METRO DETROIT
2024 MID-YEAR
RETAIL REPORT

FRIEDMAN HQ

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MARKET AT A GLANCE (H1 2024)

H1 2024 **247.0MM** ▲

H2 2023 - 246.1MM | H1 2023 - 245.6MM

Market Size

H1 2024 **$16.00** ▲

H2 2023- $15.74 | H1 2023- $15.66

Avg Asking Rental Rate

H1 2024 **95.0%** ▲

H2 2023- 94.7% | H1 2023- 94.7%

Overall Occupancy

H1 2024 **987K** ▲

H2 2023- 137K | H1 2023- 381K

Half-Year Net Absorption

H1 2024 **$203MM** ▼

H2 2023- $242MM | H1 2023- $256MM

Half Year Sales Volume

H1 2024 **353K** ▼

H2 2023- 849K | H1 2023- 793K

SF Under Construction

Note: ▲ or ▼ or ▬ indicates change compared to H2 2023.

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

MARKET OVERVIEW (H1 2024)

In the first half of 2024, the Metro Detroit retail market recorded sustained positive net absorption leading to near all-time high occupancy rates due to an overall lack of new retail development entering the market.

SUPPLY AND DEMAND: Occupancy increased to an all-time high of 95.0% (94.7% in H1 2023) driven by net absorption (987K SF) significantly outpacing new deliveries (572K SF). Single tenant retail (96.8%) and shopping centers (92.2%) have the highest and lowest occupancy levels, respectively. The Southfield submarket recorded the highest positive net absorption of 355K SF with the delivery of the Northland City Center and Michigan's first Costco Business Center.

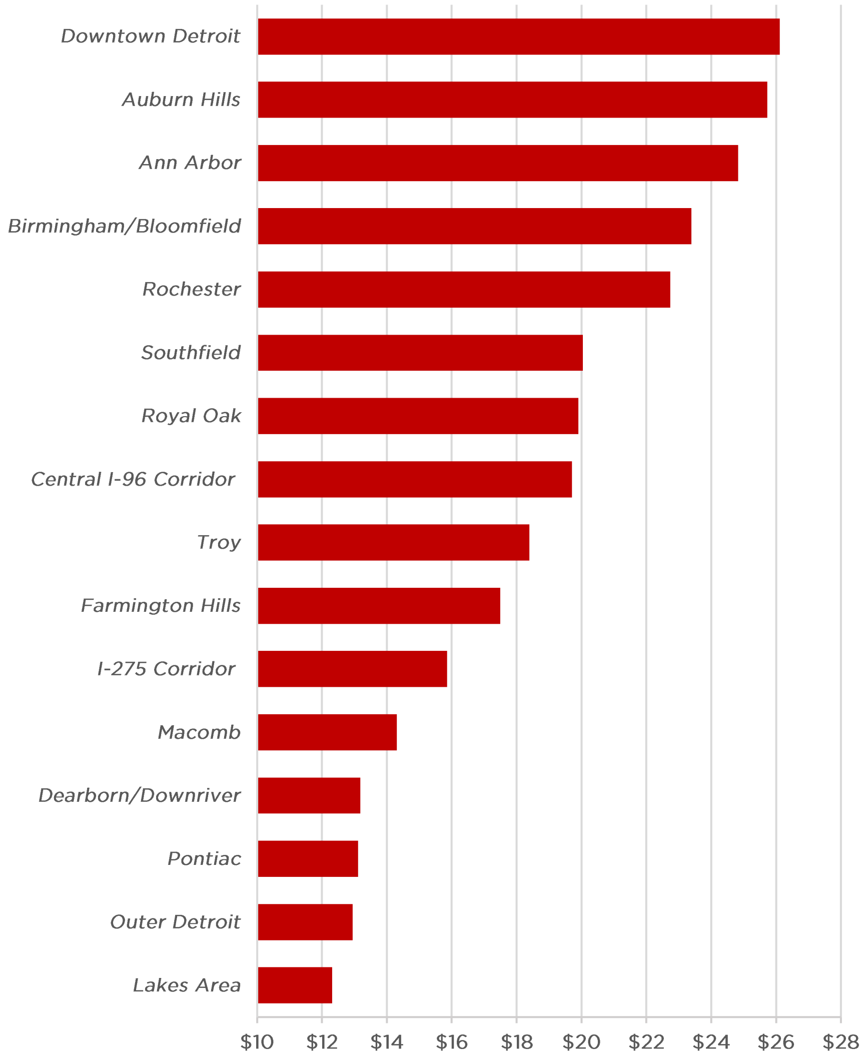
LIMITED NEW DEVELOPMENT: Despite strong demand and lack of space availability, increased interest rates and lack of available infill development sites have led to the smallest construction pipeline on record of 353K SF. Active new development primarily consists of mixed-use and smaller outparcel developments at existing nationally occupied retail centers/boxes due to the rapid expansion of restaurant users. The largest development of 2024 to date has been Sakura Novi, a mixed-use Asian-themed development located in the Central I-96 Corridor submarket comprised of 118 apartments and 37K SF of commercial space. New retail centers receive dramatically higher rents from existing centers. For reference, new retail development typically has asking rental rates of $30.00+ PSF average compared to the overall $16.00 PSF NNN average.

