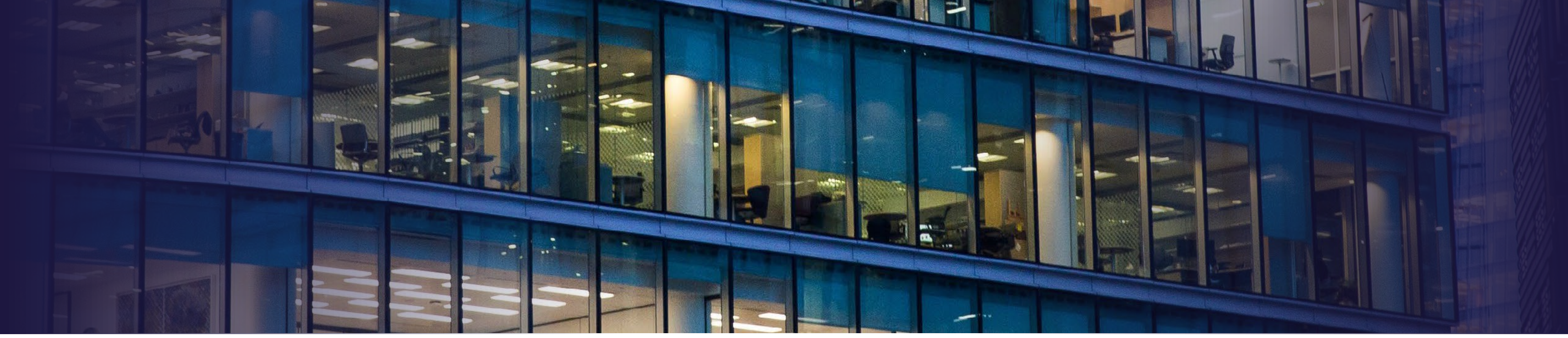


MARKETBEAT
DETROIT
OFFICE Q3 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
20.1% Vacancy Rate	▲	▲
-349K YTD Net Absorption, SF	▲	▼
$20.01 Asking Rent, PSF	▼	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.1M Detroit Employment	▲	▼
4.7% Detroit Unemployment Rate	▼	▲
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS

MICHIGAN ECONOMIC OVERVIEW

The unemployment rate in Metro Detroit decreased on a year-over-year (YOY) basis from 4.8% to 4.7% as of Q3 2025. Local unemployment remained above the national rate of 4.3%. The state of Michigan posted strong gains in its business climate: in July 2025, CNBC ranked the state sixth in the nation for Top States for Business, the highest placement Michigan has reached to date. Specifically, Michigan's rank in economy, cost of doing business and infrastructure took a major positive leap from 2024 to 2025.

SUPPLY AND DEMAND

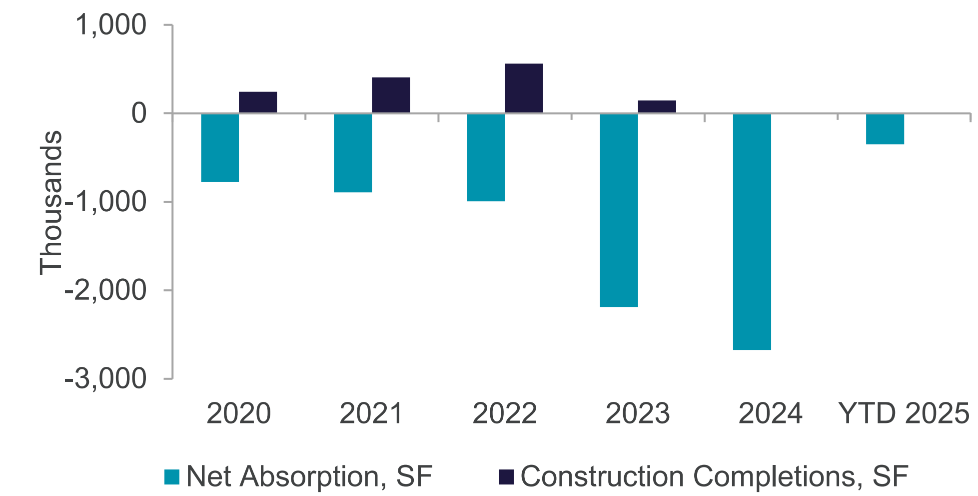
The overall office vacancy rate in Metro Detroit has stabilized at approximately 20.0% for four consecutive quarters. This consistency indicates that the market has reached a period of relative stability, following several quarters of incrementing vacancy in response to the shifting workplace dynamics that emerged during the pandemic. The overall vacancy rate for Q3 2025 was 20.1%, an 80 basis-point (bps) increase YOY, due mainly to vacancy growth in a select number of Class C buildings in the Detroit CBD and Troy submarkets. The Royal Oak and Dearborn/Downriver submarkets posted the highest increases in overall vacancy, up 430 bps YOY to 9.9% and up 250 bps to 12.8%, respectively.

