



# METRO DETROIT RETAIL REPORT

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## 2025 OUTLOOK & 2024 REVIEW

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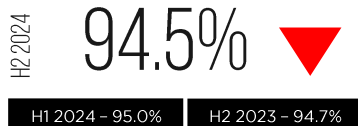
## MARKET AT A GLANCE (H2 2024)



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 retail market remained stable, with occupancy near all-time highs and increased rental rates and sales volume. However, the challenging high-interest-rate environment and broader economic slowdown led to select retailer bankruptcies and subsequent vacancies. Despite this, limited new retail development and sustained demand have helped preserve Metro Detroit's strong market fundamentals.

**SUPPLY AND DEMAND:** Occupancy decreased to 94.5% from 94.7% in 2023 as deliveries (689K SF) outpaced net absorption (-161K SF). For reference, occupancy still remains near the 2022 all-time-high of 94.9%, and the negative H2 2024 net absorption (-1.2MM SF) is primarily due to recent vacancies resulting from retailer bankruptcies and a flight to quality. Class C inventory recorded significant negative net absorption (-705K SF), contrasting compared to Class A inventory net absorption (516K SF).

**INCREASED RENTAL RATES:** Rental rates of \$17.28 PSF NNN reflects a 9.8% year-over-year (YOY) increase from \$15.74 PSF NNN in 2023, but is consistent with the record highs in 2022 (\$17.32 PSF NNN). This large YOY variance is due to varied levels of availability in newer Class A properties, which typically have asking rents of \$30.00+ PSF NNN.

**NEW DEVELOPMENT:** Given the strong demand for newer vintage retail space and lack of inventory, the construction pipeline remains steady at 689K SF delivered (2023: 602K SF) with an additional 376K SF under construction. Beyond limited-single tenant and mixed-use developments (retail & apartments), the construction pipeline is primarily comprised of smaller (<25K SF) freestanding multi/single-tenant buildings that are typically delivered as outparcels to existing nationally occupied retail centers/boxes.

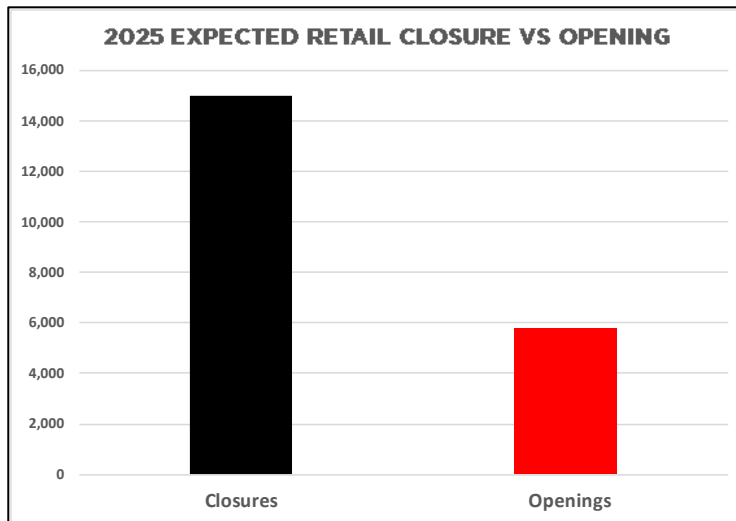
**BANKRUPTCY VACANCIES:** Major drug store closures (Rite Aid, Walgreens, & CVS) and select national retailer bankruptcies (Big Lots, Party City, Joann) have left 32 freestanding drug stores and 72 larger retail boxes (20K+ SF) available for lease in the Metro Detroit Market. Overall, these vacancies have been backfilled with alternative uses (medical, dollar store, education/religious, recreation, etc.), repositioned for multi-tenant use, or are being leased by national tenants with expansion plans. Numerous tenants are actively expanding in 2025 with many planning to occupy vacancies resulting from bankruptcies and planned closures (as shown in the following page).

**SALES AND INTEREST RATES:** Total 2024 sales volume (\$578MM) increased 16.1% YOY from \$498MM, but remains well below the record high of \$852MM in 2022. Despite strong fundamentals, cap rates have continued to increase from 7.4% in 2023 to 8.0% in 2024 due to the sustained high interest rates and their direct impact on acquisition pricing. The increased sales volume YOY does suggest that investors/sellers are becoming more willing to transact in a high-interest rate environment.

