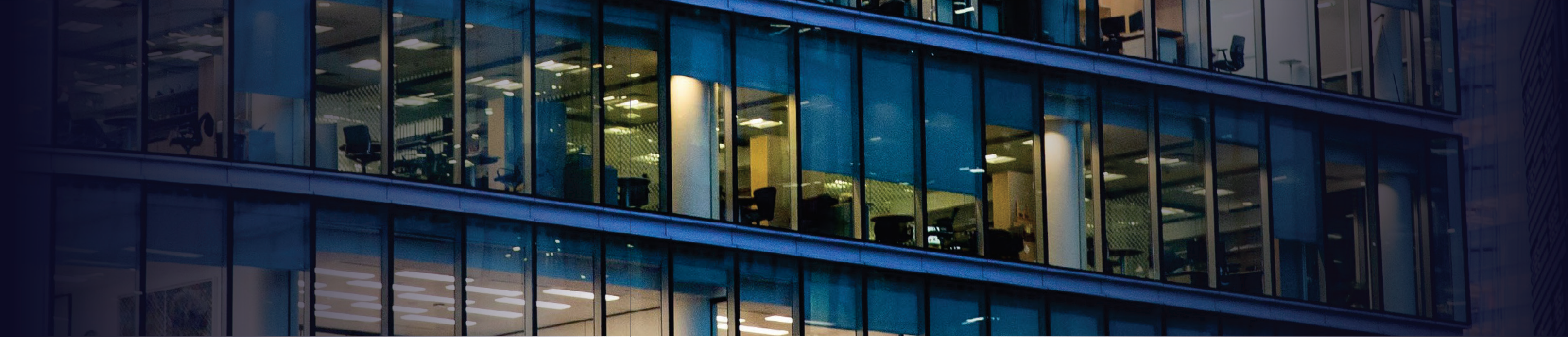


MARKETBEAT DETROIT
OFFICE Q1 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
20.8% Vacancy Rate	▲	▲
-10.4K Net Absorption, SF	▲	▼
$20.16 Asking Rent, PSF	▼	—

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1M Detroit Employment	▲	▼
5.2% Detroit Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

MICHIGAN ECONOMIC OVERVIEW

The unemployment rate in Metro Detroit climbed 130 basis points (bps) from the prior year to 5.2% as of Q1 2025. The local unemployment rate is well above the national level of 4.1%.

According to a recent study by The Detroit Regional Chamber, Southeast Michigan's economy has shown resilience but lags behind peer regions in certain key areas, such as Gross Domestic Product (GDP), population, and jobs in 2024. For instance, a poll indicates that 51.0% of Michigan voters believe that tariffs on Canada could negatively affect the state's economy. Approximately 234,000 jobs in metro Detroit rely on Canadian trade and investment.

SUPPLY AND DEMAND

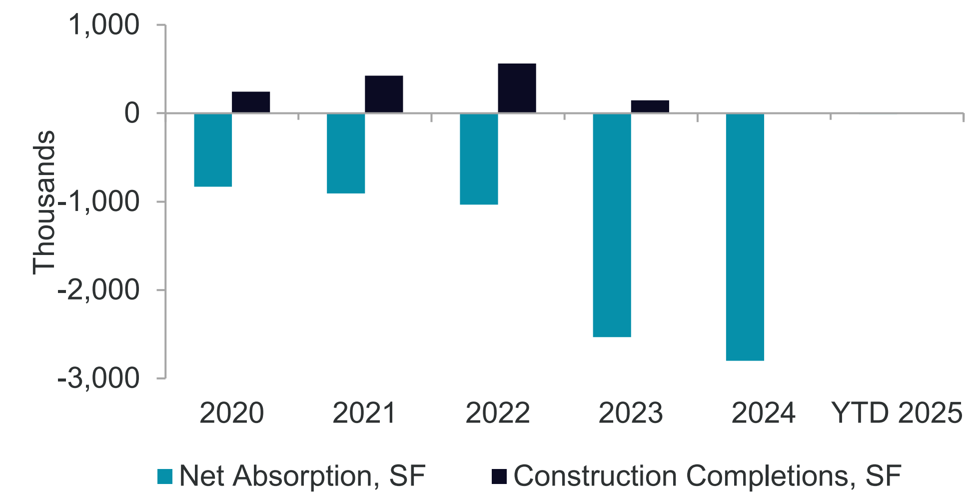
The Metro Detroit office market showed signs of improvement in Q1. The vacancy rate remained unchanged quarter-over-quarter (QOQ) at 20.8%, with an increase of 210 bps year-over-year (YOY). Of the 21.3 million square feet (msf) vacant across the market, 1.3 msf was available for sublease. The sublease vacancy rate remained unchanged YOY at 1.3%. As the vacancy rate stabilized in Q1 2025, the highly anticipated Hudson's Detroit building could help further maintain future vacancy when it's delivered later this year. With a total of 404,000 square feet (sf) of office space, over half of the Class A space is pre-leased at Hudson's Detroit, with General Motors as the anchor tenant.