SALES AND INTEREST RATES: Sales volume ($203MM) has decreased 16.1% from H2 2023 ($242MM) primarily due to impact a sustained high interest rate environment has on acquisition pricing. Sales of single tenant net lease investment properties ($53.4MM), which has historically received the lowest cap rates, have been disproportionately affected. Single tenant sales decreased 39.5% from H2 2023 ($88.2MM), which is an incredible fall from H2 2022 peaks ($254MM). Investors have moved their focus to value-add retail centers, which includes the largest 2024 sale to date ($31MM), Hunter's Square, a 353K SF, 47% occupied, power center located in the Farmington Hills submarket.

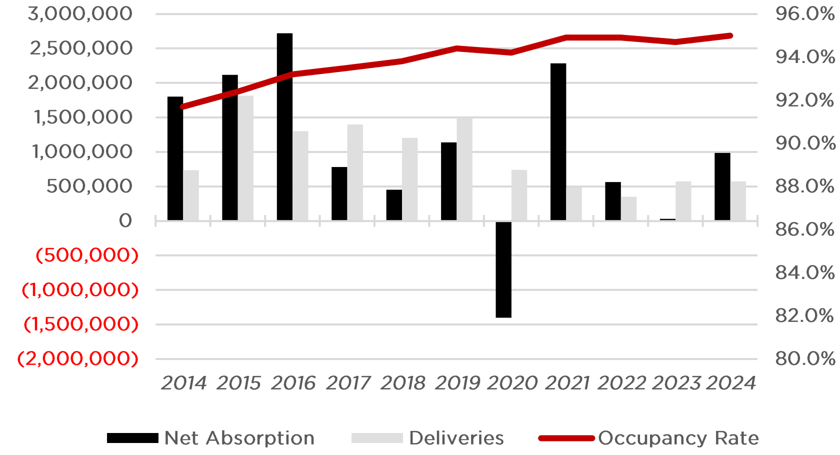
DRUG STORE REPURPOSING: National drug store brands, including Rite Aid, who filed bankruptcy in October 2023, are closing hundreds of locations due to high operating costs, falling sales, decreased prescription drug reimbursement rates, and looming lawsuits associated with the opioid crisis. There are currently 27 freestanding drug stores listed for lease in the Metro Detroit market (6 additional listings since H2 2023), which are being backfilled with alternative uses including medical, dollar stores, and car washes.

2024 MID-YEAR RETAIL REPORT - METRO DETROIT

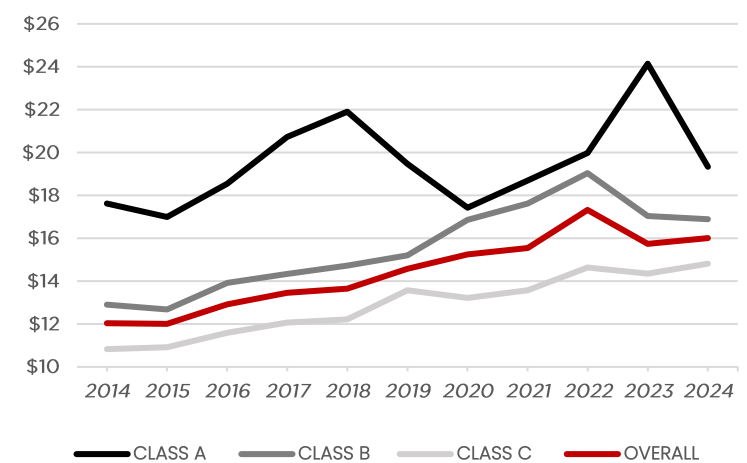
AVERAGE NNN ASKING RENTS BY SUBMARKET



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
Hunter's Square	Farmington Hills	Farmington Hills	352,772	$31,000,000	$87.88
Galleria Mall	Ann Arbor	Ann Arbor	34,566	$18,350,000	$530.87
Shops at the Crossings	Auburn Hills	Lakes Area	48,244	$8,950,000	$185.52
South Hill Plaza	Rochester Hills	Rochester	41,553	$7,200,000	$173.27
1100 Catherine Street	Ann Arbor	Ann Arbor	5,112	$4,500,000	$880.28
15220 Hall Road	Clinton Township	Macomb	10,330	$4,122,564	$399.09

