



METRO DETROIT INDUSTRIAL REPORT

2025 OUTLOOK & 2024 REVIEW

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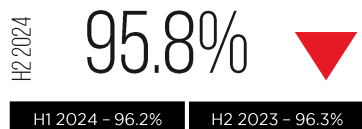
MARKET AT A GLANCE (H2 2024)



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 2023

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

MARKET OVERVIEW (H2 2024)

In 2024, the Metro Detroit industrial market showed signs of softening, with declines in occupancy, net absorption, leasing activity, deliveries, and sales volume. Key demand indicators are returning to historical levels following the record-setting figures from 2021 to 2023. Overall, while macroeconomic uncertainties stemming from a new administration, including tariff changes and immigration policies may create unpredictability, the market remains fundamentally strong.

SUPPLY AND DEMAND: Occupancy decreased to 95.8% from the all-time-high of 96.3% in 2023 as deliveries (4.1MM SF) exceeded net absorption (1.7MM SF). Of note, net absorption reverted to negative in H2 2024 (-147K SF). Total available sublet space of 4.9MM SF is the highest level since H1 2010 and represents a 67.3% year-over-year (YOY) increase from 2023 (2.9MM SF). Total 2024 leasing volume (11.9MM SF) decreased 54.9% year-over-year (2023: 18.5MM SF) with 2024 deliveries only 31.2% released.

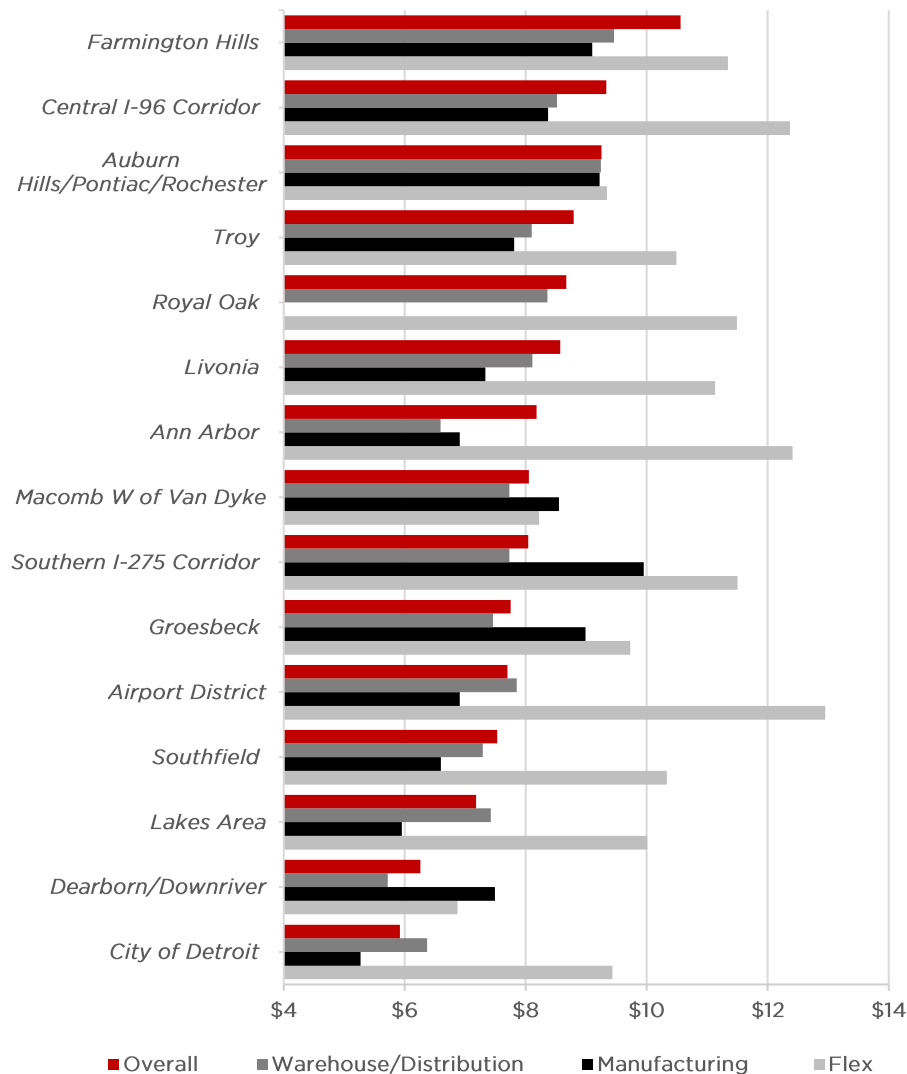
The decline in occupancy, leasing activity, and net absorption, along with the highest level of available sublease space in nearly 15 years, indicates a slowdown in overall industrial demand in 2024 with the potential for negative net absorption and decreased occupancy through 2025. Despite this, potential reshoring manufacturing due to looming tariffs and the slowed construction pipeline should mitigate negative impacts of slowing demand through 2025 as the market continues to normalize.

