

Detroit

Office market snapshot | Q1 2024

The Detroit office market continued to face uncertainty in Q1 2024 with vacancies at a seven-year high. Occupier downsizings, and an oversupply of aging properties have led to reduced demand and minimal rent growth, challenging market fundamentals. Optimistically, GM announced they will relocate its headquarters to become the anchor tenant at the recently completed Hudson Building in exchange for the redevelopment rights of the Renaissance Center into a mixed-use project.

22.1%

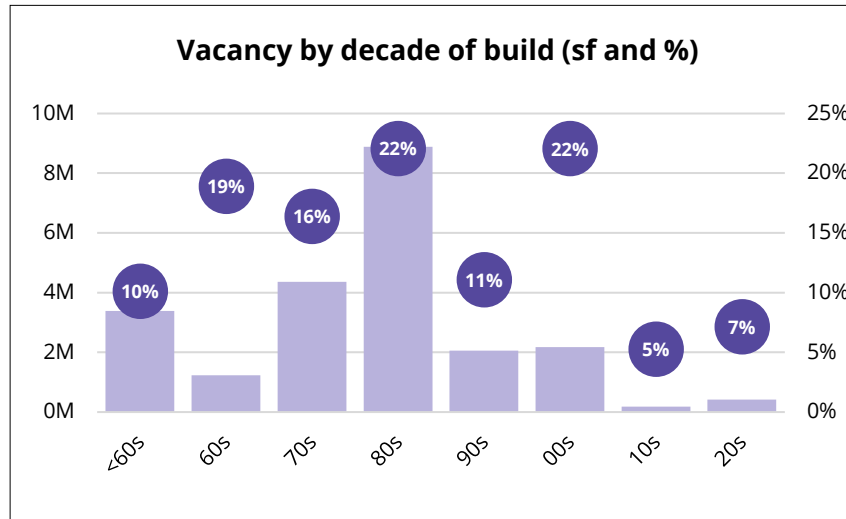
Vacancy of 1980's-built office product. This is the highest rate among any decade of office construction.

846k sf

Total market leasing activity in Q1 2024. This marks a 21% decline from Q1 2023.

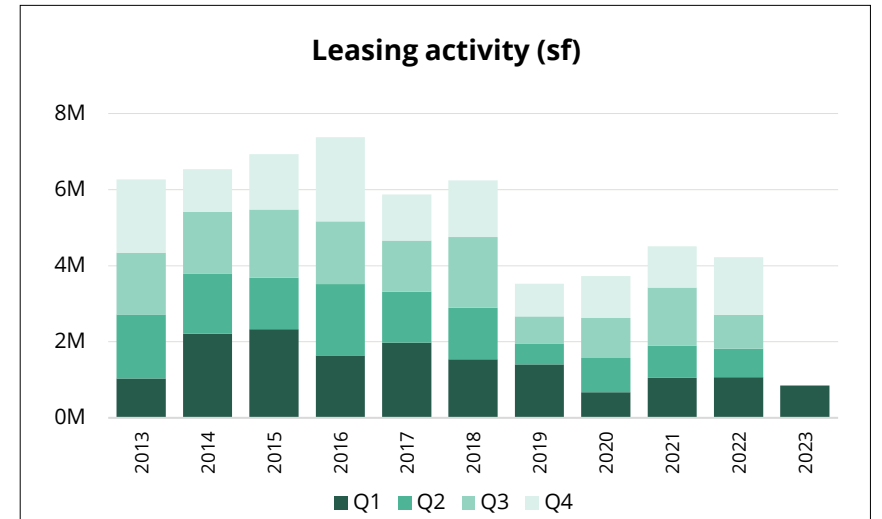
2.5M sf

Sublet availability across the market. This amount is down almost 200k sf end of Q1 last year.



Many older office properties, mainly from the 1980s, are losing appeal from occupiers aiming to offer new amenities to attract and keep talent. Along with touting the highest vacancy rate, the 80's segment of the market has the largest amount of vacant space on a square-foot basis, totaling almost 9 million.

