



METRO DETROIT

2025 MID-YEAR

OFFICE REPORT

FRIEDMAN HQ

34975 W. Twelve Mile Rd.

Farmington Hills, MI 48331

888.848.1671

[friedmanrealestate.com](https://www.friedmanrealestate.com)

© 2025 FRIEDMAN REAL ESTATE



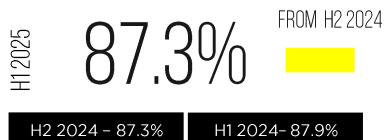
MARKET AT A GLANCE (H1 2025)



Market Size



Avg Asking Rental Rate



Overall Occupancy



Half-Year Net Absorption



Half Year Sales Volume



SF Under Construction

Note: ▲ or ▼ or ▲ indicates change compared to H2 2024.

Note: H1 = Q1 & Q2 ; H2 = Q3 & Q4

MARKET OVERVIEW (H1 2025)

In the first half of 2025, the Metro Detroit office market remained soft with a return to negative net absorption and sustained high sublease availability caused by continued hybrid work models and many companies shrinking their overall office footprint.

SUPPLY AND DEMAND: Overall occupancy held relatively steady at 87.3%, though still below pre-pandemic benchmarks of 91.5% (H2 2019). However, net absorption dropped significantly to (-858K SF), which is a steep decline from H2 2024's modest (189K SF) contraction. This marks a return to deep negative territory as many companies continue to dispose of excess or underutilized space.

Although the 1.9MM SF of sublet space available at the end of 2024 reflected a 24.5% year-over-year (YOY) decline from 2.5MM SF in 2023, there was no further improvement in H1 2025, with sublet availability holding flat at 1.9MM SF.

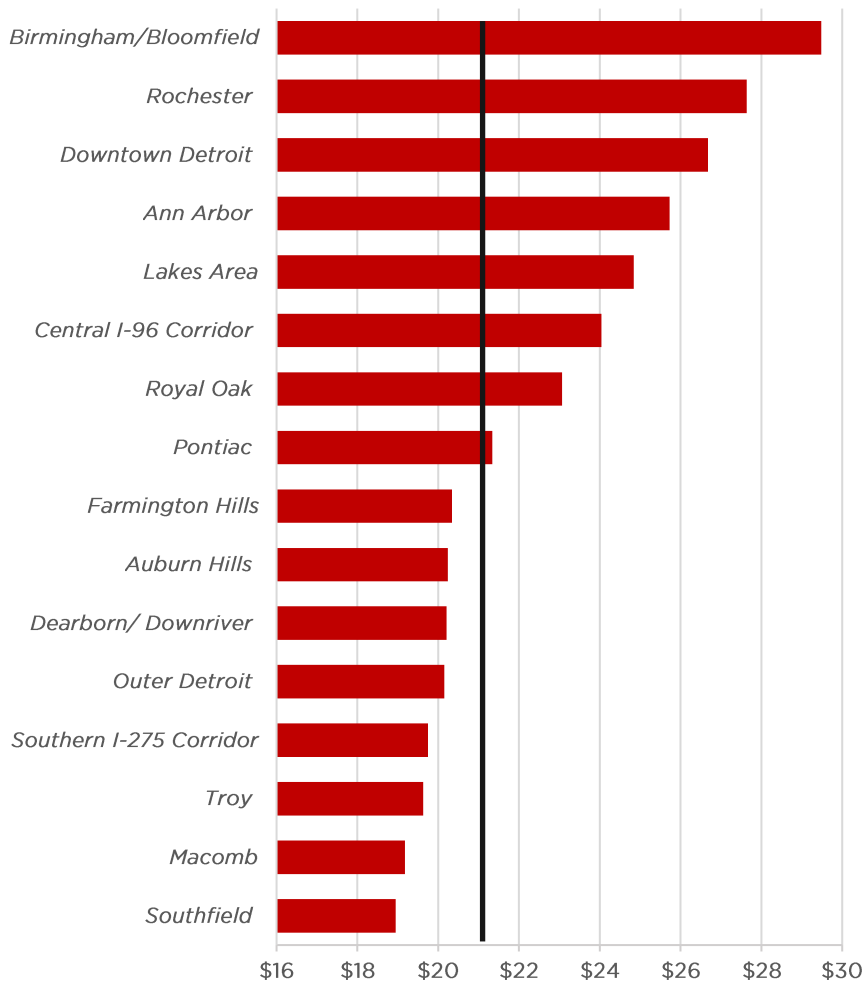
Submarkets with the lowest occupancy include: Southfield (74.60% | 1.90% YOY decrease), Troy (83.40% | 0.90% YOY decrease), and the Southern I-275 Corridor (85.40% | 2.20% YOY increase). Troy recorded H1 2025 positive net absorption of 87K SF, while Southfield and the Southern I-275 Corridor recorded H1 2025 negative net absorption of (-316K SF) and (-120K SF), respectively. Notably, the only submarkets with similar negative net absorption to Southfield were Dearborn/Downriver (-387K) and Outer Detroit (-297K).