The Metro Detroit office market registered 10,400 sf of negative net absorption in Q1 2025, which was the least negative quarter of overall net absorption since Q3 2022. The Farmington Hills/Novi/West Bloomfield submarket posted over 78,000 sf of positive absorption, to lead the Metro Detroit market. The Kirk Gibson Foundation, Amentum Technology, and Fishbeck moved into a combined 91,000 sf at the Woodlands in Farmington Hills near I-696. Aside from net absorption, new leasing activity was 374,000 sf, a 50.0% decrease YOY. Leasing activity is an indicator of future quarterly net absorption.

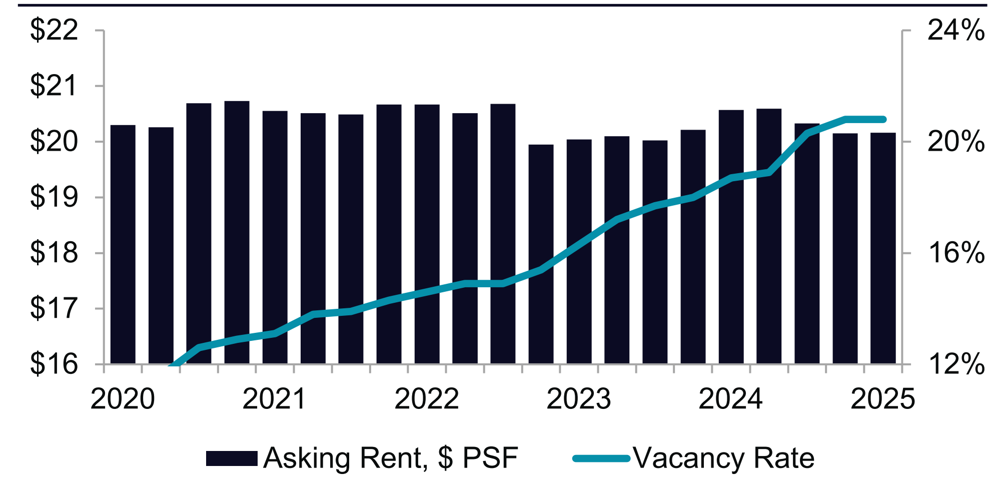
PRICING

Across all categories, the overall gross asking rates was $20.16 per square foot (psf) in Q1 2025, a 2.0% decrease over the prior year. Asking rates have been greater than $20.00 psf for nine consecutive quarters.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)**	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Detroit CBD	17,793,904	193,677	3,889,340	22.9%	-65,285	-65,285	404,000	$24.58	$30.00
Airport District	1,401,306	0	0	0.0%	0	0	0	N/A	N/A
Ann Arbor CBD	4,052,774	79,087	411,678	12.1%	37,051	37,051	0	$27.03	$35.00
Ann Arbor Non-CBD	3,333,462	133,786	518,462	19.6%	4,933	4,933	0	$22.17	$28.00
Auburn Hills/Rochester Hills	3,136,615	114,793	755,120	27.7%	-45,189	-45,189	0	$19.34	$19.47
Birmingham	2,132,273	0	215,215	10.1%	-2,686	-2,686	42,000	$33.15	$34.86
Bloomfield	1,570,284	1,391	217,334	13.9%	13,105	13,105	0	$23.60	$27.50
Dearborn/Downriver	4,928,801	2,104	709,637	14.4%	-44,507	-44,507	0	$18.21	$17.04
Detroit New Center/Midtown	5,771,980	16,503	557,426	9.9%	-1,657	-1,657	0	$22.66	$25.84
Farmington Hills/Novi/West Bloomfield	10,784,576	74,536	1,810,094	17.5%	78,484	78,484	0	$18.76	$21.21
Clarkston & Waterford Area	673,240	0	100,694	15.0%	-2,962	-2,962	0	$23.32	$23.50
Livonia	3,775,118	0	989,370	26.2%	-5,654	-5,654	0	$17.39	$22.00
Macomb County	4,683,322	7,711	462,072	10.0%	22,570	22,570	0	$19.05	$24.20
Plymouth/Northville	1,521,984	0	65,538	4.3%	-1,200	-1,200	0	$18.39	$23.50
Pontiac	3,358,887	14,280	517,121	15.8%	-133	-133	0	$21.38	$20.59
Royal Oak	1,977,070	18,347	151,572	8.6%	-1,400	-1,400	0	$21.60	$28.00
Southfield/Bingham Farms	17,840,062	452,860	5,183,472	31.6%	15,442	15,442	0	$17.61	$19.74
The Pointes	433,063	0	34,781	8.0%	0	0	0	N/A	N/A
Troy	13,276,545	239,324	3,355,298	27.1%	-11,270	-11,270	0	$20.16	$20.44
DETROIT TOTALS	**102,445,266**	**1,348,399**	**19,944,224**	**20.8%**	**-10,358**	**-10,358**	**446,000**	**$20.16**	**$25.00**

