



METRO DETROIT RETAIL REPORT

2026 OUTLOOK & 2025 REVIEW

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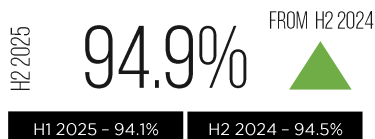
MARKET AT A GLANCE (H2 2025)



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, Metro Detroit's retail market remained stable and experienced a return to positive net absorption (715K SF) along with an increase in occupancy over 2024. Sales activity also increased over 2024, reflecting sustained demand for well-located retail space in Metro Detroit. Although the market is experiencing delays of ongoing construction projects and new construction starts, market contraction driven by broad economic slowdown, and larger retailers closing locations, new project deliveries and continued investor engagement in the Metro Detroit area signal overall market stability.

SUPPLY AND DEMAND: Occupancy increased 0.4% YOY to 94.9% from 94.5% in 2024, approaching the all-time highs recorded in H1 2024 of 95.0%. Net absorption flipped back positive (715K) after recording negative net absorption of -163K in 2024. Macomb and Troy posted the highest net absorption figures in H2 2025 at (388K SF) and (333K SF), respectively, together accounting for more than 43% of the MSA's net absorption in H2 2025. Additionally, only the Ann Arbor (-80K) and Pontiac (-15K) submarkets recorded negative net absorption in H2 2025.

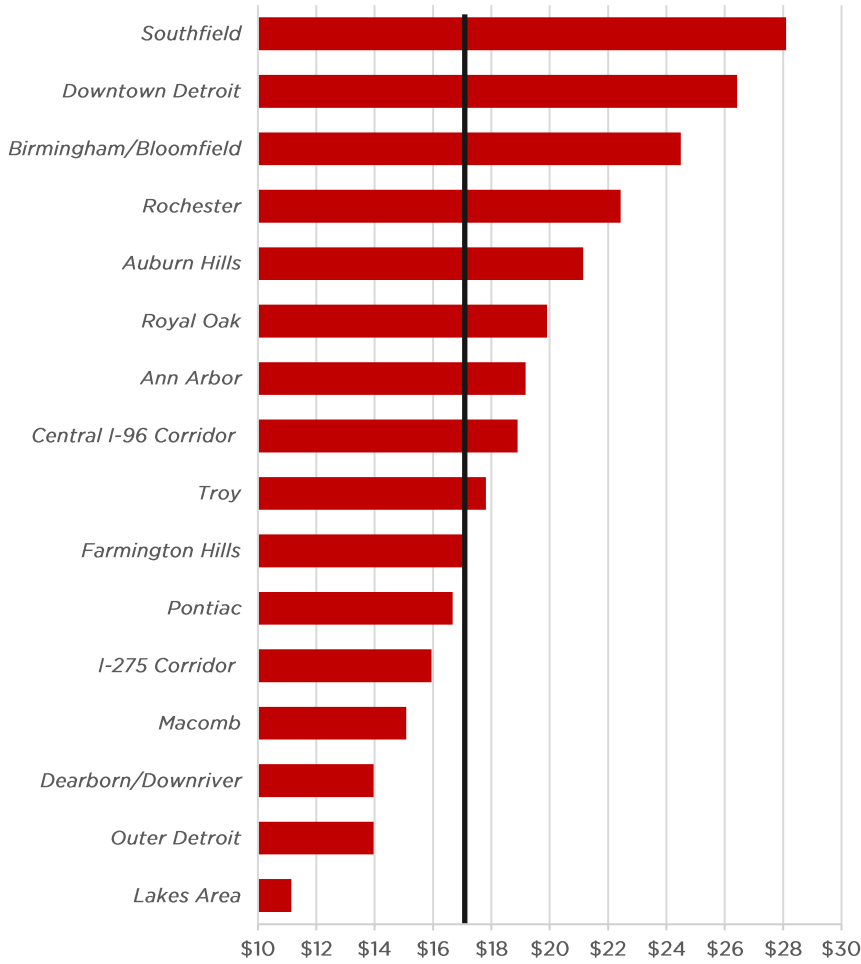
STATIC RENTAL RATES: Overall rental rates fell slightly by the end of 2025 to \$17.17 PSF NNN after reaching an all time high for Metro Detroit of \$17.71 PSF NNN in H1 2025. Notably, while total average asking rents in the market have exhibited relatively linear YOY growth (±14% total growth since 2020), Class A rents in recent years have risen significantly higher to around ±\$28 PSF NNN, a ±65% increase from the ±\$17 PSF NNN reported in 2020, indicating higher demand for newly constructed, high-quality space.

