



# METRO DETROIT

## OFFICE REPORT

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# 2026 OUTLOOK & 2025 REVIEW

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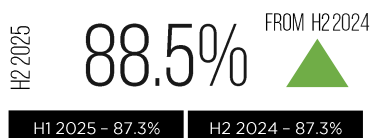
## MARKET AT A GLANCE (H2 2025)



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

## MARKET OVERVIEW (H2 2025)

In 2025, the Metro Detroit office market remained soft with sustained high sublease availability and decreased leasing volume caused by continued hybrid work models and many companies continuing to shrink their overall office footprint. With this said, a limited development pipeline combined with shrinking overall inventory and the return to positive net absorption in H2 2025 suggests a cautiously optimistic outlook for 2026.

**SUPPLY AND DEMAND:** Overall occupancy increased to 88.5% from 87.3% in 2024, though still below pre-pandemic benchmarks of 91.5% (H2 2019). The increase in occupancy was driven in part by an increase in 2025 net absorption to -224K SF, a 60% YOY increase from 2024 (-618K SF), along with a 500K SF contraction in overall office inventory. Of note, the 3 submarkets that reported the highest net absorption in H2 2025 were Southfield (304K SF), Macomb (288K SF), and Downtown Detroit (198K SF). The 3 submarkets with the lowest net absorption were Farmington Hills (-286K SF), Dearborn/Downriver (-280K SF), and Ann Arbor (-113K SF).

Sublet space availability increased from 2.3MM SF in 2024 to 2.5MM SF at the end of 2025, a ±8.7% YOY increase. This increase in sublet space available, combined with a slight decrease in direct lease space available in 2025 reflects the market trend of corporate contractions and companies listing their space for sublease.

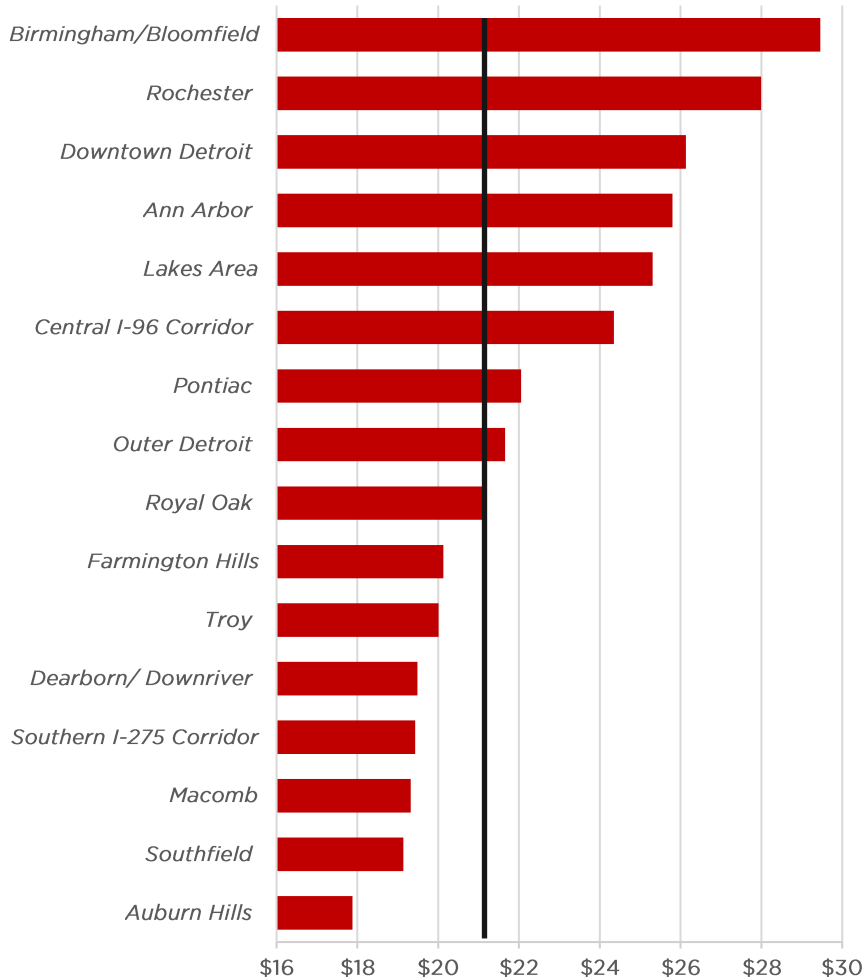
The submarkets with the highest occupancy are Lakes Area (93.9% | 4.80% YOY increase), Downtown Detroit (93.5% | 2.19% YOY increase), and Macomb (92.7% | 1.64% YOY increase). Submarkets with the lowest occupancy include Southfield (76.3% | 0.26% YOY increase), Farmington Hills (83.5% | 3.24% YOY decrease), and Troy (84.7% | 2.05% YOY increase).

