



METRO DETROIT

2023 MIDYEAR

RETAIL

REPORT

FRIEDMAN HQ

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Farmington Hills, MI 48331

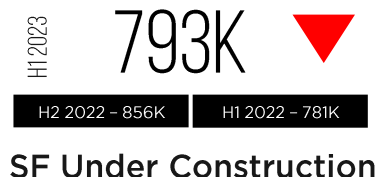
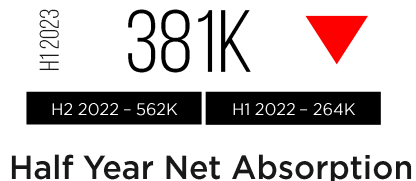
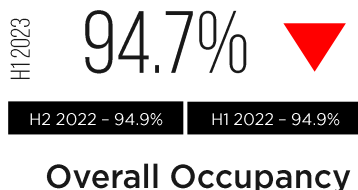
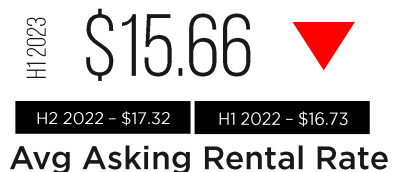
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MARKET AT A GLANCE (H1 2023)



Note: ▲ or ▼ indicates change compared to H2 2022.

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

MARKET OVERVIEW (H1 2023)

In the first half of 2023, the Metro Detroit retail market remained steady with occupancy near all time highs, sustained positive net absorption, and a robust construction pipeline. Despite this, the high interest rate environment and potential recession has resulted in decreased sales activity and select retailer bankruptcies, but the lack of newer vintage retail inventory has, so far, insulated Metro Detroit's retail market fundamentals.

SUPPLY AND DEMAND: Occupancy slightly decreased from 94.9% in H2 2022 to 94.7%, but still remains near record high levels. Single tenant retail (96.3%) and shopping centers (91.6%) have the highest and lowest occupancy levels, respectively. Notably, properties delivered after 2014 are 96.4% occupied, and accounted for 180K SF (43.3%) of positive net absorption despite only representing 3.8% of total inventory.

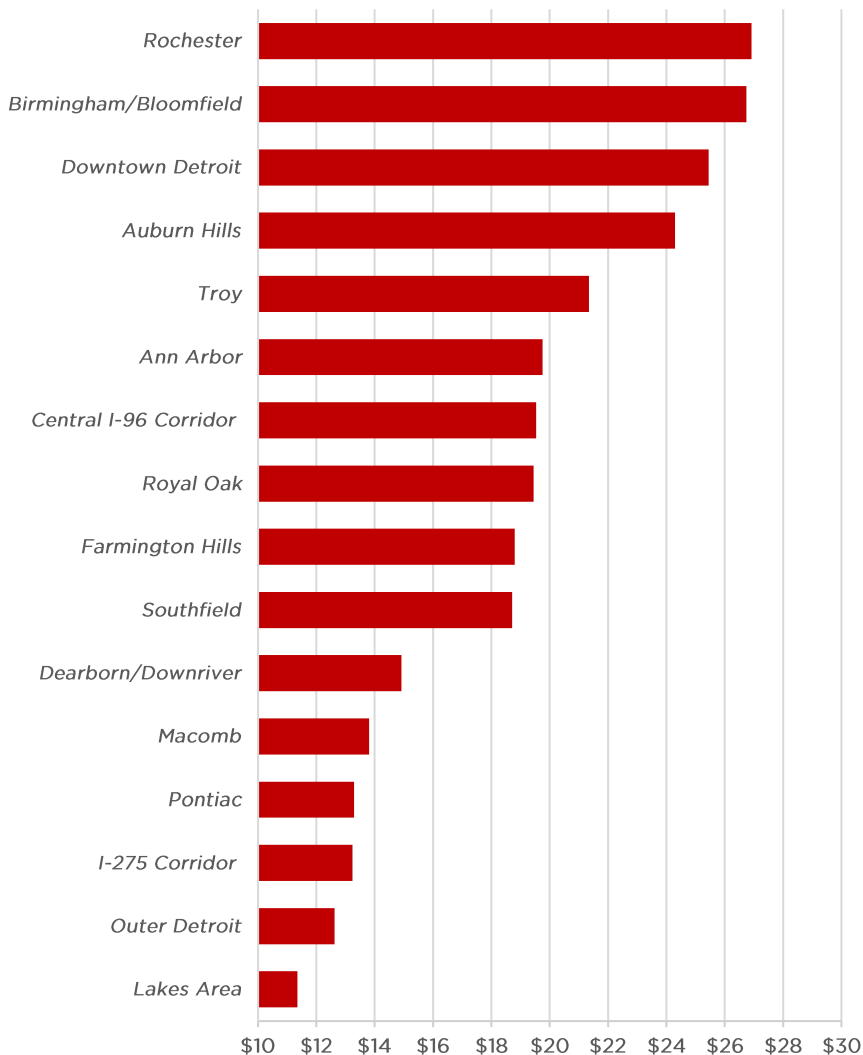
SALES AND INTEREST RATES: Total sales volume (\$256MM) has significantly decreased 54.2% from H2 2022 (\$558MM) due to increased interest rates direct impact on acquisition pricing. The Dearborn/Downriver submarket accounted for the largest portion of sales volume (\$70MM), which included the sale of the Fairlane Town Center (\$52MM), a 79% occupied 1.1MM SF super regional mall located in Dearborn.

