

DETROIT OFFICE MARKET

Yardi® Matrix

Market Analysis

Fourth Quarter 2019

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Detroit's Latest Trend: Coworking



Detroit remained a dynamic office market through the fourth quarter of 2019. Automobile, financial, technology and coworking companies bolstered activity, particularly in the Central Business District and the Central District submarket, but also in suburban submarkets such as Troy, Farmington Hills, Novi and Southfield. Demand for large office properties remained healthy year-to-date through October. For example, Mercedes Benz Financial Services signed on for 200,000 square feet in Farmington Hills, cloud company Secure 24 committed to 100,000 square feet in Southfield, and WeWork leased 91,000 square feet in the Central District.

Coworking in particular has been gaining momentum due to a rise in freelance jobs. Detroit's shared space inventory increased from some 350,000 square feet in July to 558,279 square feet in October. Office-using employment was on the rise again after several quarters of moderate gains. The financial services sector added 1,800 jobs in the 12 months ending in September, while a struggling professional and business services sector contracted by 2,500 jobs. The cybersecurity, medical technology and robotics industries continued to expand—FANUC America, a major robotics manufacturer, recently opened a \$51 million facility in Auburn Hills.

Detroit's office vacancy rate of 18.1% as of October is expected to slightly increase in the coming quarters, as some 171,000 square feet of space was scheduled to reach completion by the end of 2019.