TENANTS BECOMING MORE SELECTIVE: Overall leasing activity (2.49MM SF) saw a slight decrease from H2 2024 (2.80MM SF) and 21.4% YOY decrease from H1 2024 (3.17MM SF). Recent market activity, along with corporate and sales/call center offices downsizing and going remote continues to drive an overall decline in office usage. C-Suite decision makers are prioritizing unique office spaces with built-in amenities or access to outdoor and retail offerings nearby to entice workers back to the office. Although there is a flight to quality and a limited supply of amenitized spaces, well-capitalized owners are able to pay market concessions. The flight to amenitized offices in high quality locations is reflected in the top three largest leases, which were in the CBD at One Campus Martius (Comerica Bank | 72K SF), Ann Arbor at 1000 Victors Way (University of Michigan | 53K SF), and Bloomfield Hills at Bloomfield Office Center (Plunkett Cooney | 43K SF).

SALES AND INTEREST RATES: Sales volume in the first half of 2025 reached \$203MM, representing a notable recovery from both H2 2024 (\$135M) and H1 2024 (\$109M) as pricing discovery continues and investor sentiment begins to improve. Overall sales volume remains significantly below the high post-Covid levels of 2022 (\$874MM) due to higher interest rates, lender caution around office assets and investors primarily seeking value-add or opportunistic opportunities. This is demonstrated by sales of 600 Ren Cen in the Detroit CBD (\$9.4MM | \$28 PSF | 11% occupied office) and Platinum in Dearborn (\$22.8MM | \$285 PSF | 100% occupied medical office).

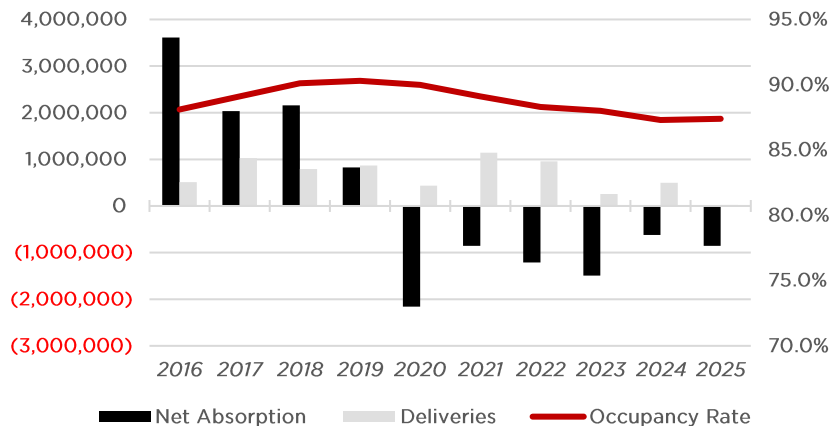
LIMITED DEVELOPMENT: Construction pipelines remain constrained by financing, leasing risk, and general economic uncertainty. The 1.89MM SF under construction, was a modest increase from H2 2024. However, much of this is still attributed to high-profile urban projects with pre-committed tenants, such as GM's relocation to the Hudson's Site in Downtown Detroit and Ford's Central Campus Building Project in Dearborn scheduled for completion in 2027. Future groundbreaking activity will likely remain subdued barring a dramatic shift in market demand.