**TENANTS BECOMING MORE SELECTIVE:** Overall leasing activity in 2025 (4.98MM SF) represents a 15.5% YOY decrease from 2024 (5.91MM SF) and 32.6% YOY decrease from 2023 (7.39MM SF). Corporate downsizing, sales/call center offshoring, and work from home continue to drive an overall decline in office usage. C-Suite decision makers are prioritizing unique office spaces with built-in amenities and access to nearby retail offerings to entice workers back to the office. The flight to amenitized offices in high-quality locations is reflected in many of the top leases like One Campus Martius (Urban Science Applications Inc | 34K SF) in the Downtown Detroit Submarket, and Southfield Town Center (Piston Group | 42K SF) in the Southfield Submarket. Rental rates also continue to slowly climb, driven primarily by Class A rent growth which recorded the highest increase in rent growth of any class for the second year in a row at 4% YOY from 2024 (\$22.19 PSF) to 2025 (\$23.08 PSF) as tenants continue the flight to quality.

**SALES AND INTEREST RATES:** Sales volume in 2025 reached \$404MM, representing a notable recovery from 2024 (\$286M). The 2025 sales total is still well below the former high of \$873MM set in 2022. 2025 also marked another year of an office market influenced by higher interest rates and general lender and investor caution around office assets. PSF pricing in 2025 increased 14% YOY in 2025 (\$73 PSF) from 2024 (\$64 PSF) after having fell 45% YOY from 2023 (\$117 PSF).

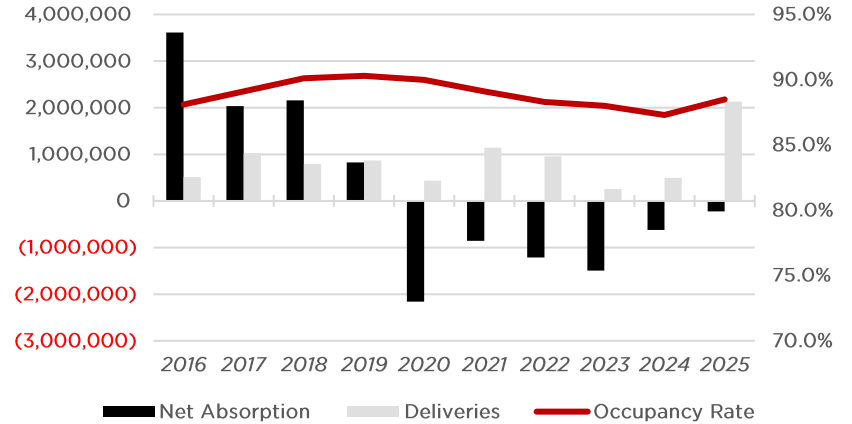
**LIMITED DEVELOPMENT:** The construction pipeline remains constrained by financing, leasing risk, and general economic uncertainty. The 1.57MM SF under construction represents a 1.9% YOY decrease from 2024. Much of this is still attributed to high-profile urban projects with pre-committed tenants, such as GM's relocation to the Hudson's Site in Downtown Detroit (404K SF) and the Henry Ford Health and MSU Health Sciences Research Center (335K SF), which together account for 47% of the SF under construction at the end of 2025. Notably, Ford's 2.1MM SF Central Campus Building Project in Dearborn was delivered in late 2025, comprising virtually all the SF (98.7%) delivered throughout 2025. Future groundbreaking activity on speculative projects will likely remain subdued barring a dramatic shift in market demand.