INCREASED RENTAL RATES: Rental rates of \$7.80 PSF NNN reflects a 3.6% YOY increase from \$7.53 PSF NNN in 2023. This growth was driven by sustained demand, a high inflation environment, and rising construction and labor costs associated with new development. Notably, manufacturing rental rates increased 8.0% YOY to \$7.13 PSF NNN from \$6.60 PSF NNN, while warehouse/distribution rental rates only increased 1.6% YOY to \$7.41 PSF NNN from \$7.29 PSF NNN. This trend suggests that demand is shifting from modern logistics facilities to modern manufacturing facilities.

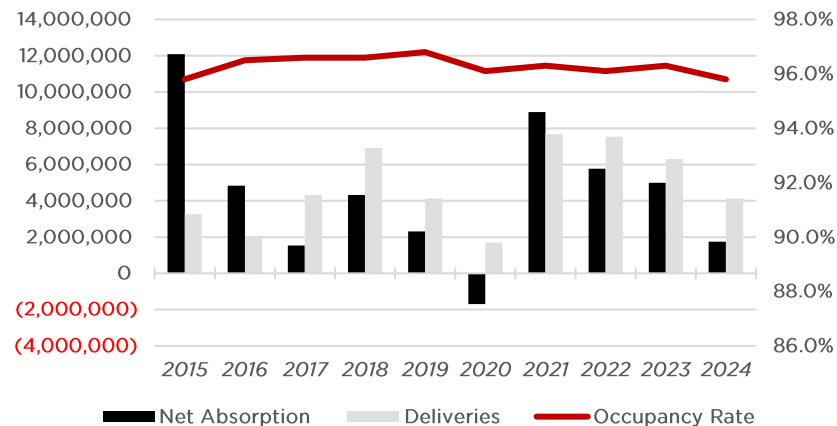
DEVELOPMENT: Inventory under construction (2.7MM SF) decreased 33.1% YOY from 4.1MM SF in 2023 and many of the planned speculative developments have been postponed. Deliveries (4.1MM SF) decreased 34.5% YOY from 6.3MM SF in 2023, well below the all-time high of 11.5 million SF in 2022. For reference, the current active construction and 2024 deliveries are comparable to 2014-2016 levels of 2.5MM SF and 3.3MM SF, respectively.

SALES AND INTEREST RATES: Total 2024 sales volume (\$685MM) decreased 14.3% YOY from \$799MM in 2023 and 37.8% from the 2022 all-time-high of \$1.1B, while average PSF pricing (\$72 PSF) increased 7.5% YOY from \$67 PSF. This is largely due to premium pricing for investment sales (85K SF Humanetic Building in Farmington Hills sold for \$185 PSF) and for smaller buildings (<50K SF), which accounted for 54.9% of total sales volume (\$375MM) and had average PSF pricing of \$78 PSF.

