

NEWMARK

Detroit Office Market Trends

4Q25

U.S. Market Observations



Economy

- The Detroit MSA saw unemployment trend slightly downward over the year but soften modestly heading into late 2025, with the jobless rate in the mid-4 percent range by November and only limited net job growth, indicating a relatively flat but not deteriorating labor market compared with a year earlier.
- November 2025 figures show 2.1% YOY gain in Financial Activities, however a decline in YOY employment in both Information and Business & Professional sectors. Most of the job gains were in the Construction sector.
- Overall office-using employment in the Detroit MSA generally trended upward over the year, rising from about 531.1 in January to a peak of 543.9 in June before easing slightly in the second half of the year, ending at 535.9 in November. Despite some midyear volatility, levels remained consistently above the January baseline, indicating modest overall growth in office-using jobs.



Leasing Market Fundamentals

- The metro Detroit office market vacancy rate fell 50 basis points to 21.8% during the fourth quarter of 2025 as the market absorbed 722,241 SF of space. In 2025, the metro office market added a net 101,764 of vacant space, compared to 91,858 SF of vacant space in 2024.
- The Detroit CBD vacancy rate fell 30 basis points to 20.5% during the fourth quarter of 2025. The completion of Bedrock's 100% pre-leased 404,000 SF Hudson Tower is a major attraction for the downtown office market.
- In the Suburban market, at least five major office complexes—representing nearly 900,000 square feet—are in the planning stages of conversion to residential use. These prospective redevelopments will substantially reduce total office inventory at a time when many occupiers are downsizing and utilizing less space.



Major Transactions

- General Motors leased 200,000 SF in Hudson Tower in Detroit's CBD.
- Bose Corp leased 76,800 SF at 755 W Big Beaver Rd. in Troy.
- Angstrom Automotive leased 56,000 SF at Raleigh Officentre in Southfield.
- Urban Science leased +/- 35,000 SF in Hudson Tower in Detroit's CBD.
- Ven Johnson Law PLC leased 22,000 SF in Hudson Tower in Detroit's CBD.



Outlook

- At least five major office complexes—representing nearly 900,000 square feet—are in the planning stages of conversion to residential use. These prospective redevelopments will substantially reduce total office inventory at a time when many occupiers are downsizing and utilizing less space.
- Despite elevated asking rates, tenants will see increasingly competitive offers from landlords in the form of rent concessions and tenant improvement allowances.
- Higher occupancy office buildings will continue to see the most leasing demand as tenants are favoring active office facilities.
- The market remains favorable for tenants looking to purchase office buildings for owner-occupancy, as properties with low occupancy are struggling to attract leasing tenants.

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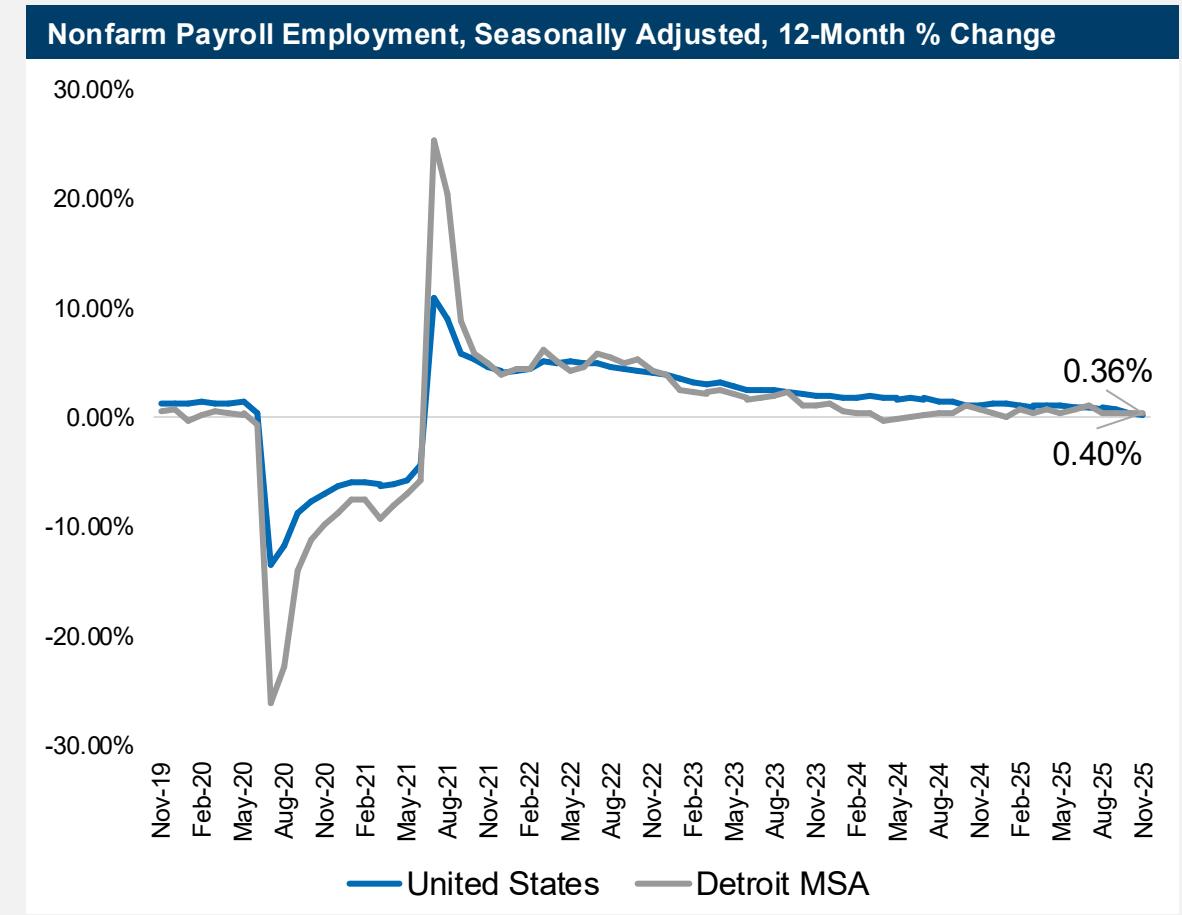
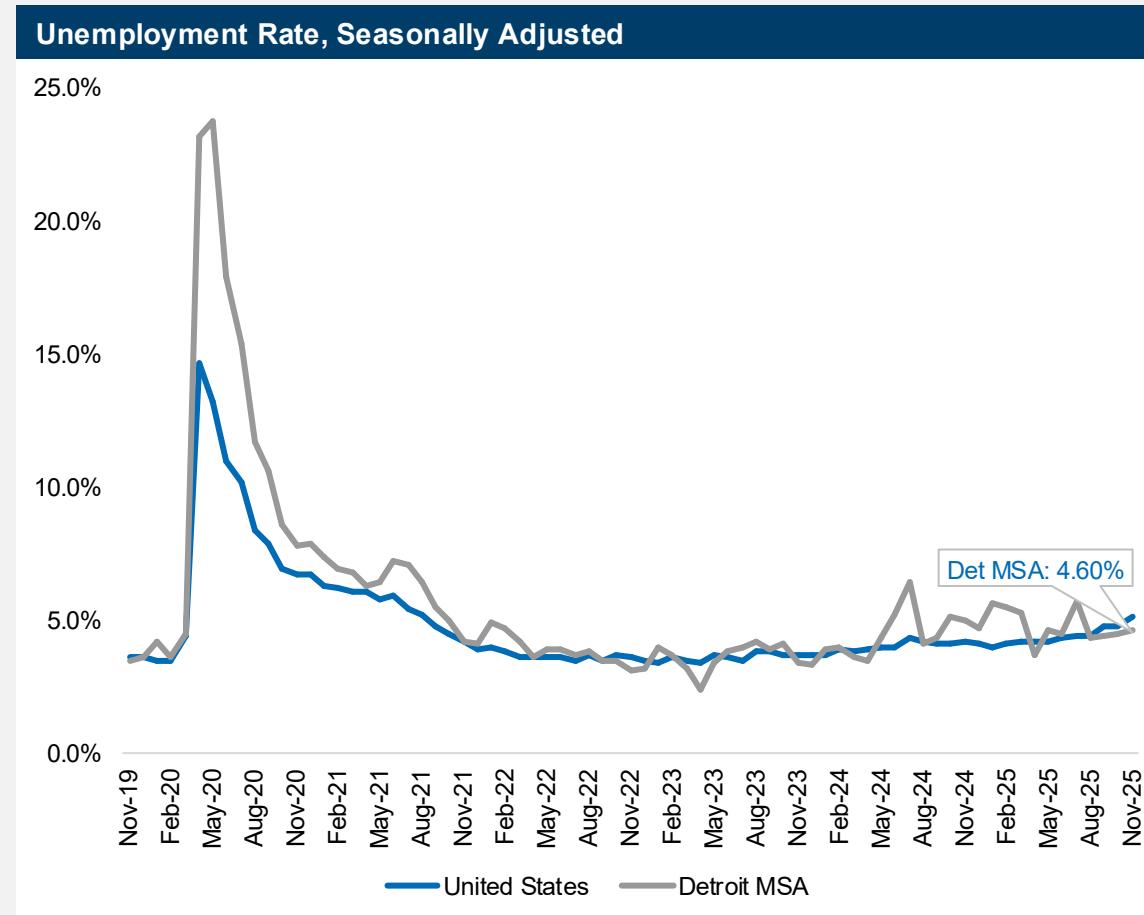
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Economy