AVERAGE GROSS ASKING RENTAL RATE BY SUBMARKET

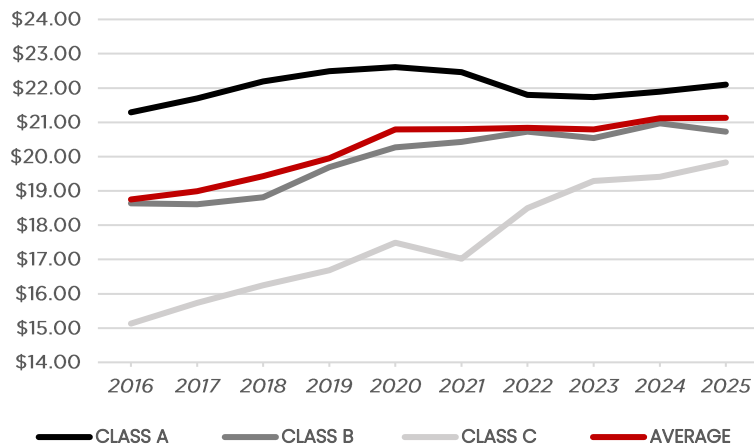


— Average Gross Asking Rental Rate (\$21.13 PSF NNN)

OCCUPANCY AND ABSORPTION



AVERAGE ASKING GROSS RENTAL RATE BY CLASS



TOP SALE TRANSACTIONS (BASED ON SALES PRICE)

PROPERTY NAME	CITY	SUBMARKET	SF	SALE PRICE	PRICE/SF	PROPERTY TYPE
901 Wilshire Dr	Troy	Troy	186,954	\$24,000,000	\$128.37	Office
Platinum Medical Center	Dearborn	Dearborn/Downriver	79,777	\$22,750,000	\$285.17	Medical Office
South Building-River Ridge I	Clinton Twp	Macomb East	48,320	\$10,000,000	\$206.95	Office
600 Ren Cen	Detroit	Downtown Detroit	336,000	\$9,407,000	\$28.00	Office
Venture Plaza	Troy	Troy South	68,379	\$7,157,500	\$104.67	Office

Note: Bold indicates Friedman transaction

TOP LEASE TRANSACTIONS (BASED ON SQUARE FEET)

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF
Comerica Bank	One Campus Martius	Detroit	Downtown Detroit	72,007
University of Michigan Shared Services Center	1000 Victors Way	Ann Arbor	Ann Arbor	52,682
Plunkett Cooney	Bloomfield Office Center	Bloomfield Hills	Birmingham/Bloomfield	43,000
Raymond James	Southfield Town Center	Southfield	Southfield	42,509

Note: Bold indicates Friedman transaction | *Indicates renewal | ** Indicates sublease



