



METRO DETROIT

2025 MID-YEAR

INDUSTRIAL REPORT

FRIEDMAN HQ

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MARKET OVERVIEW (H1 2025)

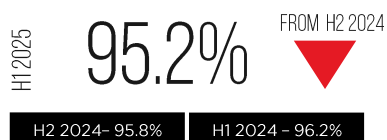
MARKET AT A GLANCE (H1 2025)



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

In the first half of 2025, the Metro Detroit industrial market experienced a pullback from record positive fundamentals post-COVID, with declines in occupancy, net absorption, leasing activity, and deliveries. Slowing overall demand is a primary driver of the decline due to a variety of factors including tariffs uncertain governmental policies, and elevated construction costs that continue to stymie new development activity. Distribution centers are seeing a slowdown due to the post-Covid slowdown in online and delivery growth, while manufacturing facilities are being affected by the electric vehicle industry pullback among other factors. While economic uncertainty and elevated interest rates have weighed on tenant and investor sentiment, the market appears to be stabilizing at pre-COVID levels.

SUPPLY AND DEMAND: Occupancy decreased to 95.2% in H1 2025, continuing the downward trend from 95.8% in H2 2024 and 96.2% in H1 2024, after peaking at 96.3% in 2023. This is the lowest occupancy rate observed in the last 10 years, since H1 2015 (94.9%), with the largest year-over-year (YOY) declines in Royal Oak (-2.70%), and Southfield (-2.70%), as all fifteen submarkets recorded decreases from H1 2024. Despite this, the most notable shift was the steep drop in net absorption, which reversed to (-3.6MM SF) in H1 2025, well below H1 2024 (1.9MM SF). This marks the sharpest contraction in occupancy in over a decade. The top three submarkets posting the largest negative net absorption in H1 2025 were Livonia (-915K SF), City of Detroit (-745K SF), and Royal Oak (-457K SF), which together accounted for 2.12MM SF, or 58.5% of the negative net absorption. Total industrial leasing volume in 2024 reached 11.9MM SF, marking a 54.9% decline from the 18.5MM SF recorded in 2023. With only 5.27MM SF leased in H1 2025, activity is tracking below 2024 levels and remains well behind the pace set in 2023. The continued decline in occupancy and net absorption signals a slowdown in industrial demand in H1 2025, with further downside risk anticipated through the remainder of the year.

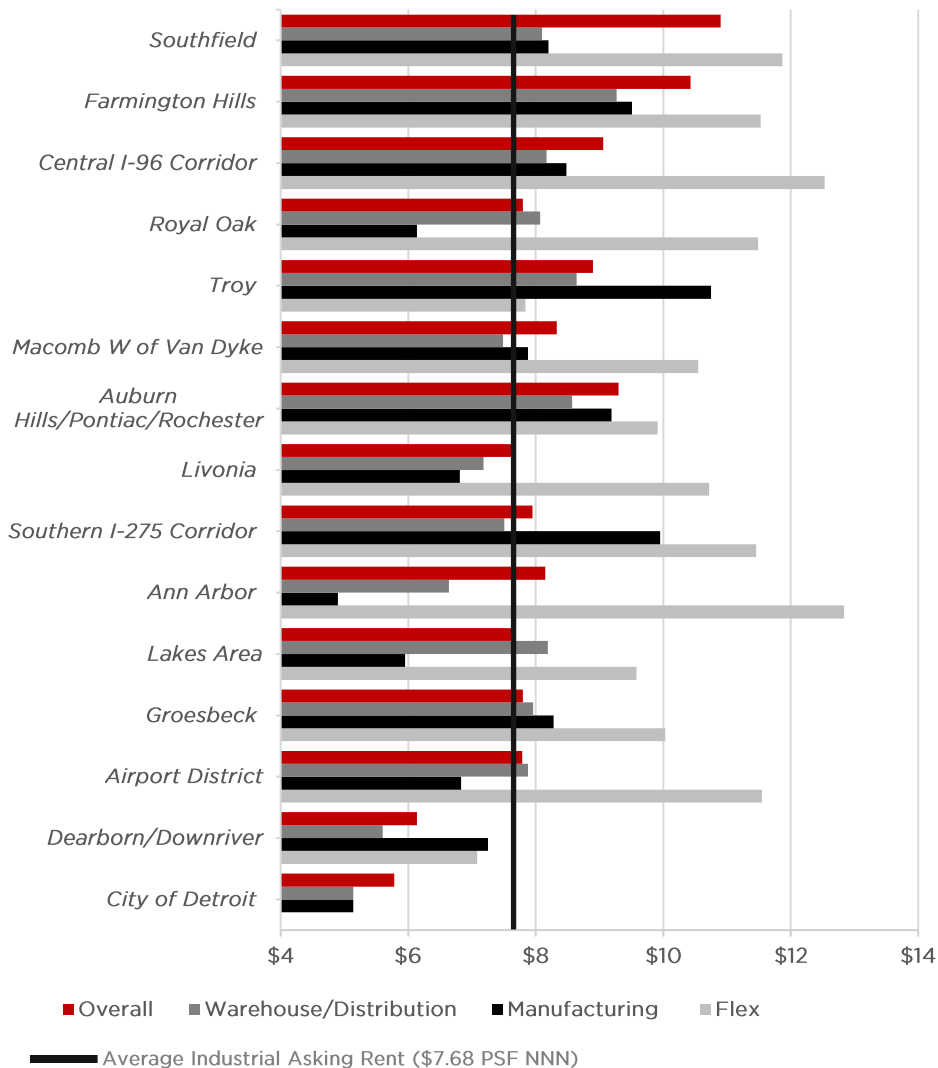
DEVELOPMENT: Inventory under construction rose slightly to 3.0MM SF in H1 2025, up from 2.8MM SF in H2 2024 and 2.6MM SF in H1 2024, but remains well below the 2022 peak of 11.5MM SF. Developers remain cautious due to elevated construction costs, financing challenges, uncertain tenant demand, and a limited supply of shovel-ready sites, all of which are tempering development momentum. As a result, many proposed projects continue to face delays, downsizing, or indefinite postponement. Current construction levels are comparable to those seen between 2014 and 2016, when the market was in a more balanced and measured growth phase. With that being said, some of the largest leases completed in H1 2025 were at speculative developments such as Eastland Commerce Center (Fisher Dynamics | 310,829 SF) in Detroit and Tri-County Commerce Center (Gonzalez Contract Services | 177,243 SF) in Hazel Park.