## NOTABLE NATIONAL RETAILER CLOSURE/OPENING

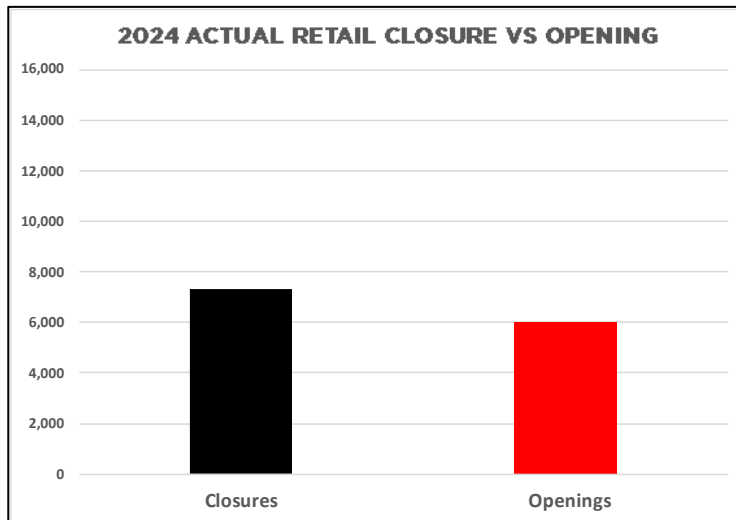
### Announced Retail Store Closures In 2025:

- Party City (738 announced)
- Big Lots (601 announced)
- Walgreens (333 announced)
- Macy’s (51 announced)
- Joann (553 announced)