SUBMARKET	# BLDGS	INVENTORY (SF)	NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (GROSS)	ASKING RENT (GROSS)			TOTAL SALES VOLUME	SALES PER SF
									Class A	Class B	Class C		
Ann Arbor	903	15,320,629	124,675	134,900	8.90%	10.90%	91.10%	\$25.73	\$30.49	\$25.11	\$23.84	\$13,082,500	\$158.42
Auburn Hills	70	9,679,953	(74,389)	-	8.20%	9.20%	91.80%	\$20.24	\$24.90	\$20.59	\$18.67	-	N/A
Birmingham/Bloomfield	404	7,937,116	40,340	112,190	11.80%	15.80%	88.20%	\$29.48	\$32.87	\$29.83	\$27.88	\$3,200,000	\$314.99
Central I-96 Corridor	344	6,458,196	(9,182)	-	11.10%	13.20%	88.90%	\$24.04	\$25.28	\$23.62	\$18.14	\$5,812,500	\$147.84
Dearborn/Downriver	1,264	18,073,168	(387,082)	630,000	8.30%	10.80%	91.70%	\$20.21	\$23.07	\$20.19	\$17.69	\$41,251,838	\$183.93
Downtown Detroit	271	36,871,856	261,628	895,000	9.60%	10.70%	90.40%	\$25.66	\$26.68	\$23.92	\$22.07	\$12,262,000	\$29 .00
Farmington Hills	410	10,032,230	128,984	-	13.40%	22.20%	86.60%	\$20.34	\$22.03	\$19.59	\$19.31	\$7,644,900	\$50.21
Lakes Area	349	2,484,014	38,379	-	8.70%	9.30%	91.30%	\$24.84	\$28.93	\$23.52	\$23.20	\$2,346,800	\$129.48
Macomb	1,742	17,944,321	(134,073)	6,000	9.10%	10.30%	90.90%	\$19.18	\$25.28	\$18.89	\$18.65	\$36,378,865	\$128.91
Outer Detroit	852	12,027,340	(297,331)	120,000	12.70%	13.80%	87.30%	\$20.15	\$24.37	\$20.11	\$19.53	\$8,540,000	\$86.50
Pontiac	221	6,492,766	(76,434)	-	9.20%	11.50%	90.80%	\$21.34	\$22.61	\$20.83	\$15.19	\$1,997,500	89.17
Rochester	189	2,931,271	(57,246)	-	9.80%	11.70%	90.20%	\$27.64	\$32.19	\$24.22	\$21.01	\$2,900,000	\$314.16
Royal Oak	668	5,764,999	(67,429)	-	11.30%	11.80%	88.70%	\$23.07	\$26.50	\$25.98	\$21.59	\$3,683,725	\$130.34
Southern I-275 Corridor	1,028	12,819,291	(119,974)	-	14.60%	16.90%	85.40%	\$19.75	\$21.66	\$19.71	\$19.40	\$18,172,500	\$66.69
Southfield	583	23,297,087	(315,520)	-	25.40%	29.50%	74.60%	\$18.95	\$20.43	\$18.43	\$17.20	\$5,820,000	\$17.87
Troy	344	18,290,417	86,508	-	16.60%	21.70%	83.40%	\$19.63	\$20.04	\$19.68	\$19.20	\$40,193,412	\$108.30
TOTAL	9,642	206,424,654	(858,146)	1,898,090	12.60%	15.20%	87.30%	\$21.13	\$22.10	\$20.73	\$19.83	\$203,286,540	\$86.19

TOP OFFICE PROPERTIES DELIVERED (H1 2025)

PROPERTY NAME	CITY	SUBMARKET	OFFICE SF	DELIVERY	EST OCCUPANCY	PROPERTY TYPE
53174 Van Dyke Avenue	Shelby Twp	Macomb	10,000	Q2 2025	100%	Medical Office
21321 Telegraph Road	Southfield	Southfield	6,264	Q2 2025	85%	Office
2400 Greenfield Road	Berkley	Southfield	4,700	Q2 2025	0%	Medical Office
3462 Greenfield Road	Berkley	Southfield	4,700	Q2 2025	0%	Medical Office