Overall net absorption has been negative for the past 16 consecutive quarters. However, the level of negative absorption was less on a YOY basis, with Q3 2025 recording negative 150,000 square feet (sf) versus Q3 2024 at negative 1.4 million square feet (msf). The highly anticipated completion of the Hudson's Detroit building in the Detroit CBD submarket is expected to add nearly 250,000 sf of positive absorption once delivered in late 2025. The vast majority of Q3 negative absorption was centered in the Farmington Hills/Novi/West Bloomfield submarket, which included 51,000 sf of new vacancy at 28001 Cabot Drive and 45,000 sf of vacancy at 27675 Halsted Road. Most of the major absorption activity in Q3 was centered in the Auburn Hills/Rochester Hills submarket, which recorded positive net absorption of 75,000 sf.

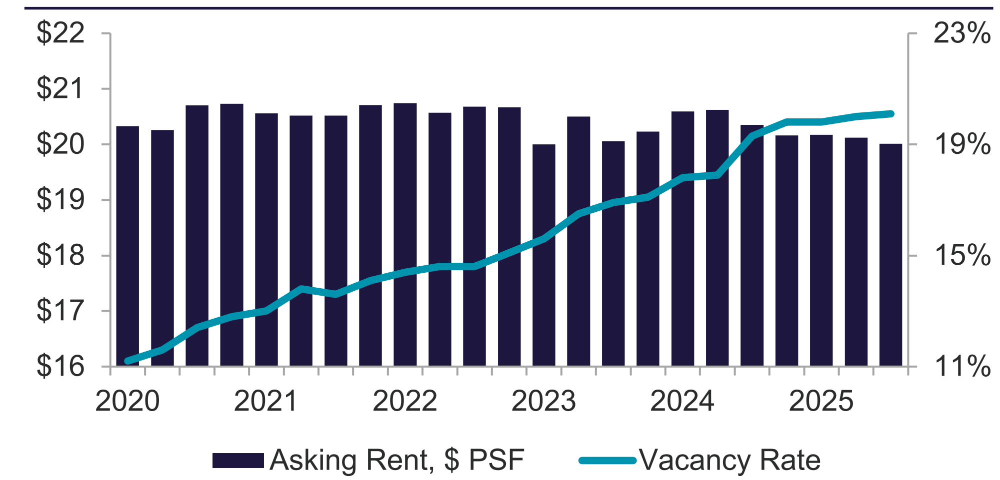
PRICING

Across all categories, overall gross asking rental rates were $20.01 per square foot (psf) in Q3 2025, which was a 1.7% decrease YOY. Over the past year, asking rents in the Royal Oak submarket dropped 24.8% to $16.33 psf— the largest decline in the Metro Detroit office market—driven largely by a 26.0% decrease in Class B asking rents.

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	17,719,715	96,261	3,619,230	21.0%	21,372	-3,006	404,000	$25.19	$30.00
Airport District	1,401,306	0	0	0.0%	0	0	0	N/A	N/A
Ann Arbor CBD	4,055,006	79,087	429,184	12.5%	-3,360	614	0	$26.93	$35.00
Ann Arbor Non-CBD	3,360,537	100,477	485,452	17.4%	33,720	-16,683	0	$20.10	$28.00
Auburn Hills/Rochester Hills	3,136,615	10,140	758,863	24.5%	75,407	36,942	0	$18.78	$18.63
Birmingham	2,188,925	4,576	219,591	10.2%	6,439	-24,251	42,000	$29.57	$34.86
Bloomfield	1,583,765	1,391	225,782	14.3%	-10,961	-12,450	0	$23.30	$27.50
Dearborn/Downriver	4,899,223	6,231	620,265	12.8%	30,678	-12,636	0	$17.77	$17.08
Detroit New Center/Midtown	5,776,642	16,503	523,663	9.4%	0	5,624	0	$22.64	$25.98
Farmington Hills/Novi/West Bloomfield	10,981,961	150,900	1,781,891	17.6%	-171,892	-23,536	0	$18.92	$21.87
Clarkston & Waterford Area	673,240	0	59,307	8.8%	10,005	3,425	0	$23.24	$23.50
Livonia	3,775,118	0	984,895	26.1%	-15,458	-14,731	0	$18.10	$22.00
Macomb County	4,634,840	7,711	413,692	9.1%	-3,683	-2,237	0	$18.22	$16.07
Plymouth/Northville	1,521,810	0	51,297	3.4%	2,022	1,420	0	$18.51	$23.50
Pontiac	3,358,887	16,047	490,616	15.1%	1,244	5,537	0	$21.58	$20.88
Royal Oak	1,977,070	11,370	184,058	9.9%	-59,726	-63,863	0	$16.33	$28.00
Southfield/Bingham Farms	17,856,594	477,395	5,300,306	32.4%	-50,590	-46,562	0	$17.61	$19.58
The Pointes	433,063	0	34,781	8.0%	0	0	0	N/A	N/A
Troy	13,367,804	190,622	3,312,249	26.2%	-15,383	-182,725	0	$19.96	$20.29
DETROIT TOTALS	**102,702,121**	**1,168,711**	**19,495.122**	**20.1%**	**-150,166**	**-349,118**	**446,000**	**$20.01**	**$25.00**