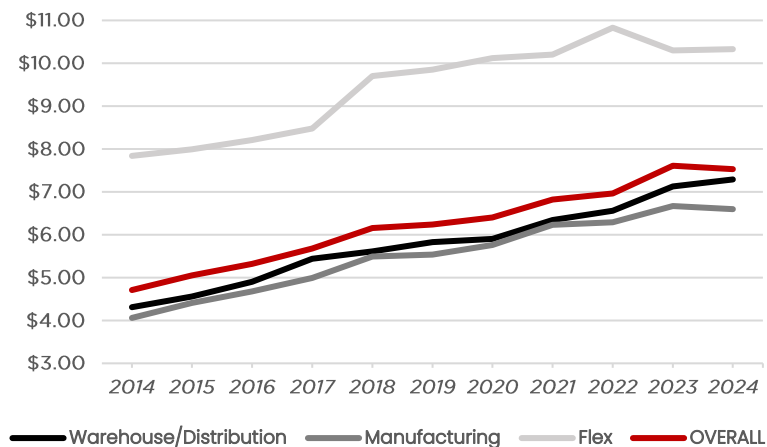
AVERAGE NNN ASKING RENTS BY SUBMARKET



OCCUPANCY AND ABSORPTION



AVERAGE NNN ASKING RENT BY CLASS



TOP SALE TRANSACTIONS (BASED ON SALES PRICE)

PROPERTY NAME	CITY	SUBMARKET	SF	SALE PRICE	PRICE/SF	PROPERTY TYPE
West Interchange Business Park (2 Properties)	Van Buren Township	Airport District	689,050	\$58,000,000	\$84.17	W/D
29753 Wixom Road	Wixom	Central I-96 Corridor	258,307	\$33,000,000	\$127.75	W/D
13395 Huron River Drive	Romulus	Airport District	117,562	\$15,838,948	\$134.73	W/D
Humanetics Building	Farmington Hills	Farmington Hills	85,339	\$15,816,361	\$185.34	W/D
27767 George Merrelli Dr	Warren	W of Van Dyke/Macomb	150,000	\$15,100,000	\$100.67	W/D
27485 George Merrelli Dr	Warren	W of Van Dyke/Macomb	83,738	\$14,500,000	\$173.16	Flex



TOP LEASE TRANSACTIONS (BASED ON SQUARE FEET)

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF	PROPERTY TYPE
DTE	Romulus Trade Center Building 3	Romulus	Airport	349,492	W/D
Piston Automotive	20400 Ralston Street	Detroit	City of Detroit	292,552	W/D
Avancez Assembly	18200 Vernier Road	Harper Woods	City of Detroit	225,280	W/D
Detroit Axle	12001 Toepfer Road	Warren	Groesbeck	163,800	W/D
Active Dynamics	43700 Gen Mar	Novi	Central I-96 Corridor	156,000	MFG
Home Express Delivery Services	18300 Vernier Road	Detroit	City of Detroit	208,204	W/D
Wipro PARI	275 Rex Boulevard	Auburn Hills	Auburn Hills	151,280	MFG