RENTAL RATES: The average asking rental rate in H1 2025 was \$7.68 PSF NNN, down from \$7.80 PSF in H2 2024, but still slightly above \$7.55 PSF in H1 2024. This modest decline is primarily reflected in eight of the fifteen submarkets, which recorded overall rent reductions, highlighted by warehouse/distribution (WD) rates decreasing in all of these submarkets since H2 2024. Notably, Metro Detroit flex rates saw a 6.80% YOY increase, while manufacturing rates rose 1.50% YOY, and WD rates remained unchanged from H1 2024. These trends suggest that demand may be shifting from modern logistics facilities to modern manufacturing and flex facilities.

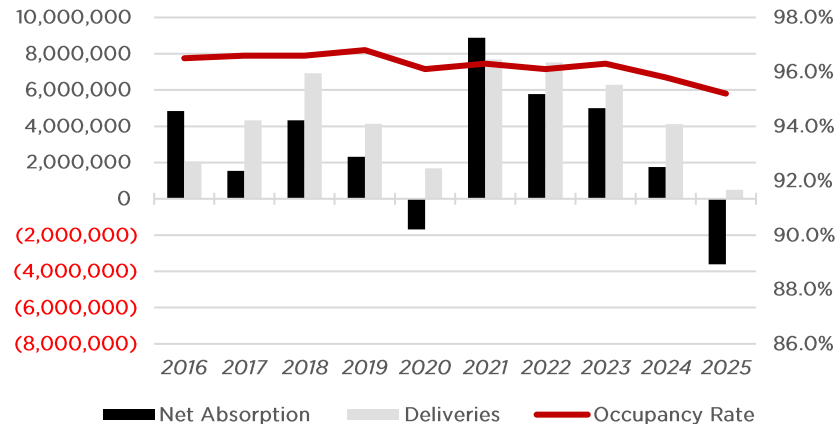
TARIFFS: Uncertainty over automotive tariffs has delayed strategic planning, causing many Detroit automakers and suppliers to pause key investment and production decisions. Tariffs introduced in early Q2 2025 led to a sharp drop in growth forecasts and increased market volatility. While both trade tensions and tariff rates have appeared to ease, the effects of higher tariffs and global uncertainty will take time to fully materialize.