SALES AND INTEREST RATES: Although the H2 2025 sales volume (\$369MM) represents a decrease from H2 2024 (\$375MM), overall sales volume rose 19% YOY in 2025 (\$690MM) from 2024 (\$578MM). This increase is likely fueled by investors chasing yield in a high-interest-rate and high-financing-cost environment.

TARGETED DEVELOPMENT: The construction pipeline has increased to 1.33MM SF under construction in 2025 from 376K SF in 2024. Notably, the Northland City Center mixed-use development in Southfield and Somerset West mixed-use development in Troy account for 800K SF of the space under construction. Deliveries in 2025 (280K SF) were significantly lower than 2024 (559K SF) as construction costs continue to delay projects, further driving short term demand for new space. 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. Other than the large developments in Southfield and Troy, ongoing projects in the Dearborn/Downriver (250K SF), I-275 Corridor (90K SF), Downtown Detroit (70K), and Central I-96 Corridor (49K SF) make up 86% (460K SF) of the remaining 534K SF in construction volume.

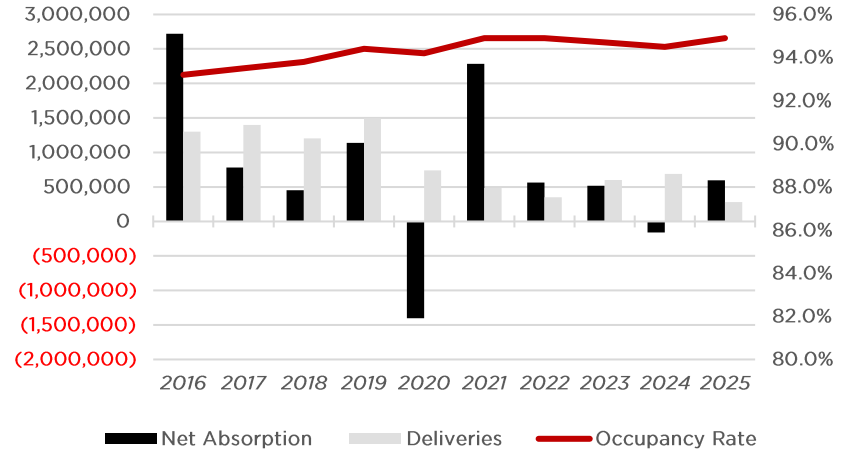
BANKRUPTCIES & CLOSURES: The end of 2024 and beginning of 2025 saw major national retailers such as Party City (738), Big Lots (601), JoAnn (553), Walgreens (333), Rite Aid (800+), and others announce large-scale store closures. These vacancies have pushed property owners and developers to secure new tenants while also exploring alternative uses, repositioning centers, or redeveloping for multi-family mixed-use projects. However, high construction costs make repositioning or demising vacant boxes difficult, especially in lower demographic areas.

AVERAGE NNN ASKING RENTS BY SUBMARKET

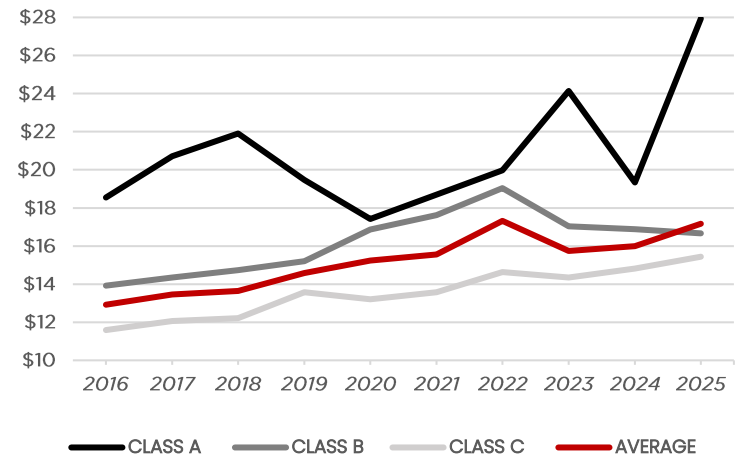


■ Average Asking Rent (\$17.17 PSF NNN)