**AVERAGE GROSS ASKING RENTAL RATE BY SUBMARKET**

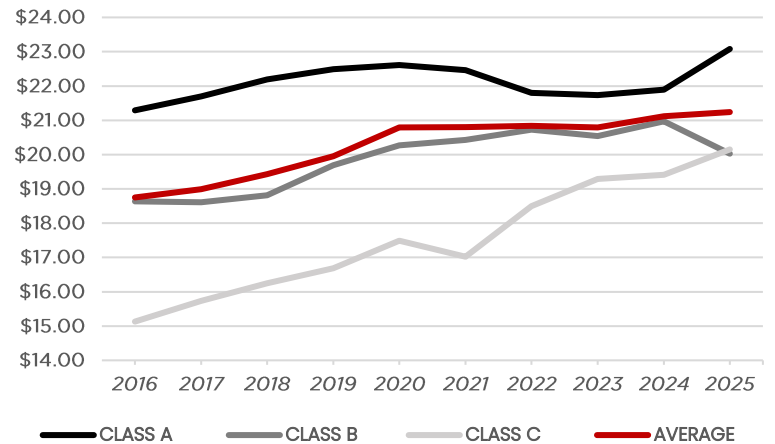


— Average Gross Asking Rental Rate (\$21.24 PSF)

**OCCUPANCY AND ABSORPTION**



**AVERAGE ASKING GROSS RENTAL RATE BY CLASS**



## TOP SALE TRANSACTIONS (BASED ON SALES PRICE) (H2 2025)

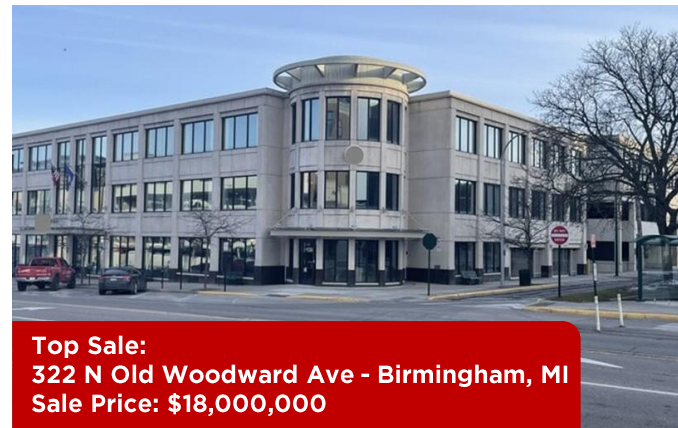
PROPERTY NAME	CITY	SUBMARKET	SF	SALE PRICE	PRICE/S F	PROPERTY TYPE
322 N Old Woodward Ave	Birmingham	Birmingham/ Bloomfield	30,000	\$18,000,000	\$600	Office
Square Lake Office Park II	Bloomfield Hills	Birmingham/ Bloomfield	43,593	\$10,600,000	\$243	Medical Office
River Ridge II	Clinton Twp	Macomb	60,440	\$8,400,000	\$139	Office
600 Ren Cen	Southfield	Southfield	300,000	\$8,000,000	\$27	Office
Governors Place	Bloomfield Hills	Birmingham/ Bloomfield	63,971	\$7,771,000	\$121	Office

**Note: Bold indicates Friedman transaction**

## TOP LEASE TRANSACTIONS (BASED ON SQUARE FEET) (H2 2025)

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF
North American Lighting, Inc.*	36600 Corporate Dr	Farmington Hills	Farmington/Farm Hills	75,286
Angstrom	Raleigh Officentre	Southfield	Southfield	56,800
Piston Group*	Southfield Town Center	Southfield	Southfield	42,194
Urban Science Applications Inc	One Campus Martius	Detroit	Downtown Detroit	34,100