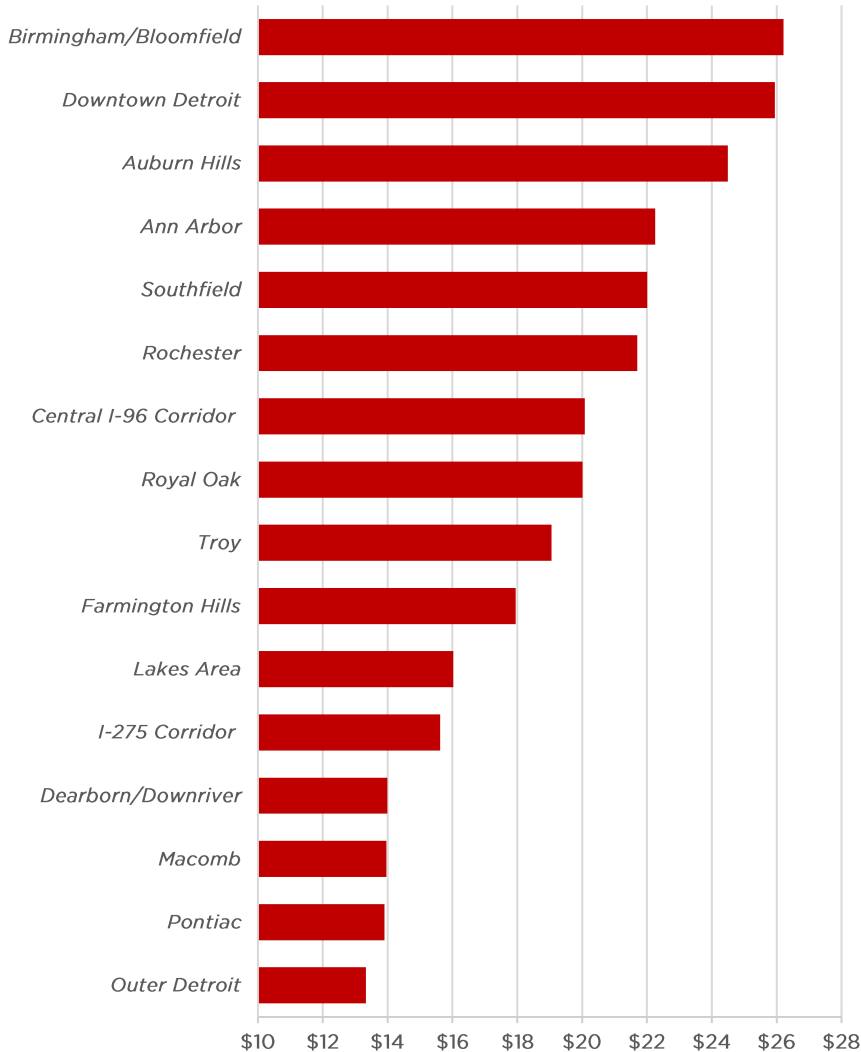


### Announced Retail/Restaurant Store Openings In 2025:

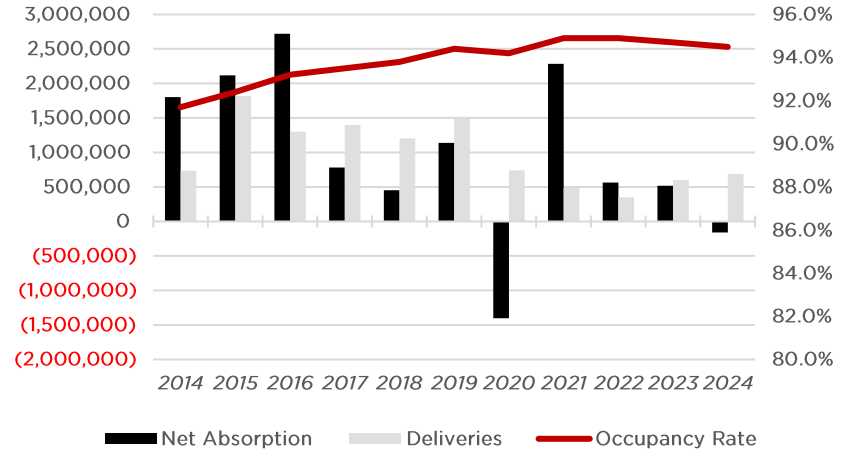
- Dollar General/Dollar Tree (1,300 announced)
- Boot Barn (60 announced)
- Target (30 announced)
- Dave’s Hot Chicken (950 units in development)
- First Watch (120 units in development)



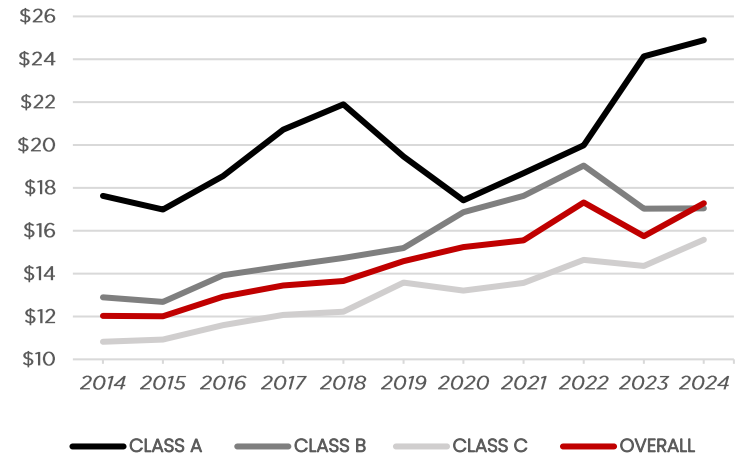
## AVERAGE NNN ASKING RENTS BY SUBMARKET



## OCCUPANCY AND ABSORPTION

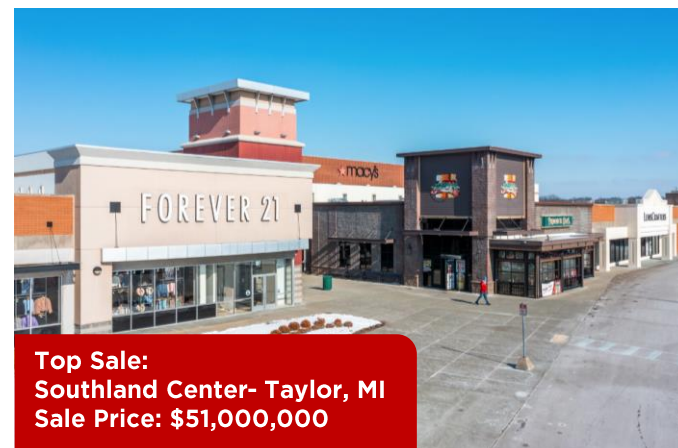


## AVERAGE NNN ASKING RENT BY CLASS



## TOP SALE TRANSACTIONS (BASED ON SALES PRICE)

PROPERTY NAME	CITY	SUBMARKET	SF	SALE PRICE	PRICE/SF
Southland Center	Taylor	Dearborn/Downriver	629,880	\$51,000,000	\$80.97
Waterside Marketplace	Chesterfield	Macomb	276,244	\$39,600,000	\$143.35
Huron Village	Ann Arbor	Ann Arbor	121,165	\$29,300,000	\$241.82
Oakland Plaza	Troy	Troy	166,423	\$25,600,000	\$153.82
Kercheval Place	Grosse Pointe	Outer Detroit	93,296	\$21,950,000	\$235.27