SALES AND INTEREST RATES: Total sales volume in H1 2025 declined to \$335MM, down from \$452MM in H2 2024, but above the \$233MM recorded in H1 2024. Despite this, overall sales volume remains significantly below the high post-Covid levels of 2022 (\$1.1B). Investor interest remains concentrated in small and well-located assets as buildings under 50K SF accounted for 62% (\$206MM) of sales volume and 84% of total sales (206 of 335). Still, overall uncertainty around interest rate forecasts continue to weigh on transaction activity. As a result, building sales volumes are expected to remain low in the near term. The average price per square foot decreased to \$67.55, down from \$72.00 PSF in H2 2024 and \$73.48 PSF in H1 2024, returning to levels last seen in H2 2023. This softening in pricing reflects both a reduced buyer pool and adjustments in valuation expectations across the market.

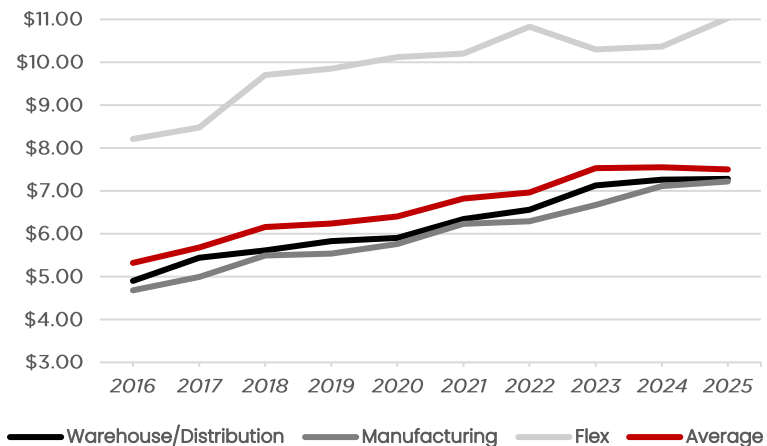
AVERAGE NNN ASKING RENTS BY SUBMARKET



OCCUPANCY AND ABSORPTION



AVERAGE NNN ASKING RENT BY CLASS



TOP SALE TRANSACTIONS (BASED ON SALES PRICE)

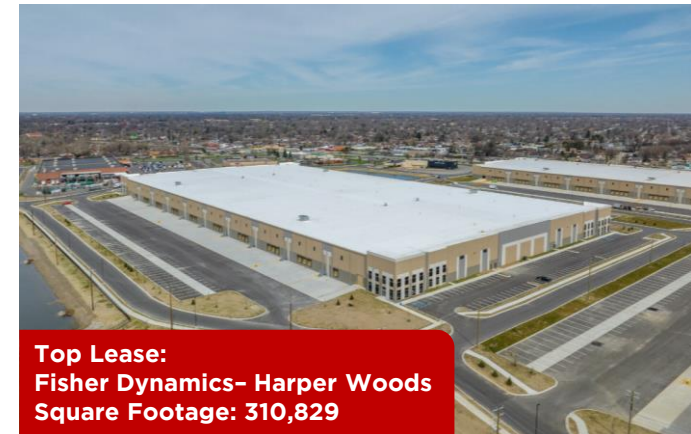
PROPERTY NAME	CITY	SUBMARKET	SF	SALE PRICE	PRICE/SF	PROPERTY TYPE
42050, 42150, 42200 Executive Drive	Harrison Twp	Groesbeck	215,102	\$16,250,000	\$71.37	W/D
29835 & 29883 Beck Rd	Wixom	Central I-96 Corridor	144,624	\$14,462,400	\$100.00	Manufacturing
11650 Park Ct	Utica	Macomb W of Van Dyke	92,803	\$10,250,000	\$110.45	W/D
1280 Joslyn Ave	Pontiac	Auburn Hills/Pontiac/Rochester	37,750	\$10,000,000	\$264.90	Truck Terminal
40800 Executive Dr	Harrison Twp	Groesbeck	45,000	\$9,000,000	\$200.00	W/D



Top Sale:
42050, 42150, 42200 Executive Drive
Sale Price: \$16,250,000

TOP LEASE TRANSACTIONS (BASED ON SQUARE FEET)

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF	PROPERTY TYPE
Fisher Dynamics	Eastland Commerce Center	Harper Woods	Detroit	310,829	W/D
The Korex Group	43155-43159 W 9 Mile Rd	Novi	Central I-96 Corridor	191,247	W/D
Gonzalez Contract Services*	Tri-County Commerce Center	Hazel Park	Royal Oak	177,243	W/D
Costco	32250 Smith Rd	Romulus	Airport District	122,250	W/D



Top Lease:
Fisher Dynamics- Harper Woods
Square Footage: 310,829

Note: Bold indicates Friedman transaction | *Indicates Sublease.