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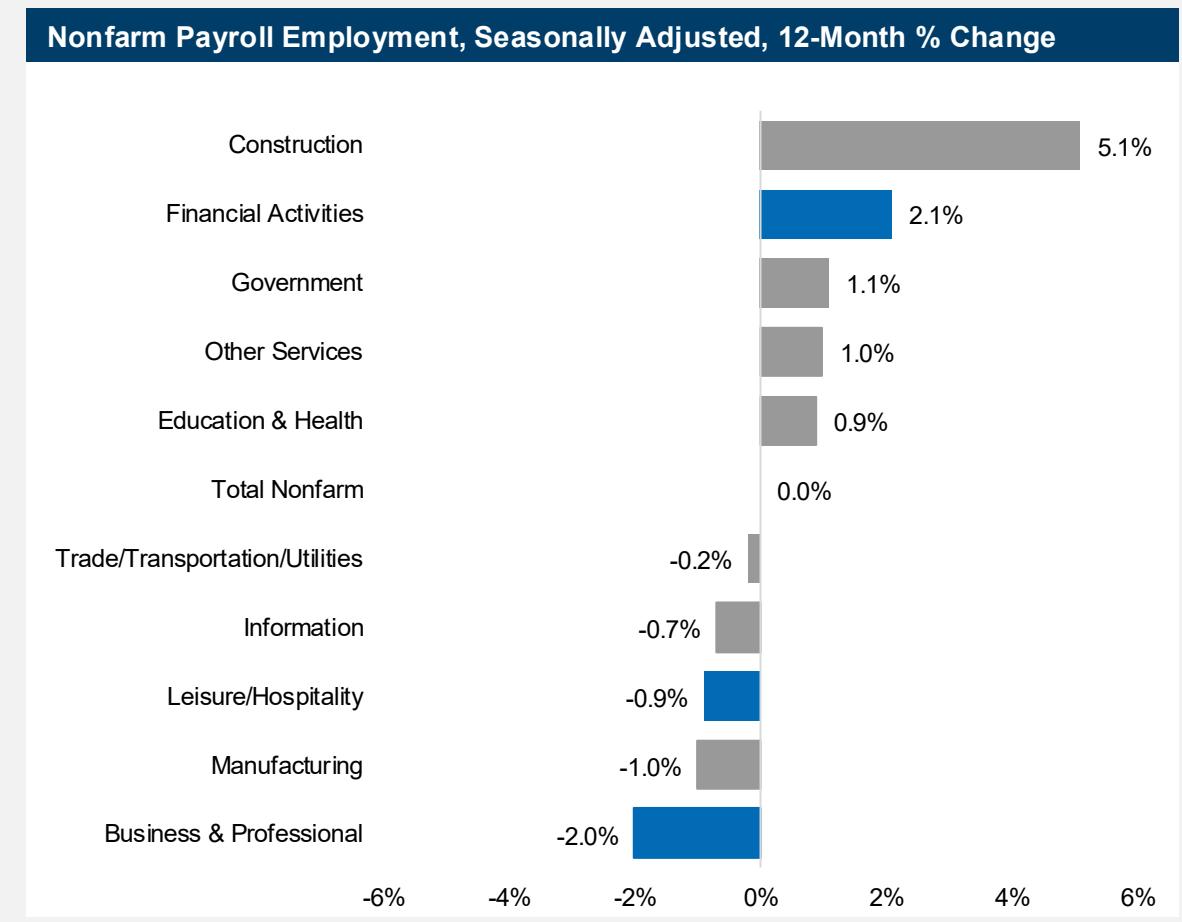
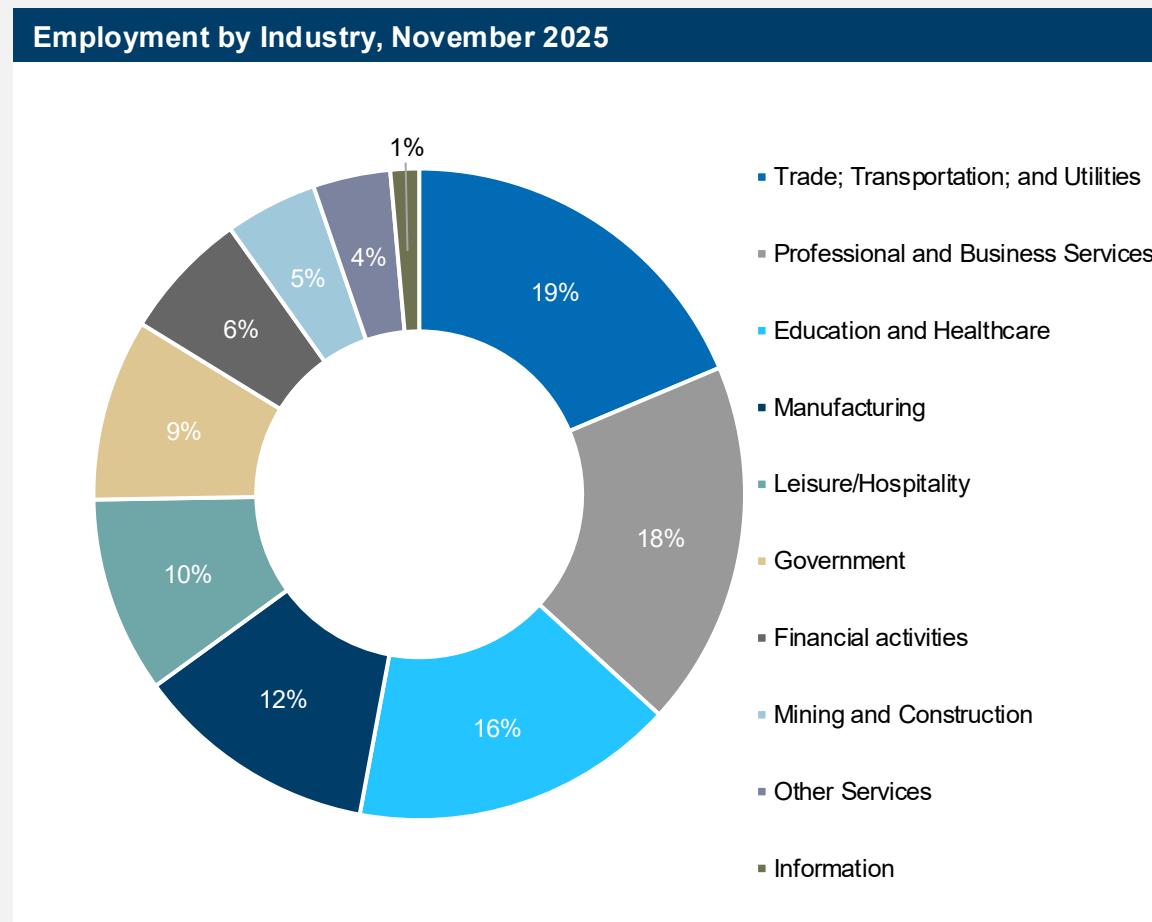
Metro Detroit Employment Trends Show Limited Job Growth