**Rental rates reflect full service asking* ***Under Construction was revised after release of tables on U.S. Office MarketBeat*

KEY LEASE TRANSACTIONS Q1 2025

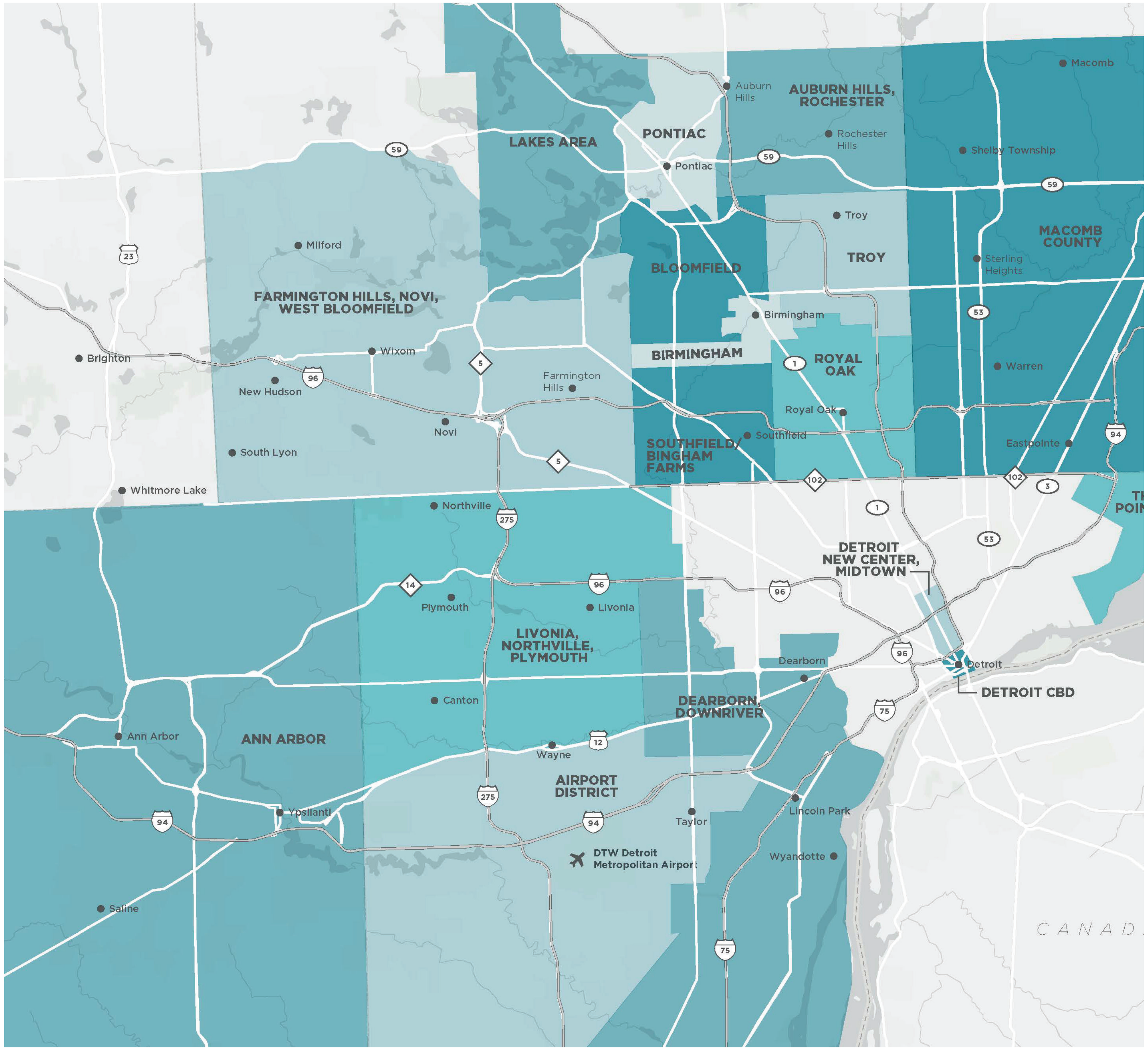
PROPERTY	SUBMARKET	TENANT	SF	TYPE
2000 Town Center	Southfield/Bingham Farms	Citizens United Reciprocal Exchange	21,097	New Lease
999 Big Beaver Road West	Troy	Cardinia Real Estate LLC	15,479	Sublease
755 Big Beaver Road West	Troy	Intelligent Office	14,827	*Renewal

**Renewals not included in leasing statistics*

KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
901 Wilshire Drive	Troy	Venture Management / John Hallquist	186,954	$24.0M / $128.37
950 Stephenson Highway	Troy	Indus Properties LLC / AGP Construction	69,318	$3.8M / $54.82
426 Clinton Street	Detroit CBD	Clinton Building Property LLC / Fusco, Shaffer & Pappas, Inc.	58,000	$2.5M / $43.10

OFFICE SUBMARKETS



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