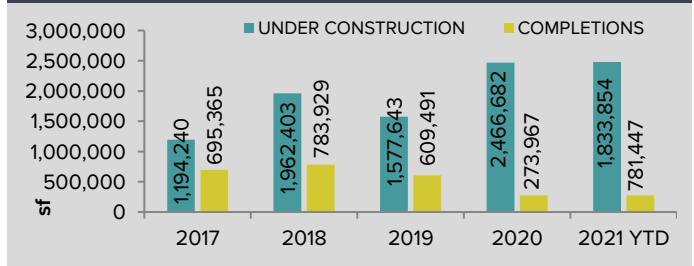
The Metro Detroit office market has made progress toward normalcy throughout second quarter. With COVID-19 restrictions completely lifted in Michigan, business leaders have forecasted growth of the state's economy over the next 6-12 months as more professionals return to the office during the third and 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

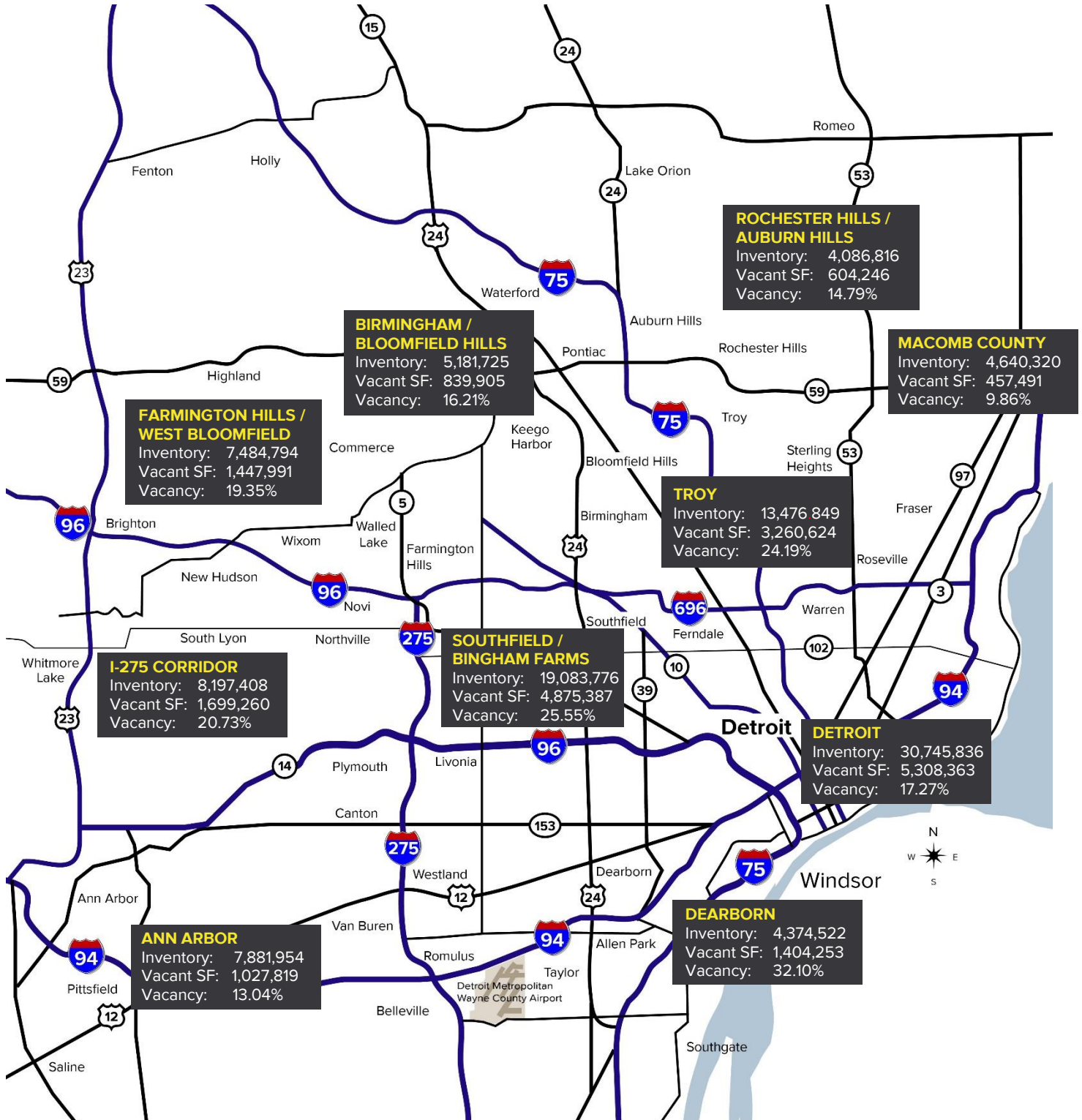
BUILDING / MARKET	CITY	SF	ESTIMATED COMPLETION
2025 Woodward Avenue Detroit	Detroit	422,437	March 2022
1206 Woodward Avenue Detroit	Detroit	366,000	August 2023
39000 W. Seven Mile Road I-275 Corridor	Livonia	127,379	February 2022

## UNDER CONSTRUCTION VS. COMPLETION



METROPOLITAN DETROIT

# OFFICE MARKET REVIEW



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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 % 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.

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# 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 style="text-align: center;"><b>Q2 2021</b> SIGNATURE LISTED...</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p><b>204</b> NEW PROPERTIES</p> </div> <div style="text-align: center;">  <p><b>1,825,006</b> SQUARE FEET</p> </div> <div style="text-align: center;">  <p><b>186.9</b> ACRES</p> </div> </div>	<p style="text-align: center;"><b>Q2 2021</b> SIGNATURE CLOSED....</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p><b>375</b> TRANSACTIONS</p> </div> <div style="text-align: center;">  <p><b>7,011,190</b> SQUARE FEET</p> </div> <div style="text-align: center;">  <p><b>2,637.21</b> ACRES</p> </div> </div>	<div style="text-align: center;">  <p><b>42%</b> CONSISTENT MARKET SHARE</p> </div> <hr/> <p style="text-align: center;"><b>FULL-SERVICE COMMERCIAL REAL ESTATE</b></p> <hr/> <div style="text-align: center;">  <p><b>TCN</b> WORLDWIDE REAL ESTATE SERVICES</p> <p style="font-size: small;">MEMBER FIRM</p> </div>
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