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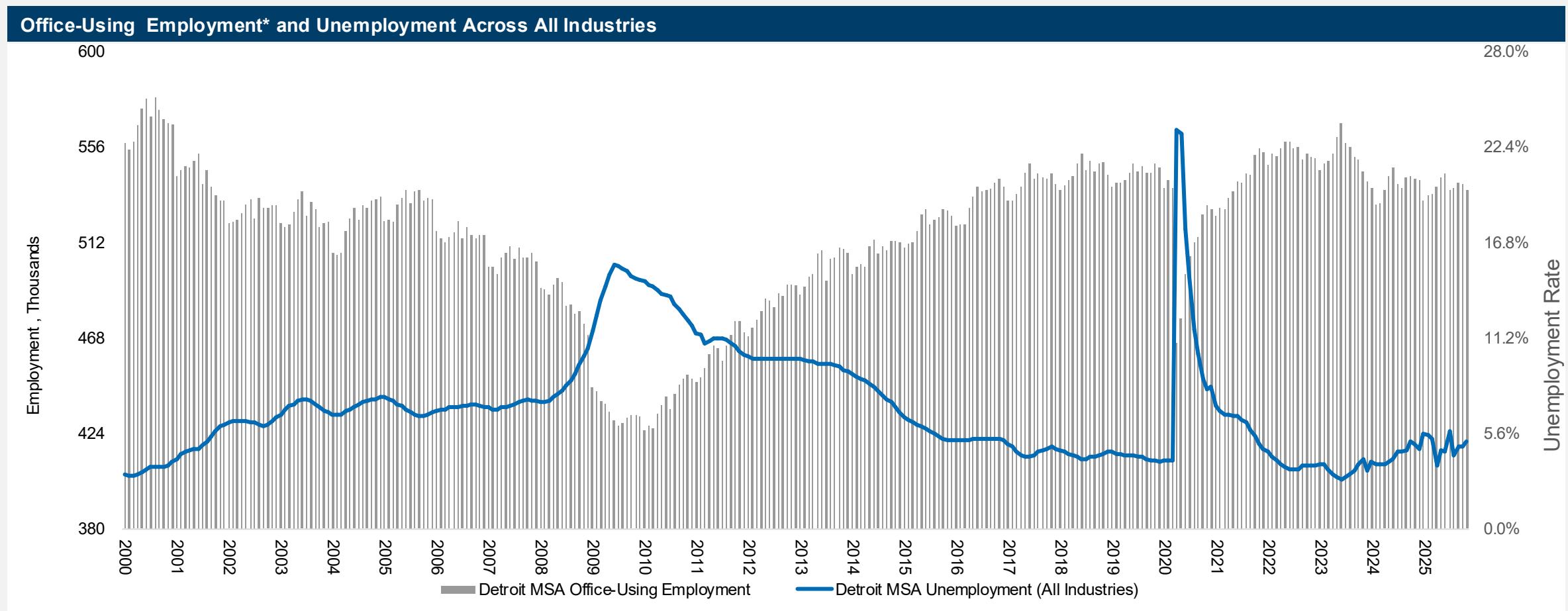
Office Using Employment Show Mixed YOY Results

November 2025 figures show 2.1% YOY gain in Financial Activities, however a decline in YOY employment in both Information and Business & Professional sectors. Most of the job gains were in the Construction sector.



Overall Office-Using Employment Shows Modest Growth

Office-using employment in the Detroit MSA generally trended upward over the year, rising from about 531.1 in January to a peak of 543.9 in June before easing slightly in the second half of the year, ending at 535.9 in November. Despite some midyear volatility, levels remained consistently above the January baseline, indicating modest overall growth in office-using jobs.



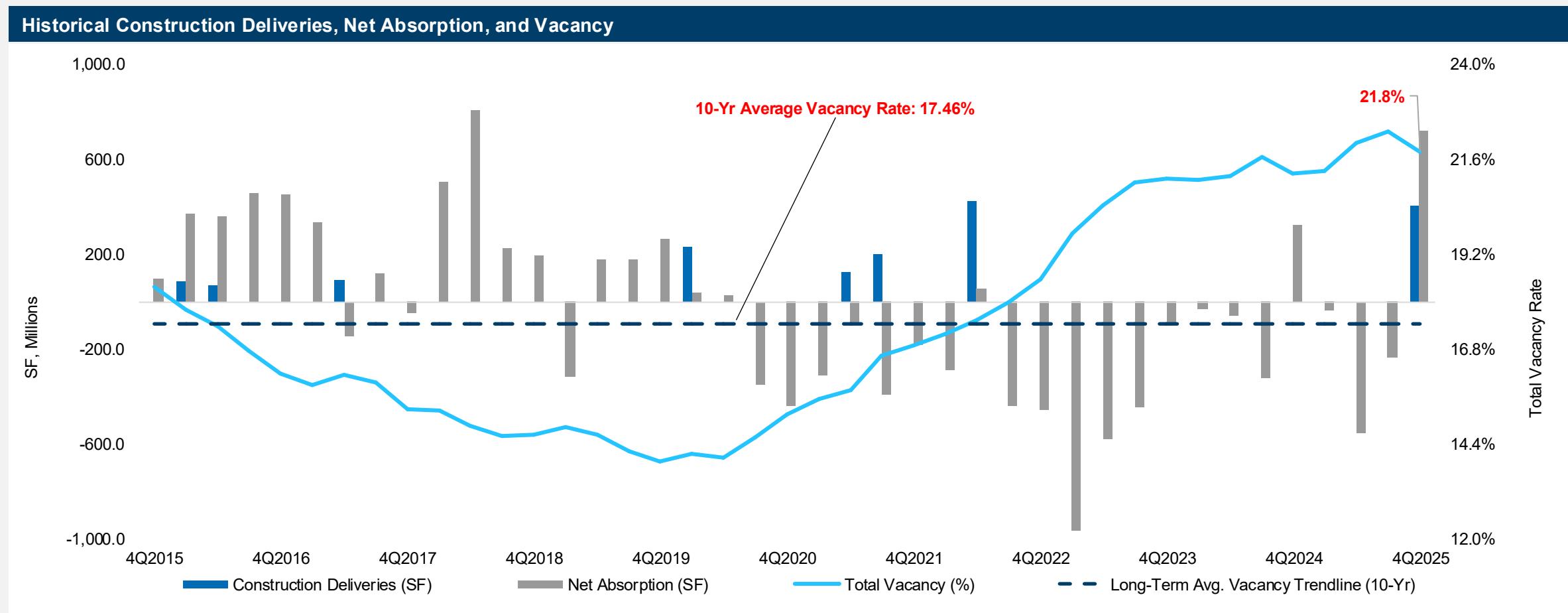
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Leasing Market Fundamentals