Note: Bold indicates Friedman transaction

W/D = Warehouse/Distribution

SUBMARKET	# BLDGS	INVENTORY (SF)	H2 2024 NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (NNN)	ASKING RENT (NNN)			H2 2024 TOTAL SALES VOLUME	SALES PER SF
									W/D	MFG	FLEX		
Ann Arbor	885	33,758,465	(12,856)	181,145	4.30%	6.50%	95.70%	\$8.18	\$6.59	\$6.91	\$12.41	\$21,340,000	\$80.00
Airport District	1,050	59,212,888	(233,362)	630,421	3.40%	7.10%	96.60%	\$7.70	\$7.85	\$6.91	\$12.95	\$86,160,948	\$86.00
Auburn Hills/Pontiac/Rochester	1,115	58,628,170	925,084	1,022,401	3.80%	5.20%	96.20%	\$9.25	\$9.24	\$9.22	\$9.34	\$21,490,000	\$70.00
Central I-96 Corridor	1,187	37,076,564	(306,557)	142,922	5.10%	6.60%	94.90%	\$9.33	\$8.52	\$8.37	\$12.37	\$51,305,787	\$120.00
City of Detroit	2,196	96,057,915	1,407,199	20,000	6.40%	9.00%	93.60%	\$5.92	\$6.37	\$5.27	\$19.84	\$19,863,000	\$32.00
Dearborn/Downriver	1,223	70,631,824	(578,530)	200,000	4.80%	5.70%	95.20%	\$6.26	\$5.72	\$7.49	\$6.87	\$27,365,000	\$61.00
Farmington Hills	433	11,828,159	(151,386)	79,000	6.00%	7.80%	94.00%	\$10.56	\$9.46	\$9.10	\$11.34	\$19,166,361	\$173.00
Livonia	1,119	43,329,064	221,523	8,085	2.40%	3.70%	97.60%	\$8.57	\$8.11	\$7.33	\$11.13	\$22,765,000	\$78.00
Southern I-275 Corridor	587	20,017,761	(337,772)	0	3.00%	4.10%	97.00%	\$8.04	\$7.73	\$9.95	\$11.50	\$8,195,000	\$46.00
Lakes Area	389	7,814,050	(423,279)	0	9.20%	9.40%	90.80%	\$7.18	\$7.42	\$5.95	\$10.01	\$1,369,304	\$60.00
Groesbeck	3,031	69,873,854	(783,576)	466,616	3.70%	5.40%	96.30%	\$7.75	\$7.46	\$8.99	\$9.73	\$47,929,677	\$74.00
Macomb W of Van Dyke	1,349	64,251,385	181,151	0	0.80%	1.90%	99.20%	\$8.05	\$7.73	\$8.55	\$8.22	\$63,105,600	\$90.00
Royal Oak	951	15,941,659	68,526	0	3.10%	4.00%	96.90%	\$8.67	\$8.36	-	\$11.49	\$10,085,000	\$74.00
Southfield	251	6,413,740	(74,354)	0	3.20%	4.20%	96.80%	\$10.00	\$6.96	\$7.47	\$10.95	\$2,450,000	\$94.00
Troy	1,434	30,881,419	(48,991)	4,449	3.80%	6.60%	96.20%	\$8.79	\$8.41	\$7.81	\$10.49	\$49,119,517	\$105.00
TOTAL	17,200	625,716,917	-146,680	2,755,039	4.20%	5.80%	95.80%	\$7.80	\$7.41	\$7.13	\$10.72	\$451,710,194	\$72.00

*W/D = Warehouse/Distribution
 *MFG = Manufacturing

TOP INDUSTRIAL PROPERTIES DELIVERED (H2 2024)

PROPERTY NAME	CITY	SUBMARKET	SF	DEVELOPER	DELIVERED	PROPERTY TYPE
Target Sortation Center	Detroit	Outer Detroit	185,000	Hillwood	Q3 2024	W/D
52119 Grand River Ave	Wixom	Central I-96 Corridor	94,000	Quadrants Development	Q3 2024	W/D
EFW Solutions	Ann Arbor	Ann Arbor	50,000	EFW	Q3 2024	W/D