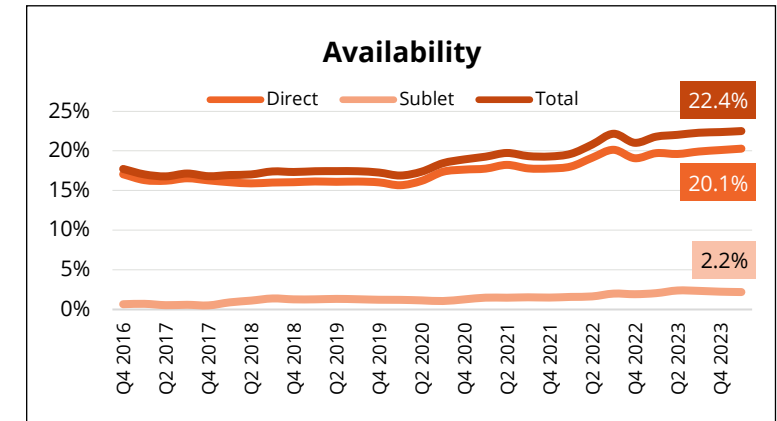
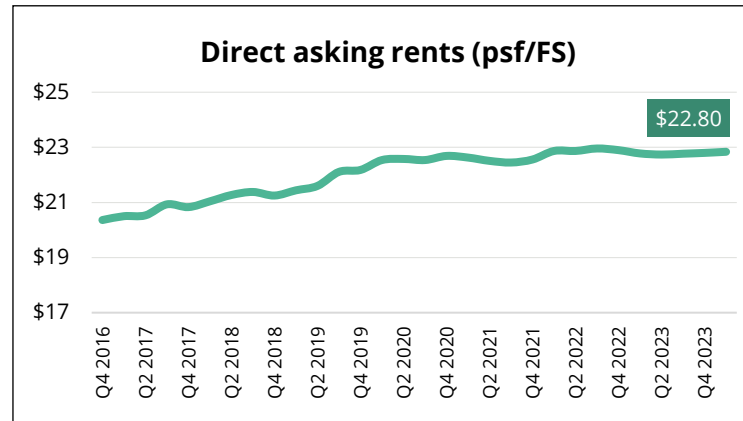
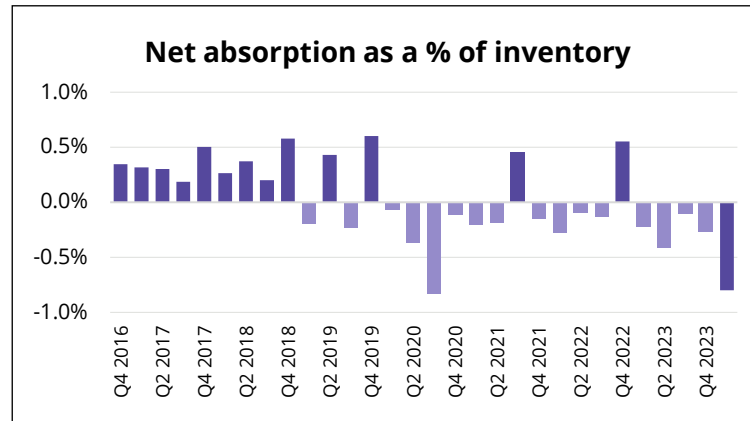
Source: AVANT by Avison Young, Costar



Leasing activity in Q1 of 2024 totaled over 846k sf. This is down 21% from Q1 of last year and the second lowest Q1 total since 2019.

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Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Redico	One Towne Sq	25,089	New	Direct
QFL	48797 Alpha Dr	10,064	New	Direct
Revela	6001 Cass Ave	21,943	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Provider RE Partners	29110 Inkster Rd	\$7,455,082	\$179	Acquia
UBT	901 Tower Dr	\$6,818,390*	\$55	Friedman RE
W Investors Group	32000 Northwestern Hwy	\$4,700,000	\$80	Friedman RE

* Indicates an auction sale

Note 2:

Source:

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Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct availability	Sublet availability	Total availability	Net absorption % of inventory (QTD)	Net absorption % of inventory (YTD)
Detroit/The Pointes	35,154,058		366,000	17.8%	1.1%	18.9%	-683,065	-1.9%
10 Mile	16,397,031			30.6%	5.2%	35.9%	-407,513	-2.5%
Troy	13,321,372			25.4%	2.1%	27.5%	201,904	1.5%
West Wayne	12,371,304			21.6%	2.5%	24.1%	221,281	1.8%
North Oakland	10,689,584			9.5%	3.2%	12.7%	-59,426	-0.6%
Bloomfield	10,398,697			22.9%	1.5%	24.4%	-168,766	-1.6%
Macomb	3,534,628		231,000	19.0%	0.2%	19.2%	-4,241	-0.1%
Livingston/W Oakland	3,111,158			20.0%	1.7%	21.6%	-8,265	-0.3%
Ann Arbor	2,723,856			16.3%	3.3%	19.6%	-23,030	-0.8%
Royal Oak	1,988,181			13.9%	1.2%	15.1%	8,228	0.4%
Downriver	1,508,809			3.0%	0.0%	3.0%	19,126	1.3%
Northern Outlying	1,290,378			7.4%	0.0%	7.4%	-10,515	-0.8%
Howell-Brighton Area	451,586			11.4%	0.2%	11.7%	7,671	1.7%
Market total	112,940,642		597,000	20.3%	2.2%	22.5%	-906,611	-0.8%

Note 1:
Note 2:
Source: