

# DETROIT OFFICE MARKET

Yardi® Matrix

## Market Analysis

Third Quarter 2018

### Contacts

#### Jeff Adler

Vice President & General  
Manager of Yardi Matrix  
Jeff.Adler@Yardi.com  
(800) 866-1124 x2403

#### Jack Kern

Director of Research and  
Publications  
Jack.Kern@Yardi.com  
(800) 866-1124 x2444

#### Chris Nebenzahl

Senior Analyst  
Chris.Nebenzahl@Yardi.com  
(800) 866-1124 x2200

#### Veronica Grecu

Senior Real Estate Market Analyst  
Veronica.Grecu@Yardi.com  
(306) 955-1855 x7583

### Author

#### Roxana Baiceanu

Associate Editor  
Roxana.Baiceanu@Yardi.com

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expense and lease expiration  
data is available to Yardi Matrix  
subscribers. Please contact us  
for details!

For more information please contact:

#### Ron Brock, Jr.

Industry Principal, Matrix  
JR.Brock@Yardi.com  
(480) 663-1149 x2404

## Office Resurgence Continues



Detroit's office market continues its **fulminant recovery**, bolstered by a diversifying economy and an influx of companies including mobility and tech. The **revitalization** of the downtown area, started eight years ago by Quicken Loans' real estate arm Bedrock, has attracted corporate tenants that include LinkedIn, Google, Microsoft and Tata Motors to the Central Business District. Ford Motor's investment in the blighted Michigan Central Station with the intention of creating a **technology campus** is also a strong indicator for the market's recovery. While not as high profile, suburban submarkets are managing to find replacements for tenants moving to the urban core.

The economy is holding up and job growth in general is strong, although office job growth has been slowing down for the past eight quarters. Only 22,000 jobs were added during the 12 months ending in June, and the largest employment sector, professional and business services, has lost more than 3,000 jobs due to layoffs by auto companies, the majority of which were concentrated in Warren. **Detroit's economy is diversifying**, but the auto industry remains the backbone, so the metro has to deal with slowing auto sales and the potential impact of new tariffs. The information sector decreased by 800 jobs but is expected to grow.

The **office vacancy rate** in the metro was **18.4% as of June**, and is even higher in suburban areas and Class B properties. Deliveries have been slow, although that is about to pick up, as more than **1.1 million square feet was under construction in June**, the most in the last decade.