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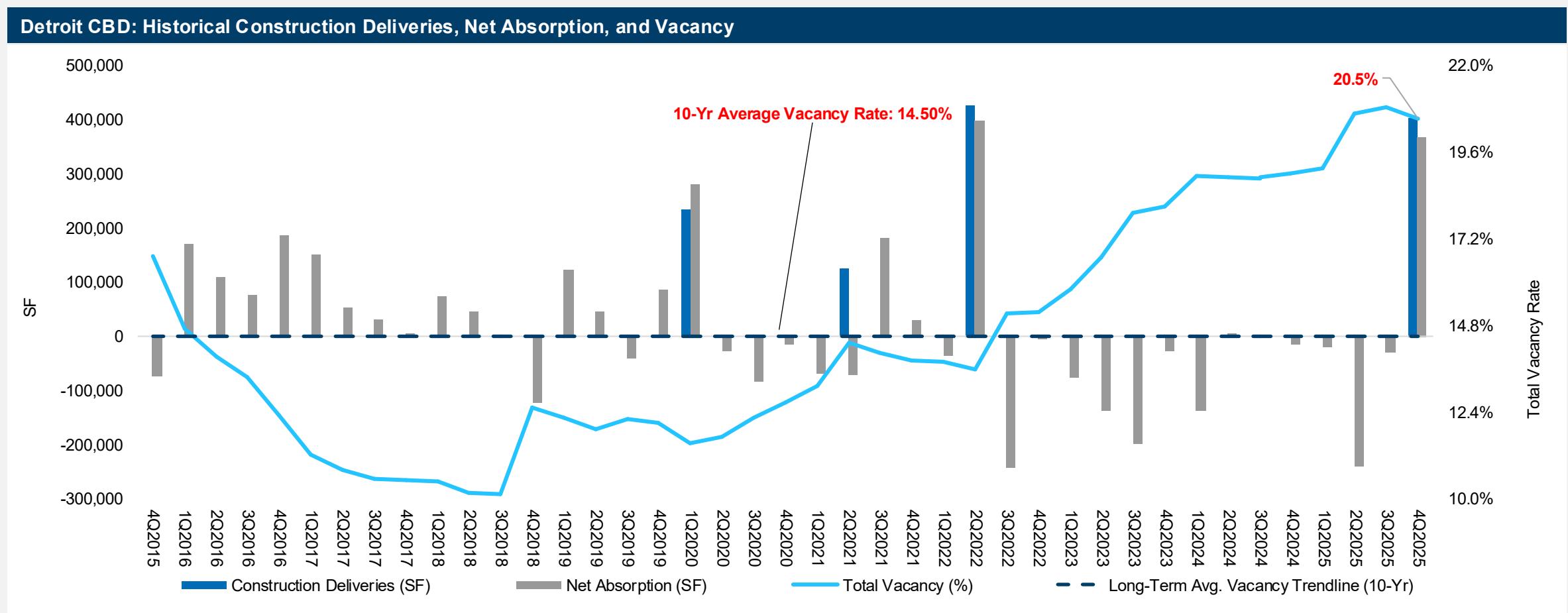
Metro Detroit Office Market Vacancy Rate Reverses Trend

The metro Detroit office market vacancy rate fell 50 basis points to 21.8% during the fourth quarter of 2025 as the market absorbed 722,241 SF of space. Bedrock completed construction on the 404,000 SF Hudson Tower, which will house General Motors' new headquarters. The automaker is occupying roughly 200,000 SF in the new facility and will be joined by Urban Science, JP Morgan Chase and Ven Johnson law firm.



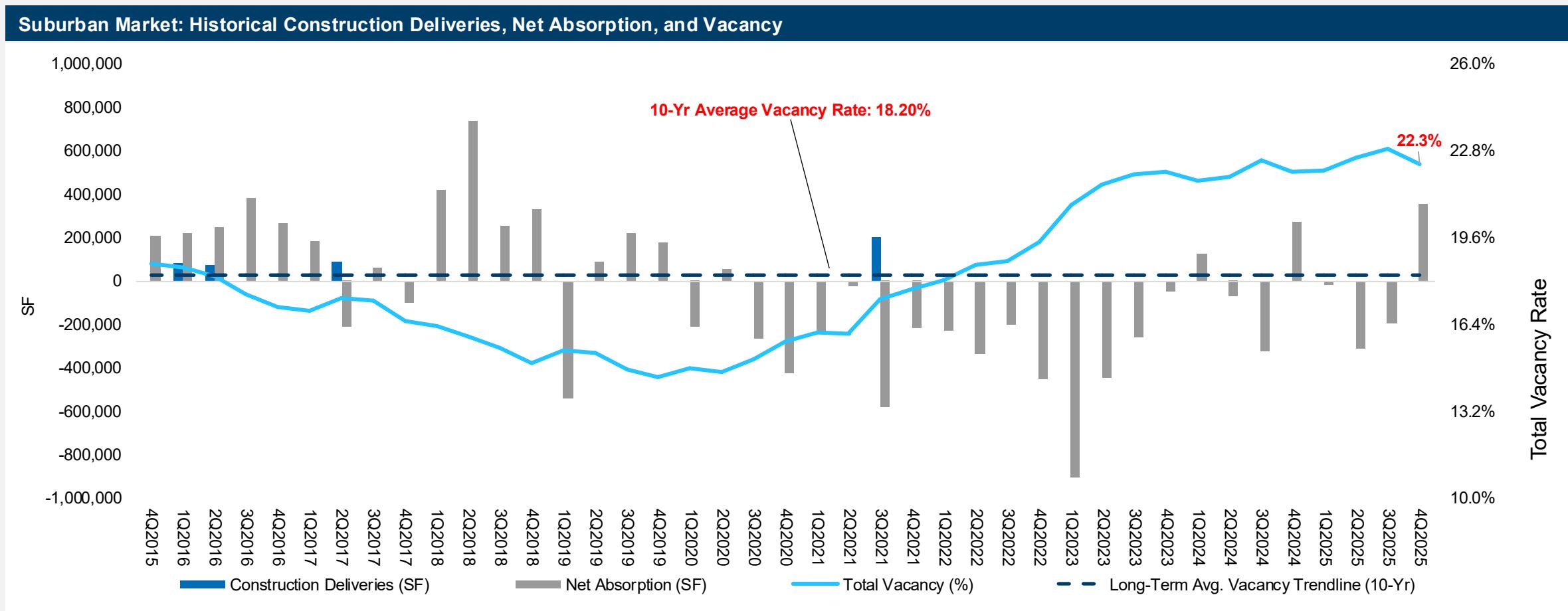
Detroit CBD Seeing Strong Leasing Activity in New Tower

The Detroit CBD vacancy rate fell 30 basis points to 20.5% during the fourth quarter of 2025. The completion of the 100% pre-leased 404,000 SF Hudson Tower is a major attraction for the downtown office market. The new tower is now General Motors new headquarters and will also be occupied by Urban Science, Ven Johnson Law PLC, Accenture and JPMorgan Chase. The new office building will absorb many of the major tenants from the 1M SF + Renaissance Center complex including General Motors and Urban Science. Initial plans are for 300 & 400 Renaissance Center Towers to be demolished with the balance of the complex slated to be converted to residential.