**Note: \*Indicates renewal**



**Top Sale:**  
**322 N Old Woodward Ave - Birmingham, MI**  
**Sale Price: \$18,000,000**



**Top Lease:**  
**North American Lighting, Inc. - Detroit, MI**  
**Square Footage: 75,286**

SUBMARKET	# BLDGS	INVENTORY (SF)	H2 2025 NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (GROSS)	ASKING RENT (GROSS)			H2 2025 TOTAL SALES VOLUME	H2 2025 SALES PRICE PER SF
									Class A	Class B	Class C		
Ann Arbor	894	14,986,562	(113,517)	0	9.3%	13.4%	90.7%	\$25.80	\$31.22	\$25.20	\$22.97	\$13,317,977	\$145
Auburn Hills	68	9,599,905	26,855	0	8.0%	8.8%	92.0%	\$17.88	\$17.98	\$17.31	\$24.90	\$10,766,321	\$42
Birmingham/ Bloomfield	384	7,666,306	79,655	112,190	11.1%	14.2%	88.9%	\$29.46	\$33.86	\$27.93	\$26.13	\$31,801,500	\$262
Central I-96 Corridor	347	6,582,998	62,592	47,884	10.3%	13.4%	89.7%	\$24.35	\$25.50	\$24.44	\$19.39	\$5,750,000	\$90
Dearborn/ Downriver	1,254	20,073,572	(279,714)	30,000	8.7%	10.4%	90.3%	\$19.49	\$19.26	\$20.70	\$18.54	\$13,365,500	\$27
Downtown Detroit	266	36,461,482	198,142	1,115,000	8.2%	9.4%	93.5%	\$26.13	\$27.03	\$23.39	\$21.15	\$350,000	\$101
Farmington Hills	408	9,895,602	(286,894)	0	16.5%	23.3%	83.5%	\$20.13	\$21.71	\$19.39	\$19.63	\$12,305,000	\$282
Lakes Area	349	2,487,602	39,268	0	6.1%	7.5%	93.9%	\$25.31	\$28.55	\$25.08	\$22.94	-	-
Macomb	1,737	17,813,277	288,142	42,500	7.3%	9.2%	92.7%	\$19.32	\$24.80	\$18.98	\$18.89	\$40,199,255	\$101
Outer Detroit	844	11,942,440	44,051	205,000	12.1%	12.7%	87.9%	\$21.66	\$24.67	\$21.93	\$20.63	\$7,231,866	\$10
Pontiac	226	6,377,981	82,455	0	8.2%	11.8%	91.8%	\$22.05	\$23.40	\$21.14	\$16.23	\$17,380,000	\$180
Rochester	188	2,846,255	(85,798)	0	10.2%	11.3%	89.8%	\$27.99	\$35.04	\$23.88	\$19.61	\$3,117,500	\$186
Royal Oak	671	5,787,849	(43,629)	17,000	12.0%	12.8%	88.0%	\$21.17	\$26.50	\$18.98	\$25.40	\$6,465,000	\$131
Southern I-275 Corridor	1,029	12,834,912	141,955	0	11.6%	15.4%	88.4%	\$19.43	\$19.19	\$19.47	\$19.97	\$14,374,365	\$77
Southfield	577	23,047,165	304,807	0	23.5%	26.0%	76.5%	\$19.14	\$21.13	\$17.16	\$17.73	\$28,558,769	\$38
Troy	340	18,019,681	85,625	0	15.3%	21.0%	84.7%	\$20.01	\$21.87	\$18.86	\$18.86	\$11,261,414	\$101
<b>TOTAL</b>	<b>9,582</b>	<b>206,423,527</b>	<b>648,248</b>	<b>1,569,574</b>	<b>11.5%</b>	<b>14.0%</b>	<b>88.5%</b>	<b>\$21.24</b>	<b>\$23.08</b>	<b>\$20.03</b>	<b>\$20.15</b>	<b>\$216,244,467</b>	<b>\$64</b>

## TOP OFFICE PROPERTIES DELIVERED (H2 2025)

PROPERTY NAME	CITY	SUBMARKET	OFFICE SF	DELIVERY	EST OCCUPANCY	PROPERTY TYPE
Ford World Headquarters	Dearborn	Dearborn/Downriver	2,100,000	Q4 2025	100%	Office
17016 25 Mile Rd	Macomb	Macomb	6,000	Q4 2025	0%	Office
2400 Greenfield Road	Berkley	Southfield	4,800	Q3 2025	0%	Medical Office