W/D = Warehouse/Distribution

SUBMARKET	# BLDGS	INVENTORY (SF)	NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (NNN)	ASKING RENT (NNN)			TOTAL SALES VOLUME	SALES PER SF
									W/D	MFG	FLEX		
Ann Arbor	888	34,058,055	(256,271)	121,745	5.10%	6.80%	94.90%	\$8.15	\$6.64	\$4.90	\$12.84	\$44,424,177	\$80.47
Airport District	1,055	60,464,973	(334,748)	1,019,923	4.40%	7.00%	95.60%	\$7.79	\$7.88	\$6.83	\$11.55	\$55,091,003	\$67.11
Auburn Hills/Pontiac/Rochester	1,123	58,205,293	138,272	845,486	4.60%	5.70%	95.40%	\$9.30	\$8.57	\$9.19	\$9.91	\$15,732,500	\$172.57
Central I-96 Corridor	1,190	36,978,323	8,874	100,000	5.40%	6.50%	94.60%	\$9.06	\$8.17	\$8.48	\$12.53	\$43,143,101	\$100.69
City of Detroit	2,223	93,761,097	(745,377)	20,000	7.10%	9.40%	92.90%	\$5.78	\$5.14	\$5.14	22.73	\$16,329,900	\$21.21
Dearborn/Downriver	1,227	70,185,543	(218,846)	200,000	5.10%	6.50%	94.90%	\$6.14	\$5.60	\$7.25	\$7.08	\$7,600,096	\$71.99
Farmington Hills	432	11,718,009	(11,082)	79,000	6.30%	8.30%	93.70%	\$10.43	\$9.27	\$9.51	\$11.53	\$12,261,817	\$76.13
Livonia	1,122	43,467,528	(914,748)	8,085	4.60%	6.40%	95.40%	\$7.63	\$7.18	\$6.81	\$10.72	\$23,084,893	\$74.86
Southern I-275 Corridor	588	19,987,567	43,709	-	3.10%	3.90%	96.90%	\$7.95	\$7.51	\$9.95	\$11.46	\$10,180,000	\$95.50
Lakes Area	391	7,889,572	(546)	-	9.10%	9.40%	90.90%	\$7.62	\$8.19	\$5.95	\$9.58	\$1,400,000	\$59.00
Groesbeck	3,025	70,150,189	(322,216)	581,375	4.50%	6.20%	95.50%	\$7.80	\$7.96	\$8.28	\$10.03	\$72,186,050	\$68.21
Macomb W of Van Dyke	1,349	65,682,580	(283,722)	-	1.60%	1.60%	98.40%	\$8.33	\$7.49	\$7.88	\$10.55	\$14,226,684	\$54.35
Royal Oak	954	15,853,721	(456,699)	-	6.10%	6.90%	93.90%	\$7.80	\$8.07	\$6.14	\$11.49	\$1,885,000	\$62.44
Southfield	251	6,414,339	(93,389)	-	5.30%	6.80%	94.70%	\$10.90	\$8.10	\$8.20	\$11.87	\$1,565,000	\$52.92
Troy	1,437	30,882,287	(174,529)	-	4.50%	6.20%	95.50%	\$8.90	\$8.64	\$10.75	\$7.84	\$16,331,240	\$106.28
TOTAL	17,255	625,699,076	-3,621,318	2,975,614	4.80%	6.40%	95.20%	\$7.68	\$7.28	\$7.22	\$11.03	\$335,441,461	\$67.55

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

TOP INDUSTRIAL PROPERTIES DELIVERED (H1 2025)

PROPERTY NAME	CITY	SUBMARKET	SF	DEVELOPER	DELIVERED	PROPERTY TYPE
Gestamp North America Facility	Chesterfield	Groesbeck	460,000	JB Donaldson Company	Q2 2025	Manufacturing
175 Kay Industrial Drive	Lake Orion	Auburn Hills/Pontiac/Rochester	72,995	Kay Industrial Development, LLC	Q1 2025	Manufacturing
Metro North Technology Park	Auburn Hills	Auburn Hills/Pontiac/Rochester	53,500	Schostak Brothers	Q1 2025	W/D
50 Kay Industrial Drive	Lake Orion	Auburn Hills/Pontiac/Rochester	50,460	D'Agostini Companies	Q1 2025	W/D