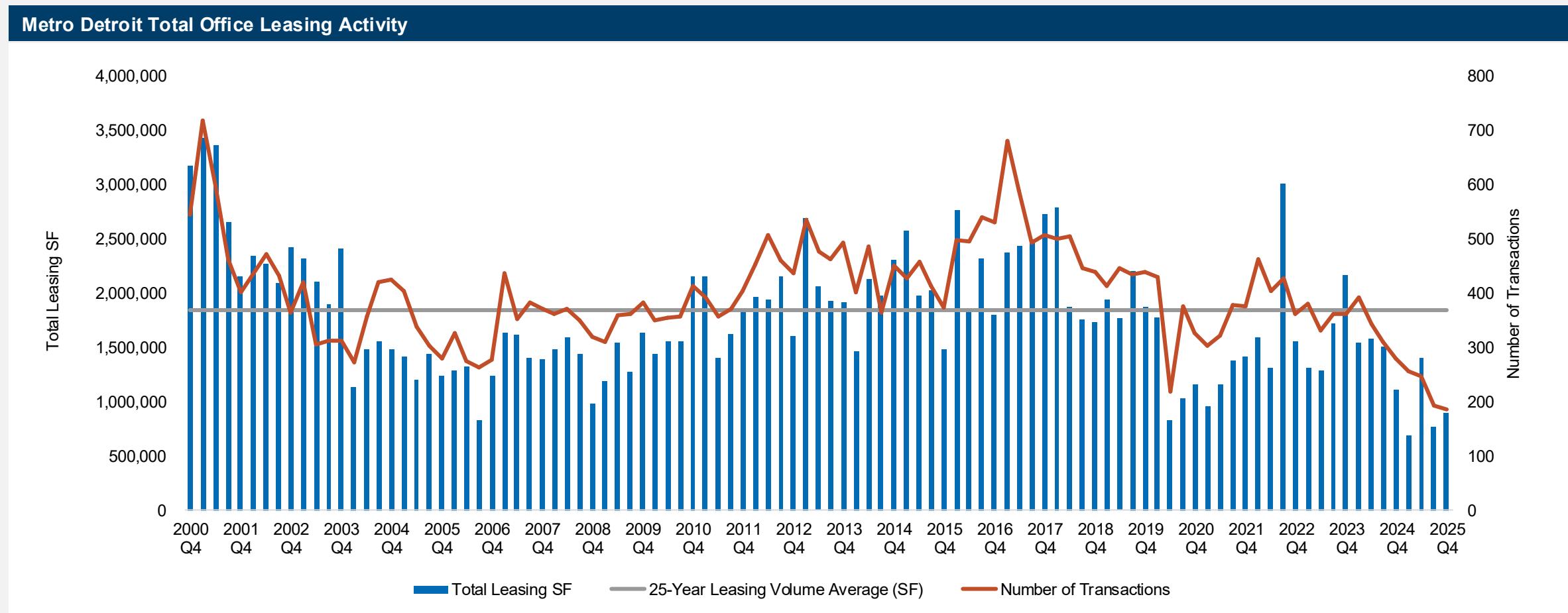
Suburban Office Market Sees Declining Vacancies

The suburban office market continued to tighten in the fourth quarter of 2025, with the overall vacancy rate declining by 60 basis points to 22.3%. Leasing activity was highlighted by Bose Corporation's taking 76,000 SF at 755 West Big Beaver in Troy and Piston Automotive's 30,000 SF headquarters expansion at the Southfield Town Center. At least five major office complexes—representing nearly 900,000 square feet—are in the planning stages of conversion to residential use. These prospective redevelopments will substantially reduce total office inventory at a time when many occupiers are downsizing and utilizing less space.



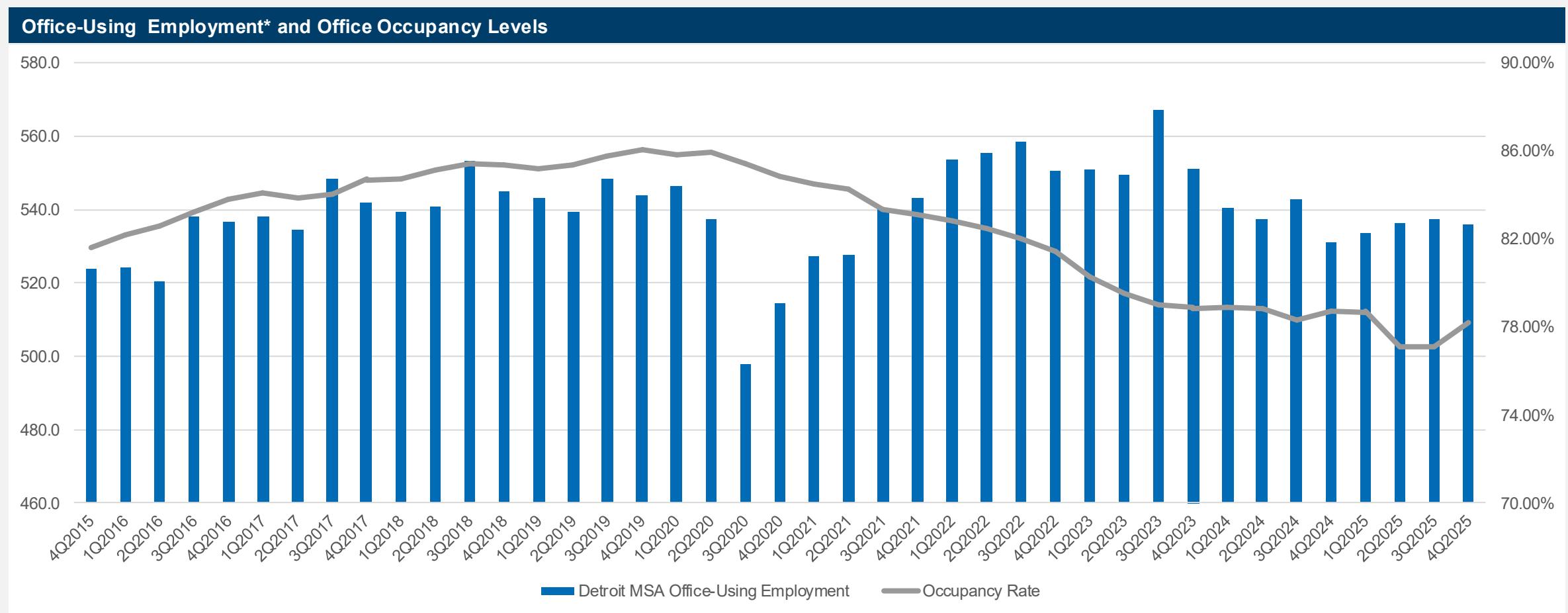
Office Leasing Activity Drops But Total Square Feet Leased Rose

Leasing activity picked up in the fourth quarter, driven by strong demand in the Detroit CBD and completion of Hudson Tower. The decline in the number of office deals moderated during the period, suggesting that companies are increasingly committing to larger blocks of office space.