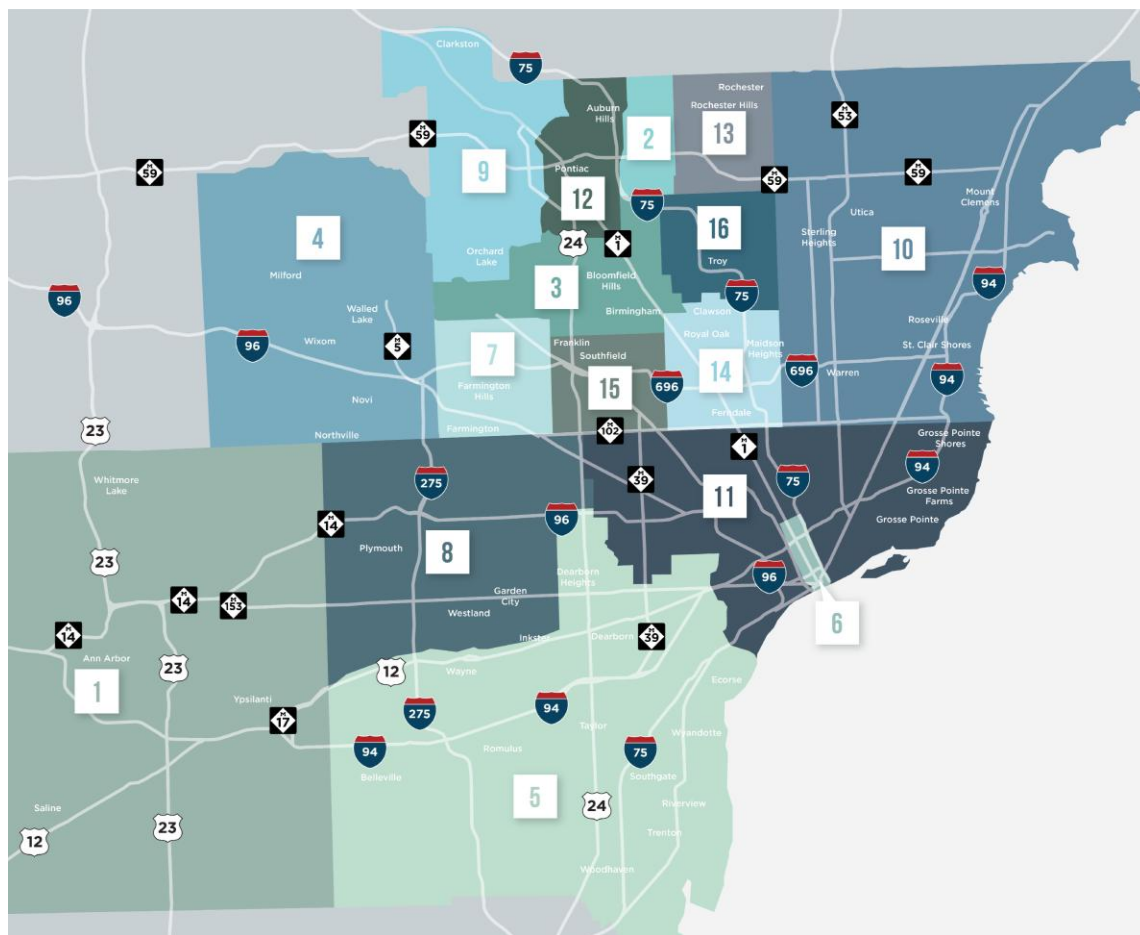


## TOP OFFICE PROPERTIES UNDER CONSTRUCTION (H2 2025)

PROPERTY NAME	CITY	SUBMARKET	OFFICE SF	DELIVERY	EST OCCUPANCY	PROPERTY TYPE
Hudson's Detroit	Detroit	Downtown Detroit	404,000	Q1 2027	100%	Office
Michigan State University and Henry Ford Health Systems	Detroit	Downtown Detroit	335,000	Q1 2027	N/A	Office
Gratiot Innovation District	Detroit	Downtown Detroit	220,000	Q1 2027	0%	Office
479 S Old Woodward Ave	Birmingham	Birmingham/Bloomfield	89,705	Q2 2026	0%	Office



## OFFICE 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 office 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 Office 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.