**Gestamp North America Facility
Manufacturing
Total SF: 460,000**



TOP INDUSTRIAL PROPERTIES UNDER CONSTRUCTION (H1 2025)

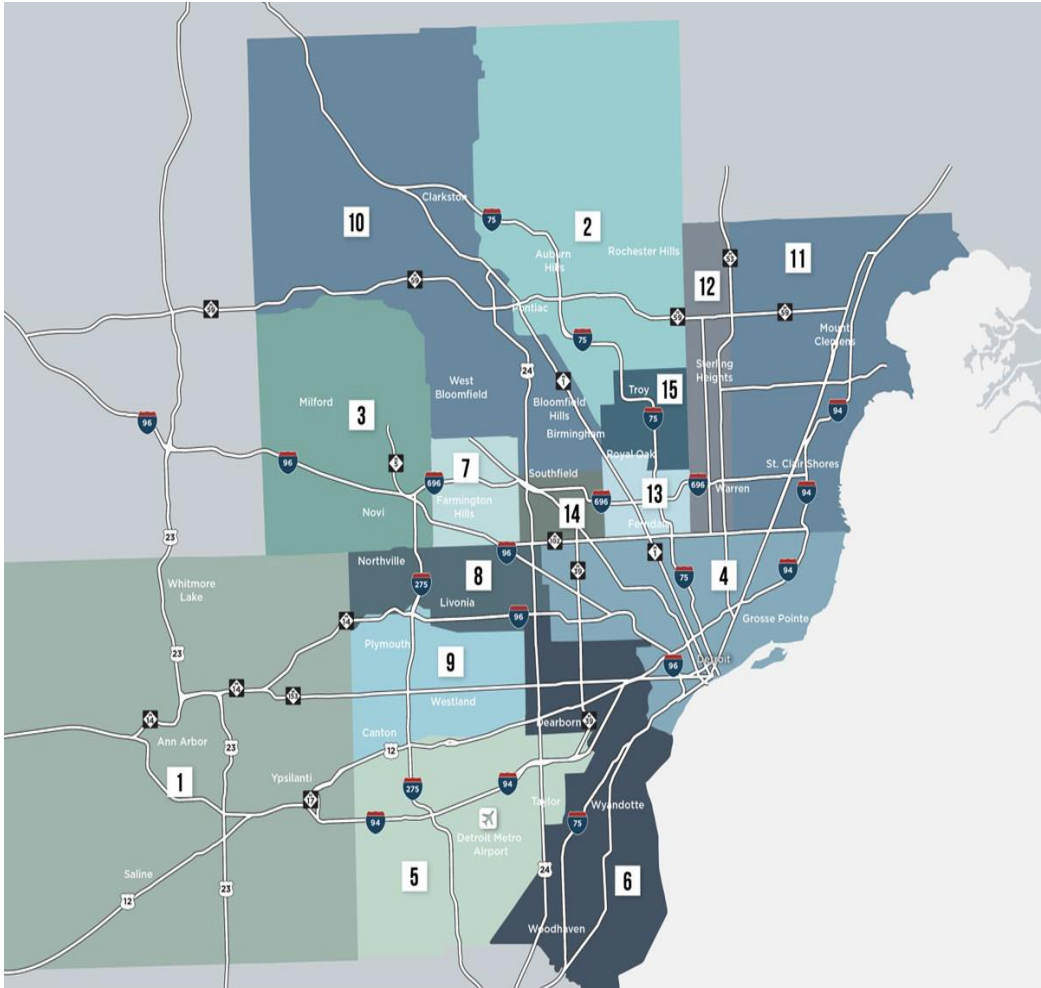
PROPERTY NAME	CITY	SUBMARKET	SF	DEVELOPER	DELIVERY	PROPERTY TYPE
3777 Lapeer Rd	Auburn Hills	Auburn Hills/Pontiac/Rochester	715,000	Schostak Brothers	Q4 2025	Manufacturing
6110 Haggerty Rd	Van Buren Twp	Airport District	630,421	Ashley Capital	Q2 2026	W/D
Romulus Trade Center Building 5	Romulus	Airport District	349,492	NorthPoint Development	Q4 2025	W/D
Alro Steel	Mount Clemens	Groesbeck	250,000	American Tower REIT	Q3 2026	W/D
4685 W Jefferson Ave	Trenton	Dearborn/Downriver	200,000	Fourth Wheel, LLC	Q2 2026	W/D

**2425 Dixie Highway
Warehouse/Distribution
Total SF: 100,000**



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 Mid-Year 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.