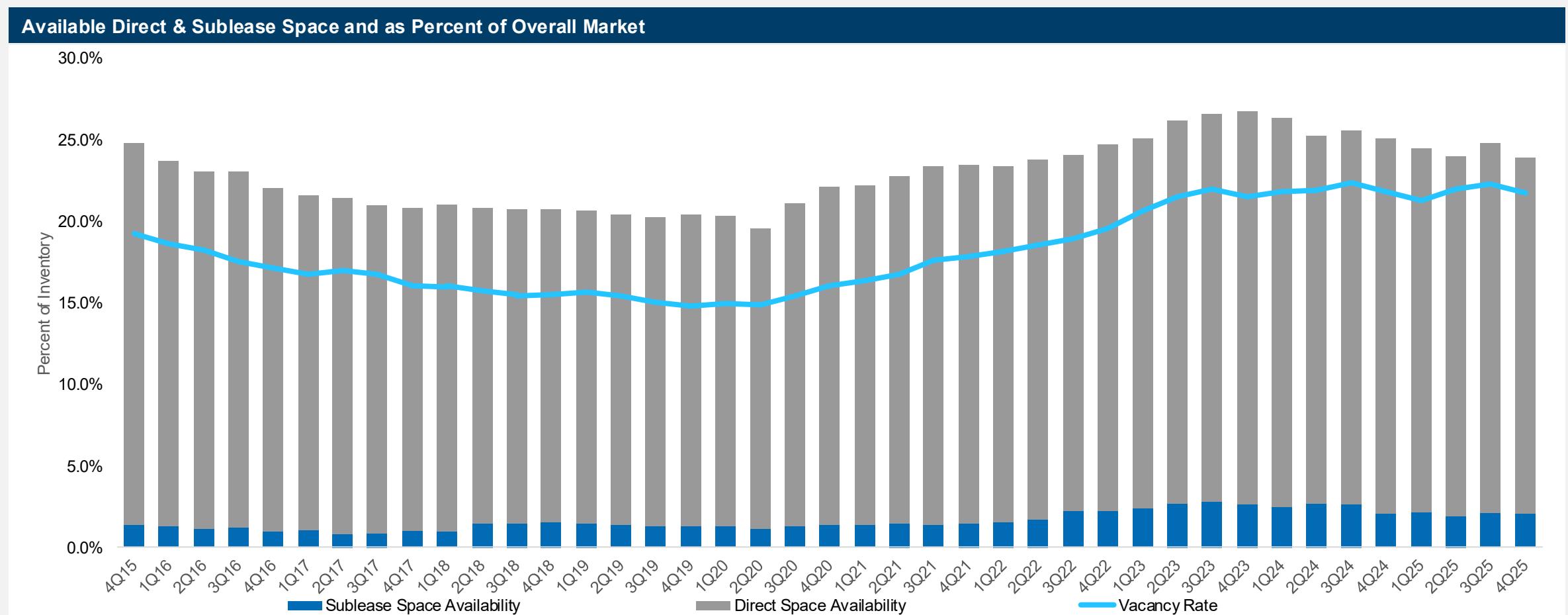
Overall Office-Using Employment Portends Stale Office Demand

Office using employment eased slightly in the second half of the year, ending at 535.9 in November compared to its 2025 peak of 543.9 in June. Stronger office using employment is the catalyst for greater office demand.



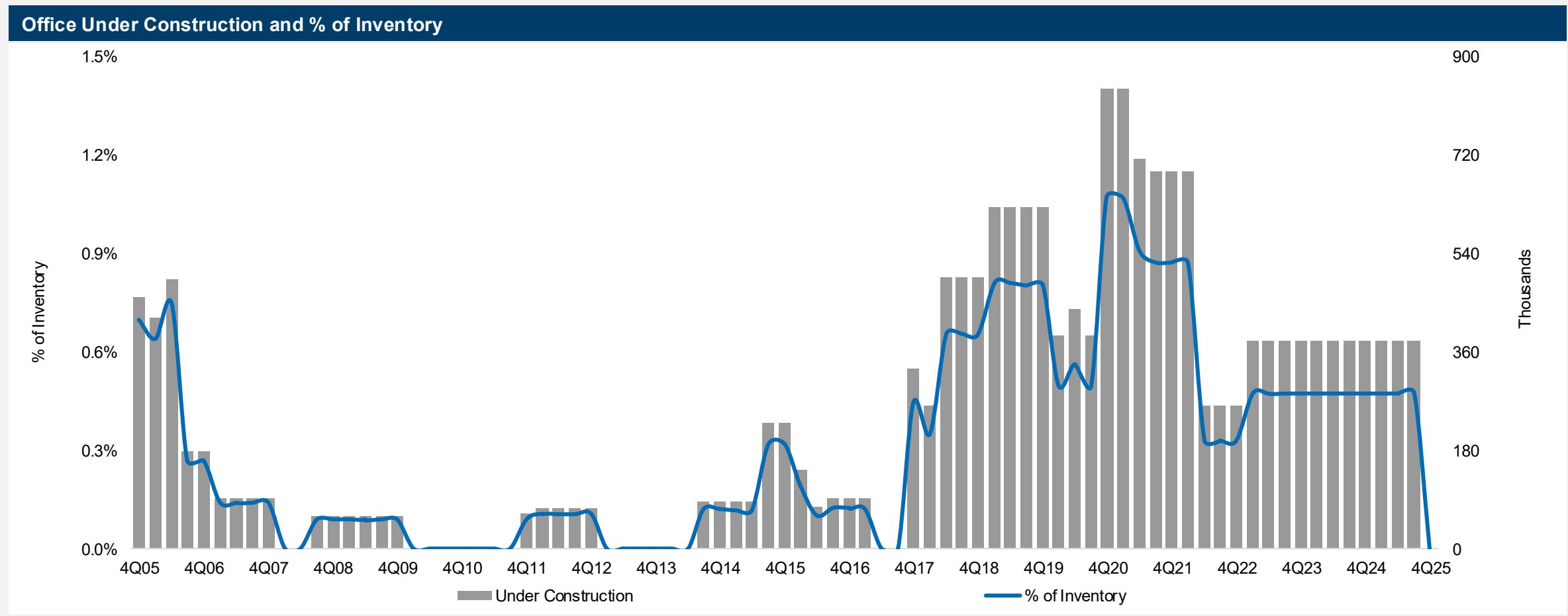
Direct Available Space Declines as Available Sublease Space Holds Steady

During the fourth quarter of 2025, the sublease availability rate held at 2.1%, down from its Q3 2023 peak of 2.7%. The direct availability rate declined 90 basis points to 21.8% in Q4 2025, improving from its Q4 2023 peak of 24.2%. Mercedes-Benz Financials' 200,000SF space at 35555 West 12 Mile in Farmington Hills remains one of the largest blocks of sublease space on the market.