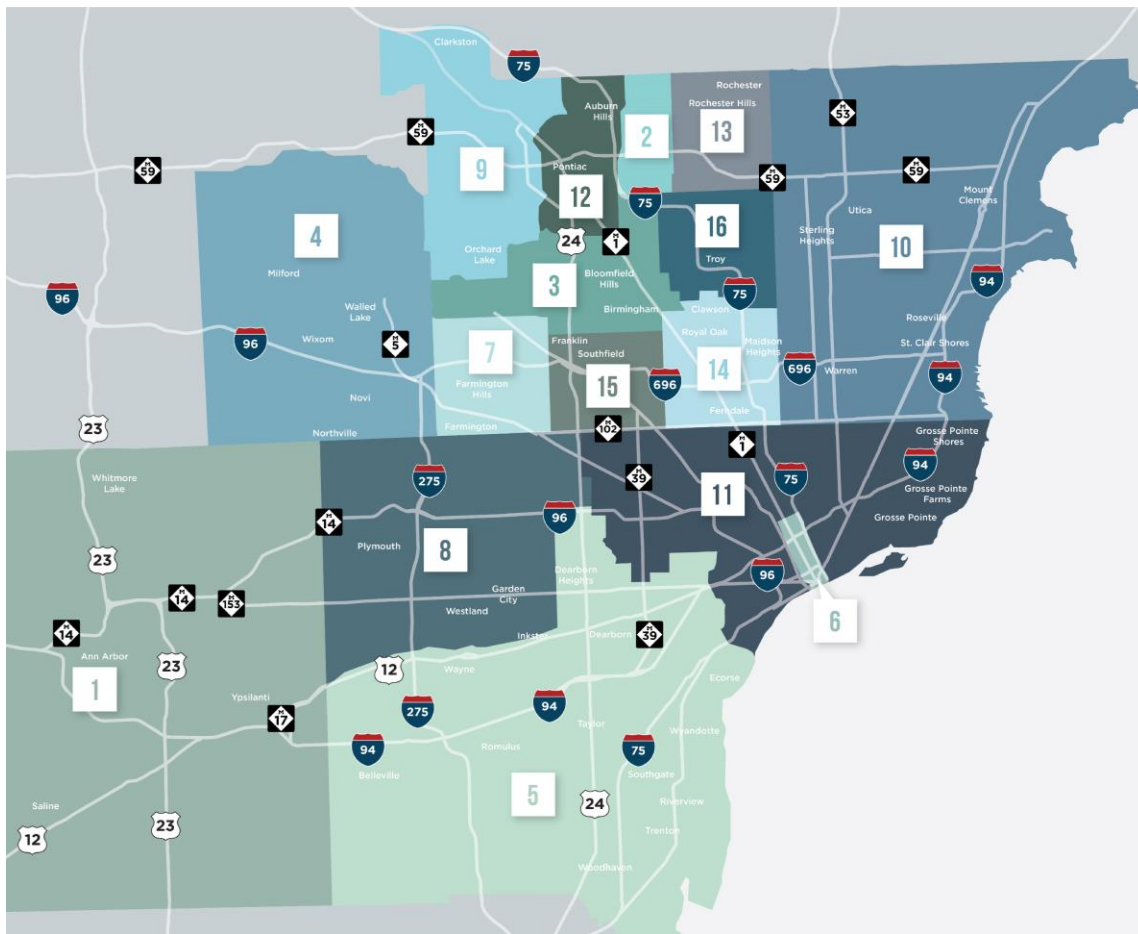


TOP OFFICE PROPERTIES UNDER CONSTRUCTION (H1 2025)

PROPERTY NAME	CITY	SUBMARKET	OFFICE SF	DELIVERY	EST OCCUPANCY	PROPERTY TYPE
Ford Research & Engineering	Dearborn	Dearborn/Downriver	600,000	Q3 2027	100%	Office
Hudson's Detroit	Detroit	Downtown Detroit	404,000	Q1 2026	100%	Office
Michigan State University and Henry Ford Health Systems	Detroit	Downtown Detroit	335,000	Q4 2025	N/A	Office
900 Briarwood Circle	Ann Arbor	Ann Arbor	134,900	Q3 2025	100%	Medical Office



OFFICE SUBMARKET MAP



- | | | | |
|---|-----------------------|----|---------------|
| 1 | ANN ARBOR | 9 | LAKES AREA |
| 2 | AUBURN HILLS | 10 | MACOMB |
| 3 | BIRMINGHAM/BLOOMFIELD | 11 | OUTER DETROIT |
| 4 | CENTRAL I-96 CORRIDOR | 12 | PONTIAC |
| 5 | DEARBORN/DOWNRIVER | 13 | ROCHESTER |
| 6 | DOWNTOWN DETROIT | 14 | ROYAL OAK |
| 7 | FARMINGTON HILLS | 15 | SOUTHFIELD |
| 8 | I-275 CORRIDOR | 16 | TROY |

Friedman Research separates the Metro Detroit office submarkets in the manner shown to better reflect the way users, tenants, and brokers view our market. We believe this provides a more accurate statistical picture of each submarket which allows our clients to make better informed decisions.

Friedman's 2025 Mid-Year Office Market Report provides our clients with a snapshot of pertinent market data and information to help them make informed commercial real estate decisions. The information contained in this report is gathered from multiple sources believed to be reliable.