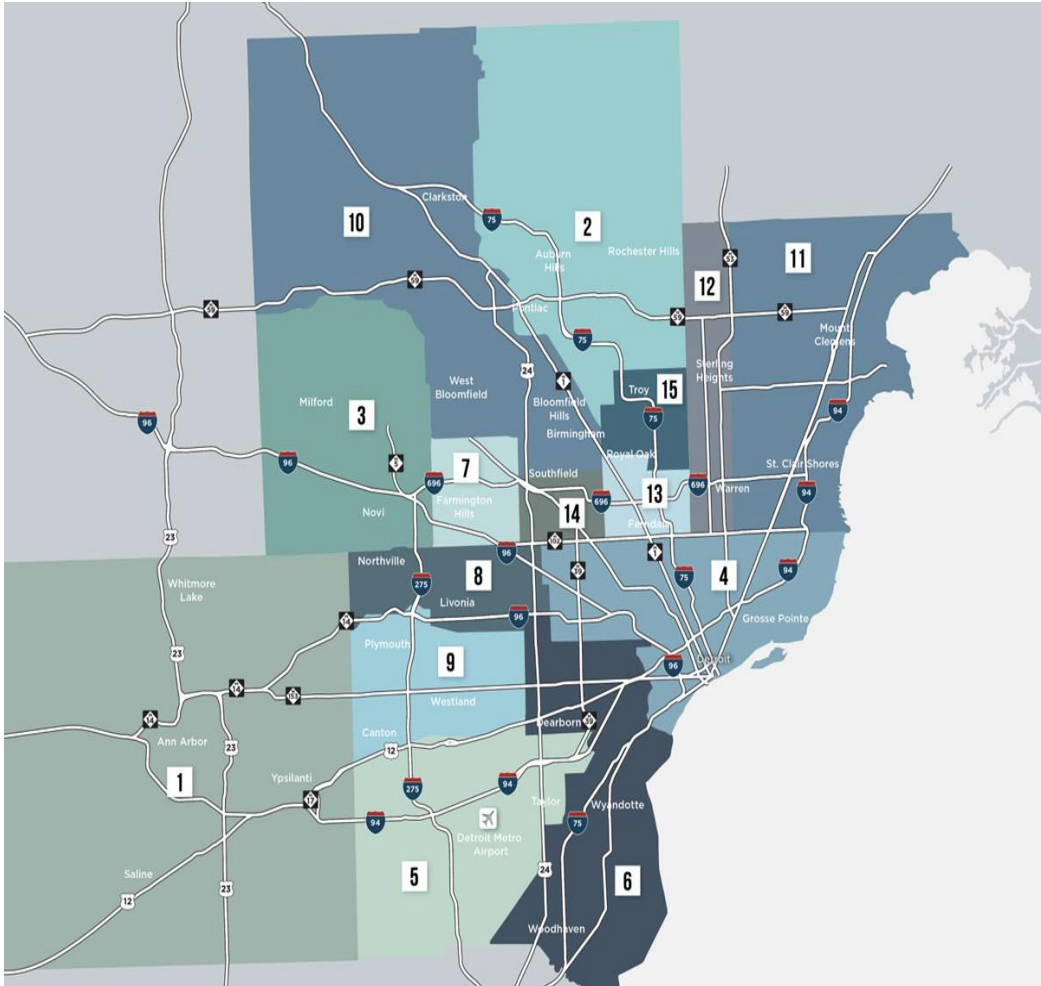
TOP INDUSTRIAL PROPERTIES UNDER CONSTRUCTION (H2 2024)

PROPERTY NAME	CITY	SUBMARKET	SF	DEVELOPER	DELIVERY	PROPERTY TYPE
The Palace Research and Technology Park	Auburn Hills	Auburn Hills	715,000	Schostak	Q4 2025	MFG
Crossroads Distribution Center-Building 11	Van Buren	Airport District	630,421	Ashley Capital	Q2 2026	W/D
DTE Battery Center	Trenton	Dearborn/Downriver	200,000	DTE	Q2 2026	W/D
52153 Sierra Drive	Chesterfield	Groesbeck	200,000	JB Donaldson	Q4 2025	MFG



W/D = Warehouse/Distribution

INDUSTRIAL SUBMARKET MAP



- | | |
|---|--------------------------------|
| 1 ANN ARBOR | 9 I-275 CORRIDOR |
| 2 AUBURN HILLS/PONTIAC/
ROCHESTER | 10 LAKES AREA |
| 3 CENTRAL I-96 CORRIDOR | 11 GROESBECK |
| 4 DETROIT | 12 MACOMB W OF VAN DYKE |
| 5 AIRPORT DISTRICT | 13 ROYAL OAK |
| 6 DEARBORN/DOWNRIVER | 14 SOUTHFIELD |
| 7 FARMINGTON HILLS | 15 TROY |
| 8 LIVONIA | |

Friedman Research separates the Metro Detroit industrial 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 Outlook & 2024 Review Industrial 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.