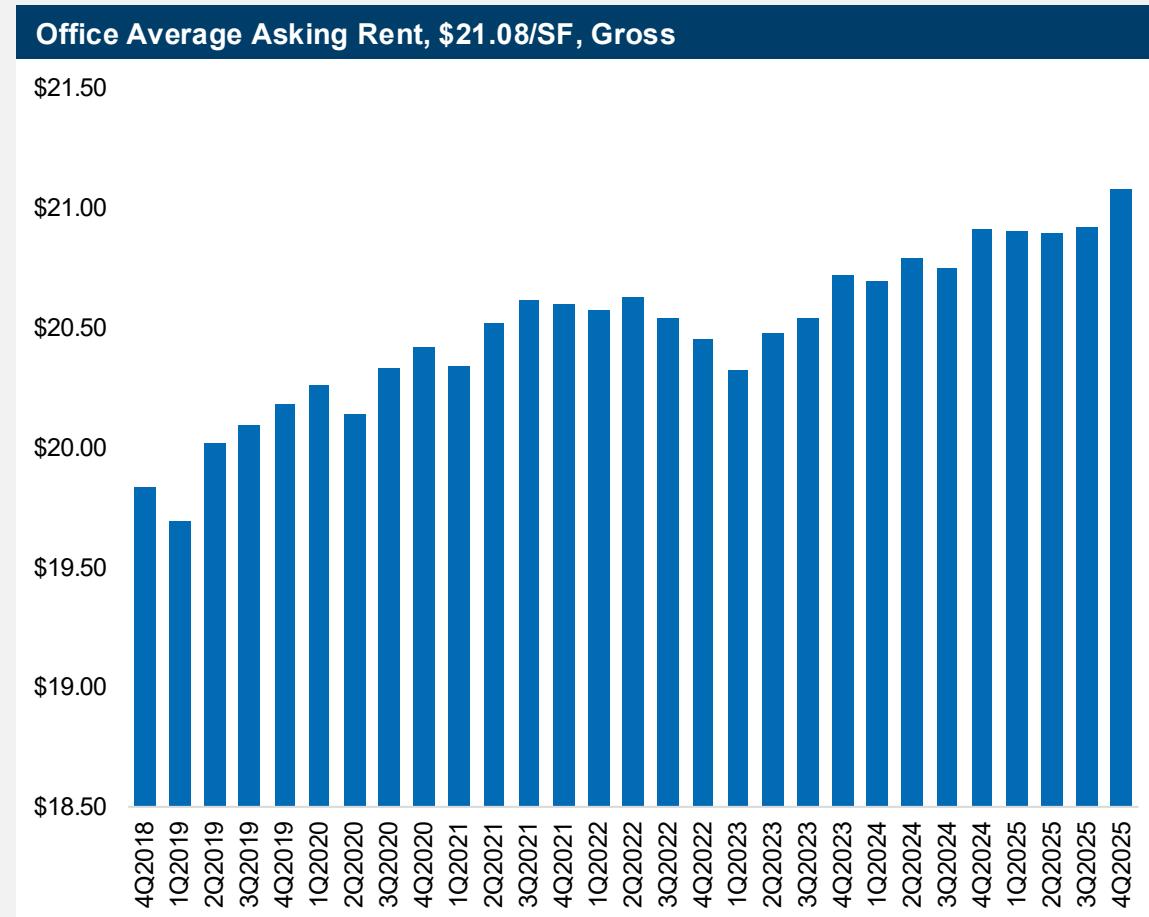
Construction Completed on the City of Detroit's Newest High-Rise

Construction was completed on Hudson Tower, the city of Detroit's newest skyscraper. The 404,000 SF fully leased new tower reshapes the city's skyline and has re-energized the downtown area. The tower follows Little Caesars 234,000 SF owner-occupied headquarters built in 2020, the 127,000 SF multi-tenant 2715 Woodward Ave building built in 2021, and the 427,000 SF Huntington Tower built in 2022.



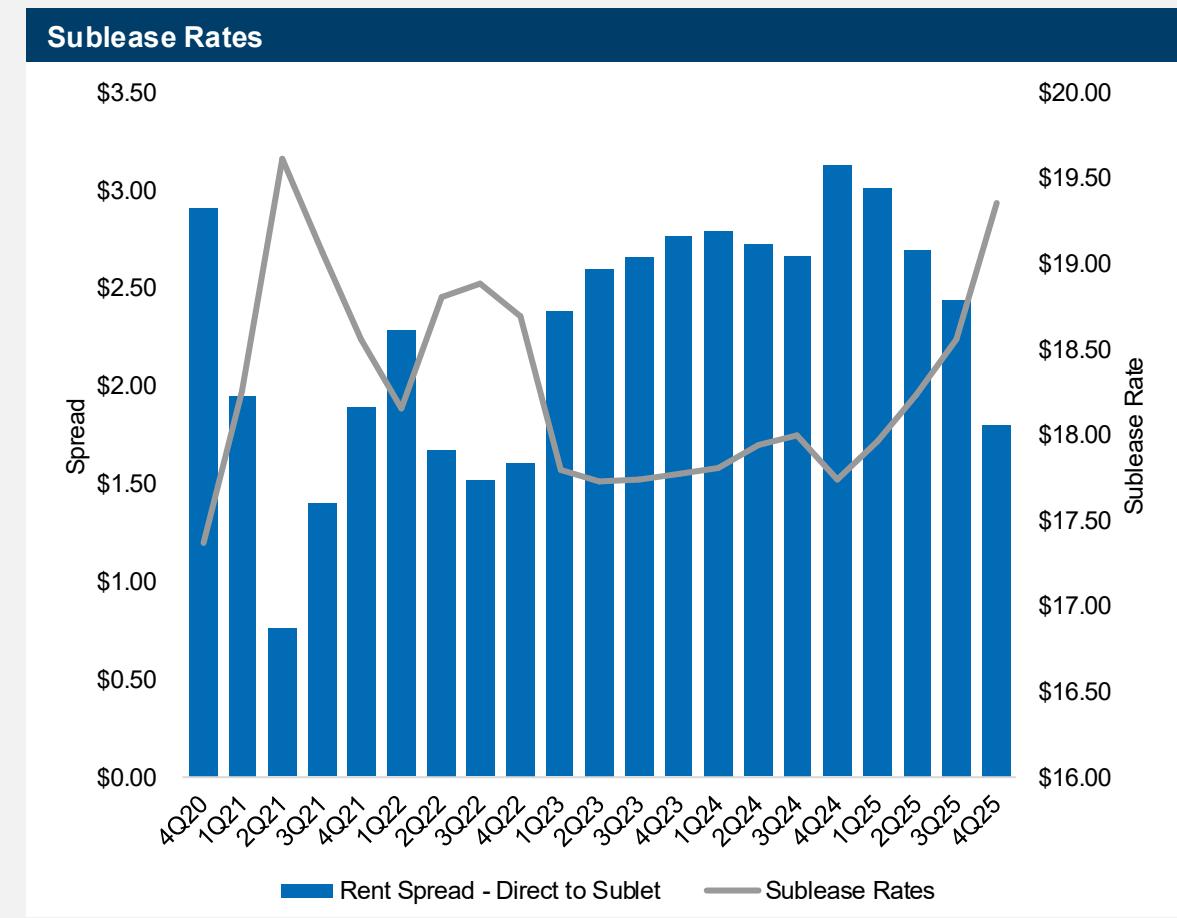
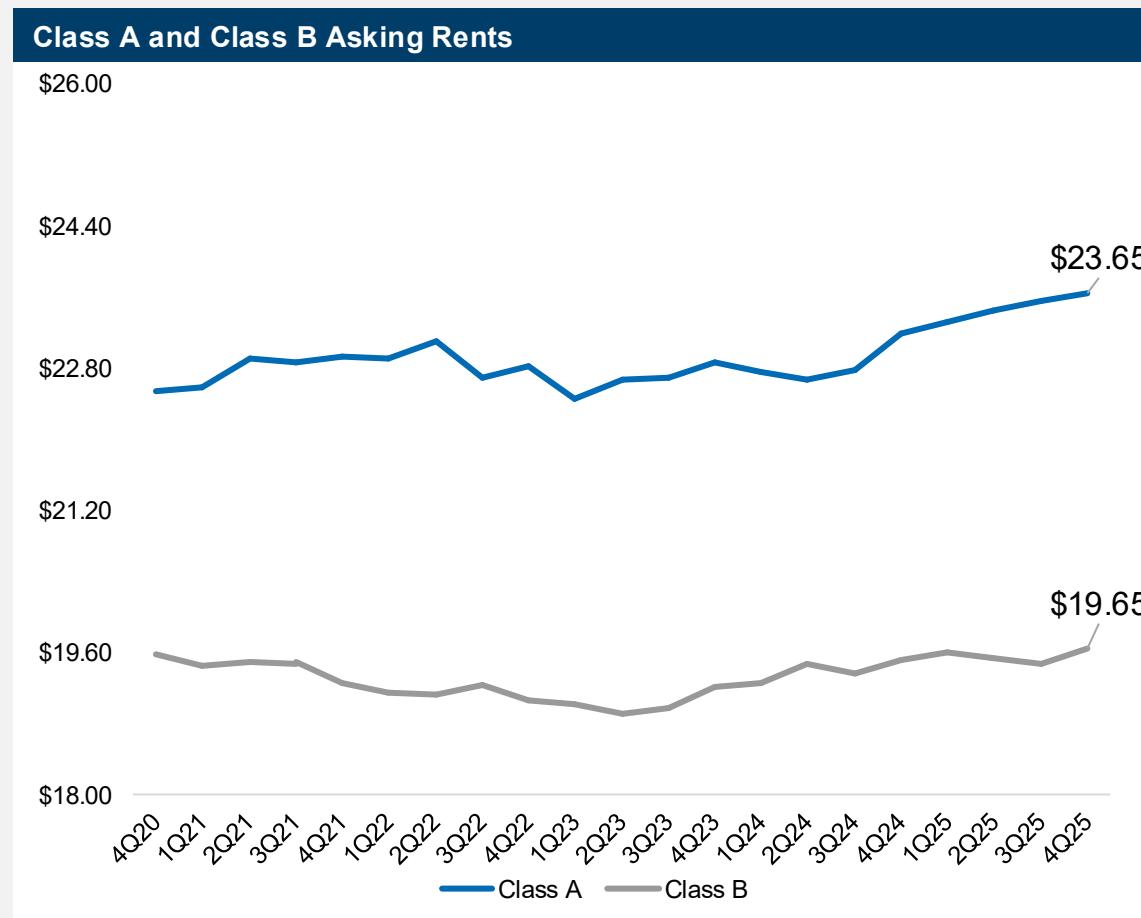
Average Asking Rent Climbed During The Quarter