INCREASED CAP RATES: Despite strong fundamentals, cap rates have increased to 7.1%, up from 6.5% in H2 2022 due to the rising interest rate and their direct impact on acquisition pricing.

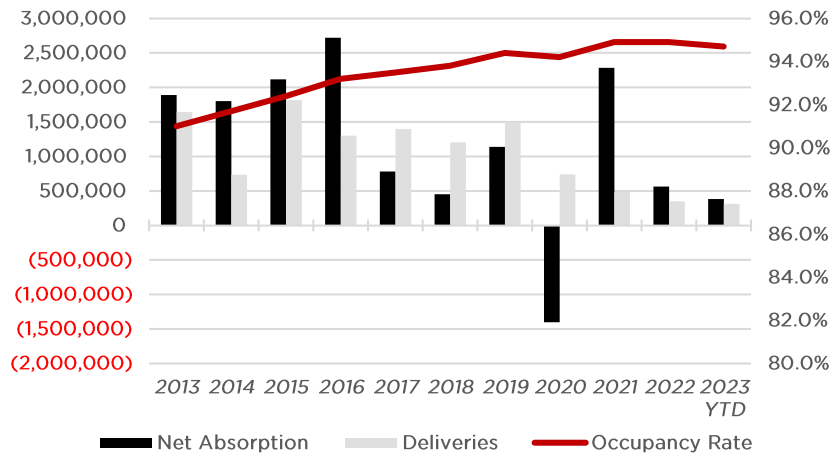
DECREASED RENTAL RATES: Asking rental rates (\$15.66 PSF) have decreased 9.6% from all time highs in H2 2022 (\$17.32 PSF) largely due to a lack of availability in newer properties, which typically have asking rents of \$30.00+ PSF NNN. Overall asking rental rates are consistent with H2 2021 of \$15.55 PSF.

RECESSION IMPACT: Due to the recent rampant inflation and looming recession, consumers have shifted spending from luxury goods to discount retailers. Vacancies created by bankruptcies including Bed Bath & Beyond, Party City, and David's Bridal have been backfilled by discount retailers who have been actively expanding including Ross Dress for Less, T.J. Maxx, Five Below, and Burlington.

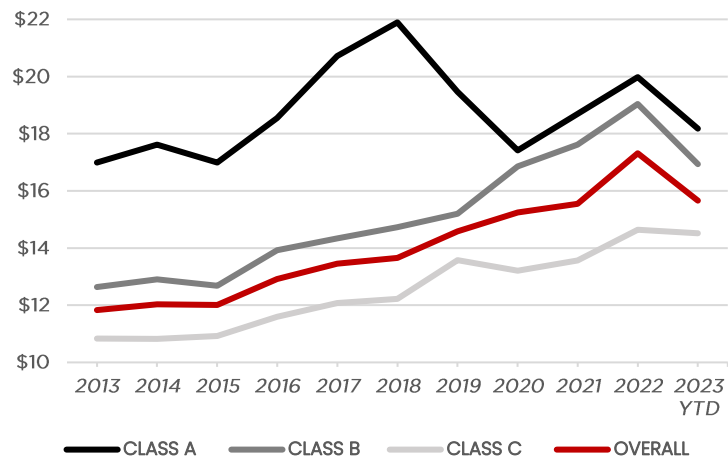
AVERAGE NNN ASKING RENTS BY SUBMARKET



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
Fairlane Town Center	Dearborn	Dearborn/Downriver	1,111,011	\$52,000,000	\$46.80
Pine Ridge Shopping Center	Novi	Central I-96 Corridor	37,629	\$6,950,000	\$184.70
301-319 E Big Beaver Rd	Troy	Troy	11,268	\$6,200,000	\$550.23
660 James L Hart Pky	Ypsilanti	Ann Arbor	15,000	\$5,463,504	\$364.23
2881-2949 Crooks Rd	Rochester Hills	Rochester	26,289	\$5,275,000	\$200.65
Walgreens	Belleville	Dearborn/Downriver	12,166	\$4,550,000	\$373.99