**Rental rates reflect full service asking | Class A rental rate stats are not reflective of U.S. MarketBeat Tables*

KEY LEASE TRANSACTIONS Q3 2025

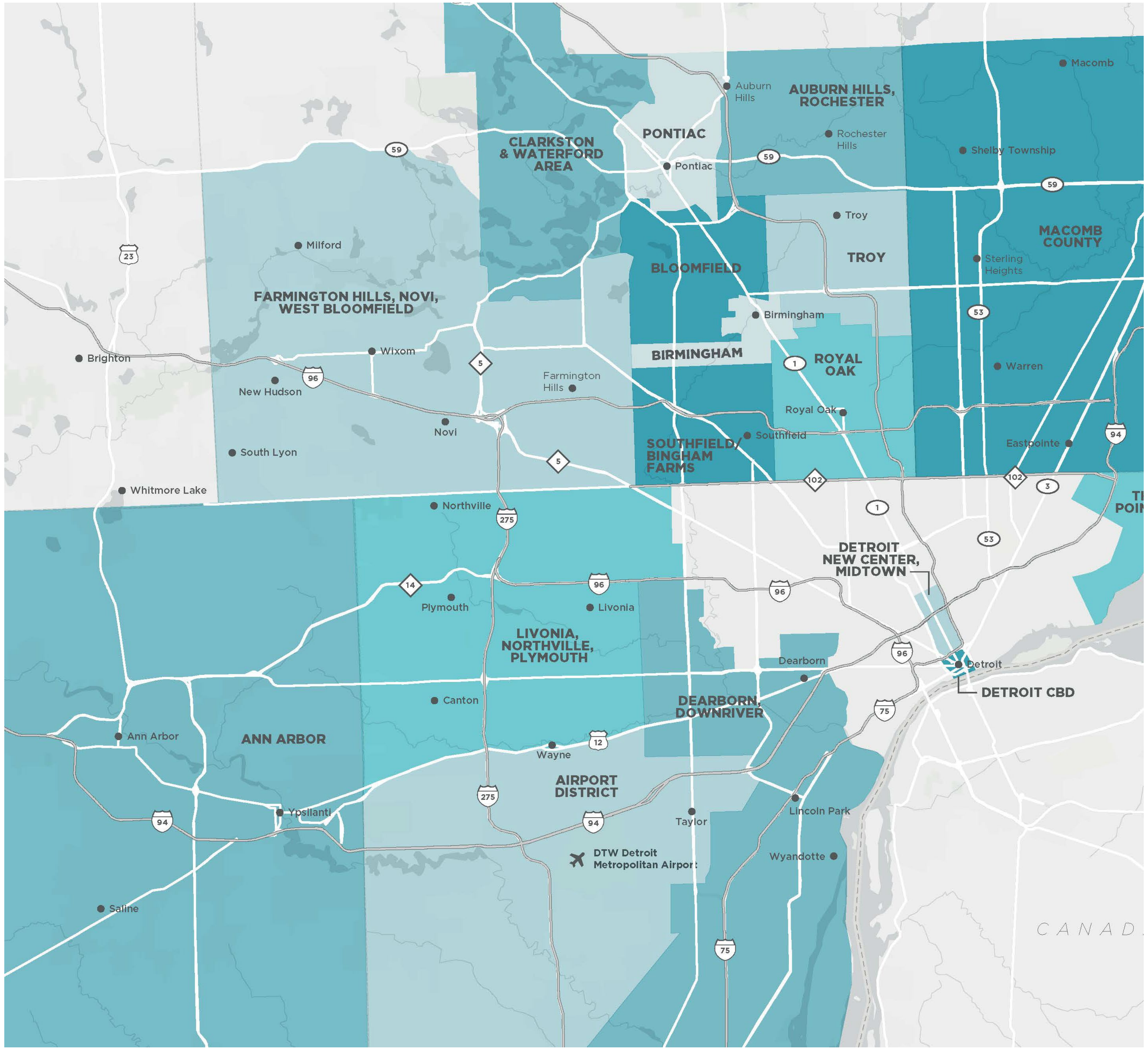
PROPERTY	SUBMARKET	TENANT	SF	TYPE
401-407 Liberty Street East	Ann Arbor CBD	The Regents of the University of Michigan	27,510	New Lease
21700 Northwestern Highway	Southfield/Bingham Farms	SEIU	23,062	New Lease
5440 Corporate Drive	Troy	A&D Mortgage	22,689	Sublease

KEY SALE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
25300-25330 Telegraph Road	Southfield/Bingham Farms	Amit Patel / Nagesh Palakurthi	300,000	$8.0M / $27
33 Bloomfield Hills Parkway	Bloomfield	Beachum & Roeser Mangement Corp / J S Evangelista	63,971	$7.8M / 121
44000 Garfield Road	Macomb County	Fortuna Group LLC / RSC Mechanical, Inc	63,560	$6.0M / $93

DETROIT
OFFICE Q3 2025

OFFICE SUBMARKETS



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