Top Sale:
Hunter's Square – Farmington Hills, MI
Sale Price: $31,000,000

TOP LEASE TRANSACTIONS (BASED ON SQUARE FEET)

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF
JOANN Fabrics*	West Oaks II Shopping Center	Novi	Central I-96 Corridor	49,675
Pickle Rage	Gateway Center	West Bloomfield	Birmingham/Bloomfield	26,772
Burlington	Oakland Square	Troy	Troy	25,000
Al-Aqsa Supermarket	Hoover Shopping Center	Warren	Macomb	23,250
Harbor Freight Tools	Northridge Commons	Livonia	Southern I-275 Corridor	18,242
Harbor Freight Tools	Redford Plaza	Redford	Dearborn/Downriver	16,130

*Note: *Indicates renewal*

Top Lease:
JOANN Fabrics – Novi, MI
Square Footage: 49,675

2024 MID-YEAR RETAIL REPORT - METRO DETROIT

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	1,947	19,067,501	194,691	89,407	3.30%	4.30%	96.70%	$24.83	$44,561,418	$353.50
Auburn Hills	106	1,591,848	(14,903)	16,184	3.20%	7.00%	96.80%	$25.73	$0	-
Birmingham/Bloomfield	406	5,455,838	22,151	-	4.90%	6.10%	95.10%	$23.39	$5,200,000	$235.48
Central I-96 Corridor	914	14,042,485	107,403	33,245	4.20%	7.80%	95.80%	$19.71	$9,072,500	$201.48
Dearborn/Downriver	4,235	36,630,447	49,355	25,895	4.90%	6.70%	95.10%	$13.18	$17,379,533	$114.87
Downtown Detroit	353	3,443,930	(2,141)	-	4.40%	4.50%	95.60%	$26.11	$600,000	$112.49
Farmington Hills	463	5,292,284	(38,477)	-	9.00%	10.50%	91.00%	$17.50	$32,050,001	$88.19
I-275 Corridor	2,550	28,160,928	252,830	23,000	4.40%	5.20%	95.60%	$15.86	$5,757,500	$53.37
Lakes Area	920	8,574,817	6,277	19,550	6.50%	8.40%	93.50%	$12.31	$15,092,200	$165.41
Macomb	4,554	52,837,407	213,890	68,934	5.90%	6.90%	94.10%	$14.31	$33,617,314	$176.58
Outer Detroit	5,369	30,011,162	(104,798)	-	5.40%	7.00%	94.60%	$12.95	$12,895,850	$81.59
Pontiac	599	8,280,763	(84,429)	-	4.10%	4.70%	95.90%	$13.11	$5,189,500	$50.22
Rochester	351	5,610,364	46,563	24,600	2.60%	3.70%	97.40%	$22.74	$7,200,000	$173.27
Royal Oak	1,816	12,175,988	3,379	5,000	4.40%	5.50%	95.60%	$19.90	$11,219,175	$162.09
Southfield	408	6,922,666	354,954	-	8.10%	8.30%	91.90%	$20.04	$320,000	$58.18
Troy	404	8,894,912	(19,293)	47,148	3.30%	4.50%	96.70%	$18.39	$3,162,946	$116.24
TOTAL	25,395	246,993,340	987,452	352,963	5.00%	6.40%	95.00%	$16.00	$203,317,937	$136.45

TOP RETAIL PROPERTIES DELIVERED (H1 2024)

PROPERTY NAME	CITY	SUBMARKET	RETAIL SF	DELIVERED	OCCUPANCY	PROPERTY TYPE	ASKING RATE PSF (NNN)
Costco Business Center	Southfield	Southfield	160,000	Q1 2024	100%	Freestanding	N/A
Northland City Center	Southfield	Southfield	150,000	Q1 2024	33%	Mixed Use	$30.00
29200 Southfield Rd	Southfield	Southfield	124,081	Q1 2024	95%	Storefront	Withheld
990 W Auburn Rd	Rochester Hills	Rochester	18,427	Q1 2024	0%	Mixed-Use	Withheld
13355 E 10 Mile Rd	Warren	Macomb	11,210	Q1 2024	24%	Freestanding	Withheld
15380 Wellington Center Blvd	Macomb	Macomb	11,119	Q1 2024	100%	Freestanding	Withheld

Costco Business Center
Freestanding – Southfield, MI
Retail SF: 160,000

TOP RETAIL PROPERTIES UNDER CONSTRUCTION (H1 2024)