Note: Bold indicates Friedman transaction



TOP LEASE TRANSACTIONS (BASED ON SQUARE FEET)

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF
5th Avenue Furniture	Greenfield Plaza	Southfield	Southfield	64,600
Fun City Adventure	Parkway Plaza	Clinton Township	Macomb	55,424
Total Wine & More	Winchester Center	Rochester Hills	Rochester	38,243
Homebuys	Southgate Shopping Center	Southgate	Dearborn/Downriver	34,019
ABC Warehouse*	Crosswind Corners	Macomb Township	Macomb	28,000
Black Friday	Burlington Square	Taylor	Dearborn/Downriver	27,054

Note: Bold indicates Friedman transaction | *Indicates renewal



SUBMARKET	# BLDGS	INVENTORY (SF)	NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (NNN)	TOTAL SALES VOLUME	SALES PER SF
Ann Arbor	1,938	19,155,071	(84,280)	95,051	4.40%	5.20%	95.60%	\$19.75	\$27,099,504	\$172.47
Auburn Hills	104	1,580,143	(10,837)	11,811	4.40%	12.60%	95.60%	\$24.30	\$740,000	\$168.00
Birmingham/Bloomfield	403	5,368,394	(6,624)	10,000	4.90%	5.10%	95.10%	\$26.74	\$937,000	\$188.93
Central I-96 Corridor	911	14,203,430	90,922	21,794	4.30%	7.00%	95.70%	\$19.53	\$18,299,500	\$163.84
Dearborn/Downriver	4,171	36,176,310	72,738	24,900	5.00%	6.50%	95.00%	\$14.92	\$70,122,898	\$127.82
Downtown Detroit	351	3,410,132	51,869	15,660	3.90%	5.80%	96.10%	\$25.45	\$8,099,000	\$121.35
Farmington Hills	459	5,317,774	185,634	-	4.70%	6.40%	95.30%	\$18.80	\$2,260,000	\$150.20
I-275 Corridor	2,538	28,215,414	312,423	33,800	5.60%	6.80%	94.40%	\$13.24	\$35,281,649	\$142.78
Lakes Area	913	8,488,104	35,097	12,359	7.70%	10.80%	92.30%	\$11.35	\$10,094,000	\$119.25
Macomb	4,529	52,968,350	(44,893)	85,606	5.80%	7.10%	94.2%	\$13.81	\$22,828,722	\$138.52
Outer Detroit	5,263	29,654,004	(233,117)	97,928	5.00%	7.00%	95.00%	\$12.63	\$9,807,941	\$112.92
Pontiac	592	8,183,779	(50,664)	3,500	3.50%	4.70%	96.50%	\$13.29	\$8,064,000	\$131.65
Rochester	352	5,628,846	24,485	92,623	3.70%	5.50%	96.30%	\$26.92	\$5,275,000	\$162.00
Royal Oak	1,819	12,117,362	(10,290)	15,122	4.10%	5.10%	95.90%	\$19.45	\$19,741,000	\$155.40
Southfield	405	6,248,283	(11,002)	268,481	6.90%	10.40%	93.10%	\$18.71	\$4,329,900	\$165.25
Troy	397	8,908,742	60,035	4,800	2.70%	6.20%	97.30%	\$21.34	\$12,683,193	\$169.72
TOTAL	25,145	245,624,138	381,496	793,435	5.30%	7.00%	94.70%	\$15.66	\$255,663,307	\$142.12

TOP RETAIL PROPERTIES DELIVERED (H1 2023)

PROPERTY NAME	CITY	SUBMARKET	RETAIL SF	DELIVERED	OCCUPANCY	PROPERTY TYPE	ASKING RATE PSF (NNN)
Floor & Décor	Ypsilanti	Ann Arbor	64,528	Q1 2023	100%	Freestanding	N/A
Midtown on Haggerty	Commerce Township	Central I-96 Corridor	24,960	Q2 2023	9%	Lifestyle Center	\$35.00-\$42.00
3245 Elizabeth Lake Rd	Waterford Township	Lakes Area	16,180	Q1 2023	100%	Freestanding	N/A
12780 Reeck Rd	Southgate	Dearborn / Downriver	14,933	Q1 2023	100%	Freestanding	N/A
15840 W 12 Mile Rd	Southfield	Southfield	9,400	Q2 2023	100%	Freestanding	N/A
Village Plaza Pad Site	Warren	Macomb	9,000	Q1 2023	31%	Storefront	Withheld