## TOP LEASE TRANSACTIONS (BASED ON SQUARE FEET)

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF
Hobby Lobby*	Gratiot Crossings	Chesterfield	Macomb	58,939
Al Haramain international Foods	Kendallwood Shopping Center	Farmington Hills	Farmington Hills	55,000
JoAnn Fabrics	West Oaks I and II Shopping Center	Novi	Central I-96 Corridor	49,675
Bob's Discount Furniture	Oakland Square	Troy	Troy	36,416
Burlington Stores	Cornerstone Plaza	Southfield	Southfield	35,173
Whicked Pickle	Crossings at Westland	Westland	I-275 Corridor	32,740



Note: \*Indicates renewal

SUBMARKET	# BLDGS	INVENTORY (SF)	H2 2024 NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (NNN)	H2 2024 TOTAL SALES VOLUME	SALES PER SF
Ann Arbor	1,950	19,130,568	(177,042)	90,907	4.20%	5.30%	95.80%	\$22.25	\$55,843,785	\$212.72
Auburn Hills	104	1,570,780	(67,846)	19,851	7.50%	10.70%	92.50%	\$24.49	\$0	-
Birmingham/Bloomfield	406	5,448,712	7,115	89,705	4.60%	5.80%	95.40%	\$26.21	\$2,550,000	\$286.74
Central I-96 Corridor	913	14,070,030	(51,743)	60,304	4.50%	8.00%	95.50%	\$20.08	\$6,870,000	\$205.03
Dearborn/Downriver	4,256	36,052,461	77,436	4,000	4.80%	6.40%	95.20%	\$13.99	\$74,419,876	\$91.80
Downtown Detroit	353	3,504,419	(17,980)	-	4.60%	4.90%	95.40%	\$25.94	\$650,000	\$52.18
Farmington Hills	464	5,428,595	(19,754)	-	11.60%	12.00%	88.40%	\$17.95	\$1,925,000	\$162.80
I-275 Corridor	2,558	28,217,630	(29,366)	-	4.60%	5.60%	95.40%	\$15.62	\$34,784,200	\$115.50
Lakes Area	921	8,594,778	(145,005)	30,000	8.20%	10.10%	91.80%	\$16.02	\$18,347,978	\$209.24
Macomb	4,569	54,921,701	11,676	28,248	5.60%	6.50%	94.40%	\$13.96	\$86,012,544	\$103.80
Outer Detroit	5,418	30,271,165	(180,333)	-	6.00%	7.40%	94.00%	\$13.33	\$42,015,806	\$144.29
Pontiac	599	8,313,455	38,280	16,000	3.70%	5.00%	96.30%	\$13.90	\$3,338,000	\$191.04
Rochester	352	5,638,771	2,357	13,586	2.80%	3.90%	97.20%	\$21.70	\$2,850,000	\$172.40
Royal Oak	1,820	12,125,207	(102,420)	23,214	5.30%	6.20%	94.70%	\$20.01	\$10,260,444	\$150.36
Southfield	412	7,119,637	(271,899)	-	13.50%	13.70%	86.50%	\$22.01	\$8,785,000	\$395.54
Troy	406	8,977,094	(222,359)	-	5.90%	6.40%	94.10%	\$19.06	\$26,040,000	\$153.22
<b>TOTAL</b>	<b>25,501</b>	<b>249,385,003</b>	<b>(1,148,883)</b>	<b>375,815</b>	<b>5.50%</b>	<b>6.80%</b>	<b>94.50%</b>	<b>\$17.28</b>	<b>\$374,692,633</b>	<b>\$128.00</b>

## TOP RETAIL PROPERTIES DELIVERED (H2 2024)

PROPERTY NAME	CITY	SUBMARKET	RETAIL SF	DELIVERED	OCCUPANCY	PROPERTY TYPE	ASKING RATE PSF (NNN)
915 W Big Beaver Road	Troy	Troy	22,000	Q4 2024	100%	Freestanding	Single Tenant
5800 19 Mile Road	Sterling Heights	Macomb	16,080	Q1 2024	22%	Storefront	\$30.00
872 W Auburn Road	Rochester Hills	Rochester	18,427	Q3 2024	84%	Storefront	Withheld
7935 W Maple Road	West Bloomfield	Birmingham/Bloomfield	10,000	Q3 2024	88%	Freestanding	Withheld