PROPERTY NAME	CITY	SUBMARKET	RETAIL SF	DELIVERY	OCCUPANCY	PROPERTY TYPE	ASKING RATE PSF (NNN)
Sakura Novi	Novi	Central I-96 Corridor	37,740	Q2 2025	50%	Mixed Use	$40.00-$45.00
Canton Crossing Shopping Center	Canton	Southern I-275 Corridor	15,000	Q3 2024	100%	Strip Center	N/A
Troy Plaza	Troy	Troy	12,574	Q1 2025	52%	Mixed Use	$38.00
5609 Jackson Rd	Ann Arbor	Ann Arbor	10,788	Q3 2025	86%	Strip Center	Withheld
5800 19 Mile Rd	Sterling Heights	Macomb	9,600	Q3 2024	58%	Freestanding	$30.00
Village Plaza	Warren	Macomb	9,366	Q4 2024	28%	Community Center	$25.00

Sakura Novi
Mixed Use – Novi, MI
Retail SF: 37,740

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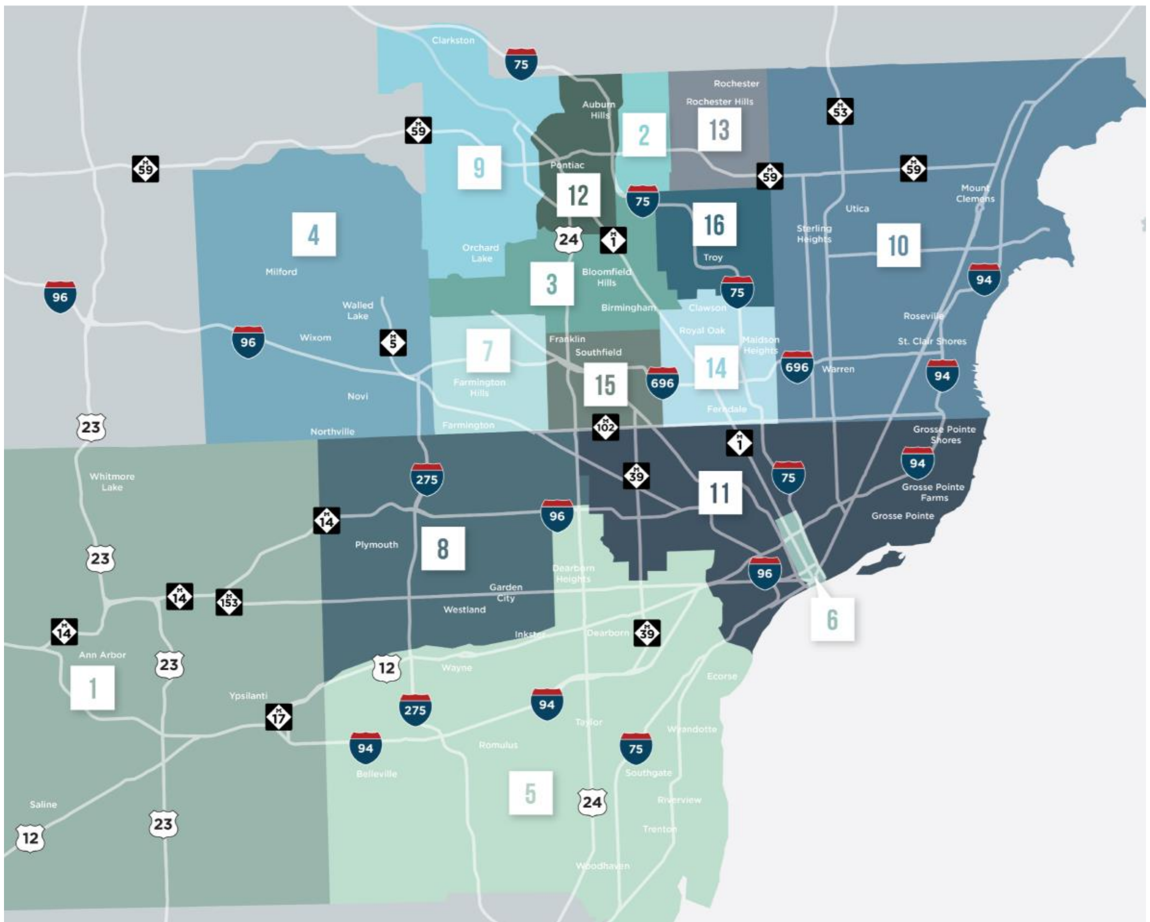
RETAIL SUBMARKET MAP



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 2024 Mid-Year 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.