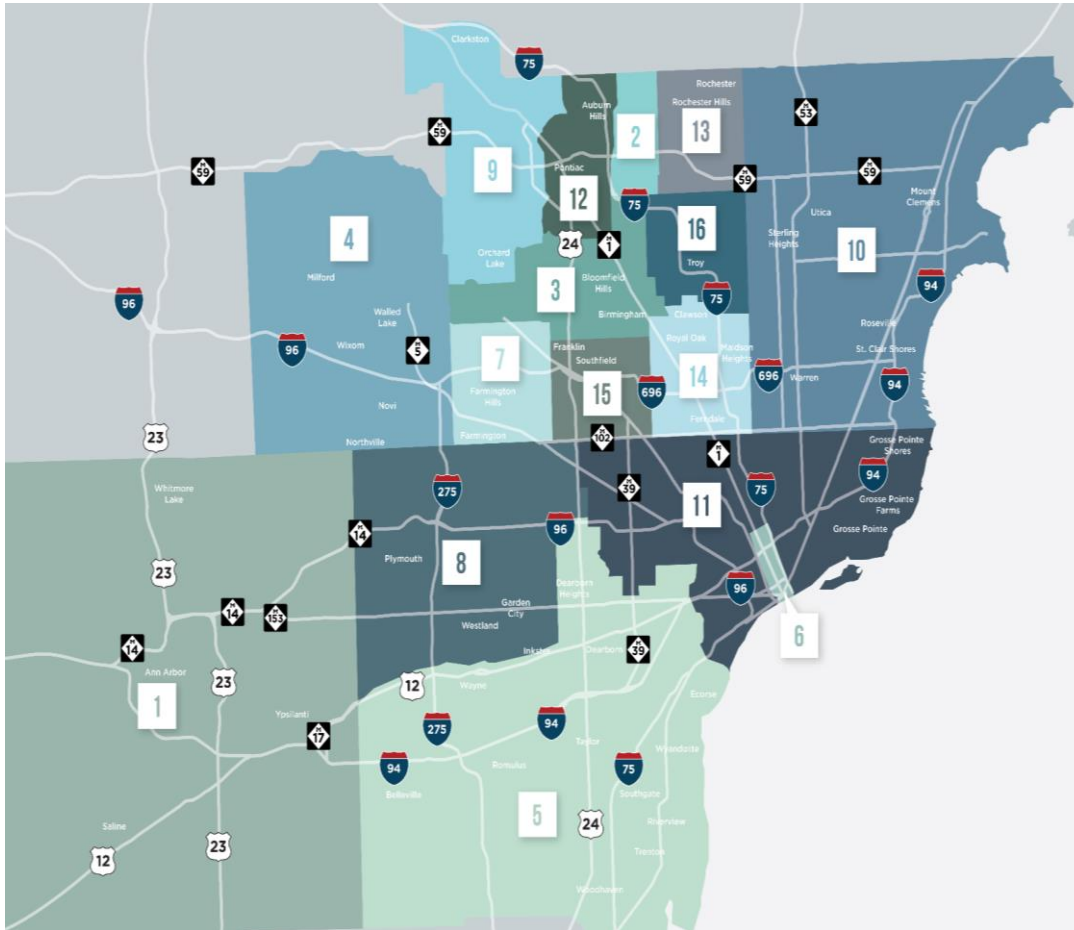


TOP RETAIL PROPERTIES UNDER CONSTRUCTION (H1 2023)

PROPERTY NAME	CITY	SUBMARKET	RETAIL SF	DELIVERED	OCCUPANCY	PROPERTY TYPE	ASKING RATE PSF (NNN)
Northland Center - Phase 1	Southfield	Southfield	150,000	Q4 2023	33%	Mixed Use	Withheld
29200 Southfield Rd	Southfield	Southfield	124,081	Q1 2024	95%	Storefront	Withheld
2066 N Cass Lake Rd	Keego Harbor	Lakes Area	19,550	Q4 2024	100%	Freestanding	N/A
42971 Garfield Rd	Clinton Township	Macomb	17,960	Q3 2023	14%	Storefront	Withheld
Canton Crossing Shopping Center	Canton	Southern I-275 Corridor	15,000	Q3 2023	100%	Storefront	N/A
The Goddard School	Clarkston	Lakes Area	12,359	Q3 2023	100%	Freestanding	N/A



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 2023 Midyear 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.