**915 W Big Beaver Road  
Freestanding- Troy, MI  
Retail SF: 22,000**

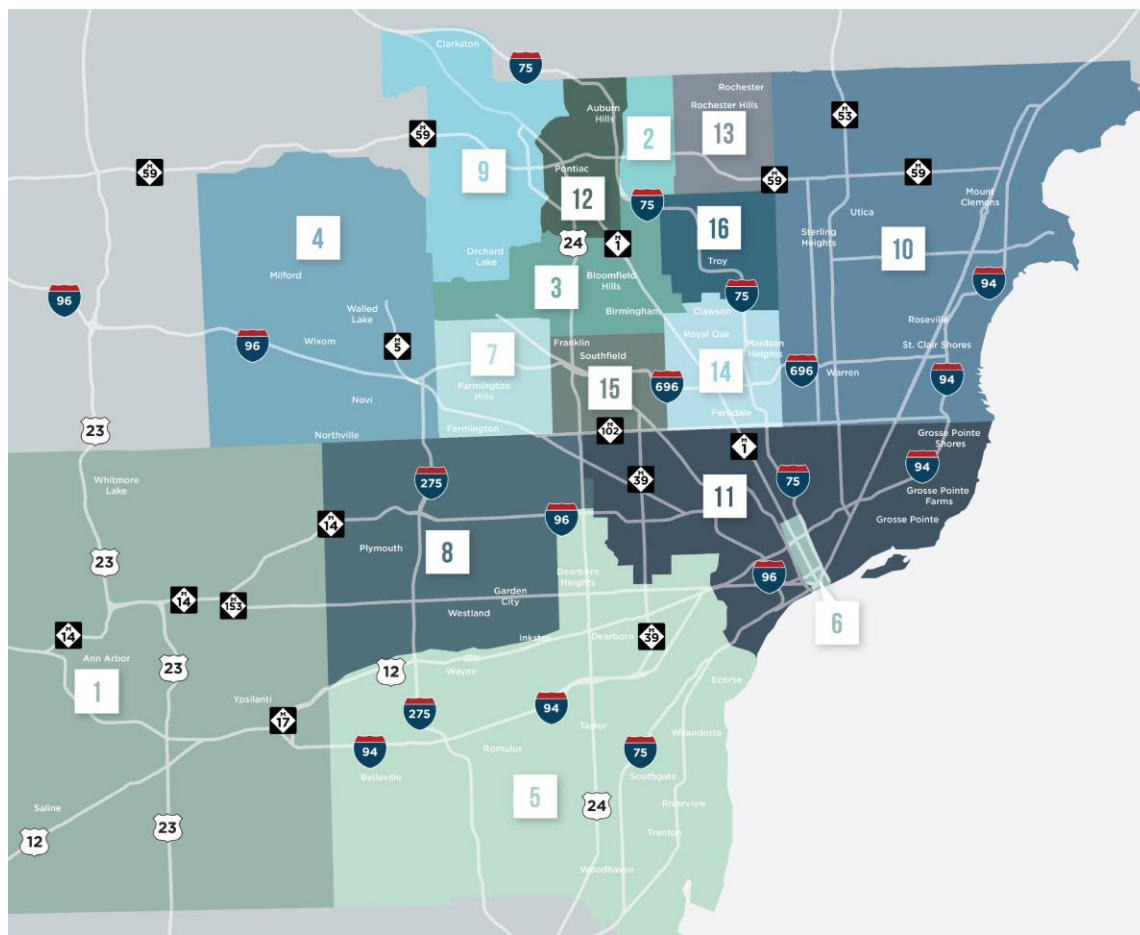
## TOP RETAIL PROPERTIES UNDER CONSTRUCTION (H2 2024)

PROPERTY NAME	CITY	SUBMARKET	RETAIL SF	DELIVERY	OCCUPANCY	PROPERTY TYPE	ASKING RATE PSF (NNN)
Porsche Novi	Novi	Central I-96 Corridor	18,514	Q2 2025	100%	Auto Dealership	Single Tenant
2174 S Telegraph Road	Bloomfield	Birmingham/Bloomfield	16,000	Q2 2025	0%	Storefront	Withheld
42658 Grand River	Novi	Central I-96 Corridor	15,638	Q2 2025	33%	Storefront	Withheld
804 N Main Street	Royal Oak	Royal Oak	13,875	Q2 2025	0%	Freestanding	Withheld



**Porsche Novi  
Auto Dealership - Novi, MI  
Retail SF: 18,514**

## RETAIL 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 retail 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 Retail 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.