The average asking rate grew \$0.14 PSF to \$21.08 PSF gross during the fourth quarter of 2025. Year-over-year the average asking rate jumped 1.1%.



Average Asking Rent Declines During The Quarter, But Up YOY

The average Class A asking rent climbed \$.08 PSF to \$23.65 PSF gross, the Class B average rate climbed \$.20 PSF to \$19.65 PSF. Sublease asking rates saw a sharp increase as quality office space was added to the market.



Top Transactions

Metro Detroit Top Transactions				
Tenant	Building	Submarket	Type	Square Feet
General Motors <i>Automotive manufacturer.</i>	Hudson Tower	Detroit CBD	Direct New	200,000
Bose Corp <i>Designs and implements sound systems for car manufacturers</i>	755 W Big Beaver Rd., Troy	Troy	Direct Lease	76,800
Angstrom Automotive <i>Automotive supplier that designs and manufactures precision components and assemblies</i>	Raleigh Officentre	Southfield	Direct New	56,000
Urban Science <i>Creates strategies and technology solutions help OEMs, dealers and automotive marketers target better, sell more, gain marketshare, and maximize revenue</i>	Hudson Tower	Detroit CBD	Direct New	+/- 35,000
Ven Johnson Law <i>Law Firm</i>	Hudson Tower	Detroit CBD	Direct Lease	22,000

4Q 2025 Overall Metro Detroit Office Market Stats

Historical Construction Deliveries, Net Absorption, and Vacancy

	Total Inventory	Under Construction	Total Vacancy	Qtr Absorption	YTD Absorption	Class A Asking Rent	Class B Asking Rent	Average Asking Rent
	(SF)	(SF)	Rate	(SF)	(SF)	(Price/SF)	(Price/SF)	(Price/SF)
CBD	16,251,363	-	20.5 %	368,053	79,984	\$28.03	\$24.66	\$25.69
CBD North Central	1,623,604	-	14.9 %	2,844	-11,500	\$30.00	\$21.17	\$23.66
CBD Total	17,051,643	-	20.00 %	370,897	68,484	\$28.17	\$24.20	\$25.50
Ann Arbor Briarwood	2,322,823	-	23.7 %	69,293	-78,973	\$28.40	\$21.45	\$23.60
Ann Arbor CBD	1,336,823	-	18.3 %	-61,255	-60,571	\$34.12	\$28.56	\$31.48
Ann Arbor Northeast	2,053,840	-	6.4 %	38,507	166,337	\$29.02	\$22.20	\$28.71
Auburn Hills	3,291,327	-	28.0 %	-34,399	-198,247	\$20.61	\$19.87	\$20.34
Birmingham	238,752	-	0.4 %	5,005	27,549	-	\$32.61	\$31.96
Birmingham CBD	1,270,864	-	10.1 %	-9,014	-20,186	\$41.74	\$31.37	\$35.87
Bloomfield Hills	3,031,190	-	18.0 %	48,021	85,862	\$23.38	\$22.16	\$22.88
Dearborn	2,962,871	-	19.3 %	51,596	81,979	\$21.23	\$16.98	\$18.41
Farmington Hills	6,724,127	-	21.3 %	-43,860	67,899	\$19.67	\$19.08	\$19.30
Livonia	3,250,499	-	28.4 %	-39,553	-197,907	\$17.51	\$18.89	\$18.59
Novi	1,689,785	-	23.2 %	80,981	-2,191	\$22.50	\$20.36	\$21.11
Pontiac	2,364,852	-	0.0 %	17,280	17,280	-	-	\$44.70
Southfield	16,903,877	-	28.7 %	81,255	-206,044	\$21.54	\$17.42	\$18.71
Troy	13,385,838	-	22.1 %	157,243	142,750	\$26.21	\$18.86	\$20.67
West Bloomfield	546,953	-	6.8 %	-9,756	4,215	\$20.20	\$18.53	\$19.12
Suburban Total	61,374,421	-	22.3 %	351,344	-170248	\$22.59	\$18.87	\$20.12
Totals	79,249,388	-	21.8 %	722,241	-101,764	\$23.65	\$19.65	\$21.08

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