OCCUPANCY AND ABSORPTION



AVERAGE NNN ASKING RENT BY CLASS



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

PROPERTY NAME	CITY	SUBMARKET	SF	SALE PRICE	PRICE/SF
Fairlane North Center	Dearborn	Dearborn/Downriver	151,121	\$15,525,000	\$106
Southfield Plaza	Southfield	Southfield	196,007	\$14,400,000	\$73
Shelby Town Center	Shelby Township	Macomb	82,339	\$14,000,000	\$170



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

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF
VASA Fitness	Garrison Place	Dearborn	Dearborn/Downriver	59,250
Ross Dress For Less	Gratiot Crossings	Chesterfield	Macomb East	31,713
Bethesda Bible Church	5430 Data Ct	Ann Arbor	Ann Arbor	29,195



SUBMARKET	# BLDGS	INVENTORY (SF)	H2 2025 NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (NNN)	H2 2025 TOTAL SALES VOLUME	H2 2025 SALES PRICE PER SF
Ann Arbor	1940	19,433,158	(80,506)	14,676	3.9%	4.8%	95.7%	\$19.17	\$17,089,717	\$149
Auburn Hills	107	1,586,457	78,294	0	3.1%	4.9%	96.9%	\$21.15	-	-
Birmingham/ Bloomfield	410	5,417,813	52,585	0	3.4%	5.0%	96.6%	\$24.49	\$7,650,000	\$693
Central I-96 Corridor	916	14,050,466	50,418	48,766	4.4%	6.1%	95.6%	\$18.90	\$32,664,350	\$179
Dearborn/Downriver	4,288	36,897,201	159,571	250,337	5.4%	6.7%	94.6%	\$13.96	\$52,987,940	\$127
Downtown Detroit	334	2,977,624	16,509	70,000	3.9%	4.2%	96.1%	\$26.42	\$1,500,000	\$95
Farmington Hills	463	5,377,438	84,697	0	10.4%	11.7%	89.6%	\$17.02	\$3,195,000	\$86
I-275 Corridor	2,559	28,018,069	119,054	90,951	4.8%	5.8%	95.2%	\$15.95	\$29,275,834	\$124
Lakes Area	921	8,643,638	93,656	0	7.8%	9.9%	92.2%	\$11.15	\$6,415,000	\$258
Macomb	4580	54,793,106	388,242	22,355	5.3%	5.6%	94.7%	\$15.08	\$112,966,438	\$138
Outer Detroit	5,495	29,737,129	72,005	9,272	5.5%	6.8%	94.5%	\$13.96	\$13,719,490	\$56
Pontiac	598	8,300,339	(15,166)	20,000	3.5%	5.1%	96.5%	\$16.67	\$4,040,000	\$14
Rochester	354	5,292,735	97,989	11,224	3.1%	4.3%	96.9%	\$22.43	\$11,675,000	\$184
Royal Oak	1820	11,949,528	104,551	3,000	5.4%	6.3%	94.6%	\$19.91	\$28,047,496	\$196
Southfield	412	6,214,185	97,010	500,000	5.9%	13.5%	94.1%	\$28.10	\$26,812,000	\$109
Troy	403	8,908,821	333,174	300,000	1.7%	2.1%	98.3%	\$17.81	\$21,548,588	\$195
TOTAL	25,602	247,595,171	1,648,144	1,334,445	5.1%	6.2%	94.9%	\$17.17	\$369,586,853	\$125

TOP RETAIL PROPERTIES DELIVERED (H2 2025)

PROPERTY NAME	CITY	SUBMARKET	RETAIL SF	DELIVERED	OCCUPANCY	PROPERTY TYPE
Floor & Decor	Dearborn	Dearborn/Downriver	62,500	Q4 2025	100%	Storefront
Sakura Novi (42768 Grand River Avenue)	Novi	Central I-96 Corridor	18,837	Q4 2025	N/A	Mixed Use
Primrose School	Rochester Hills	Rochester	13,586	Q3 2025	100%	Daycare Center
PetSuites Sterling Heights	Sterling Heights	Macomb West	10,792	Q3 2025	100%	Pet Daycare



**Floor & Decor
Storefront – Dearborn, MI
Retail SF: 62,500**

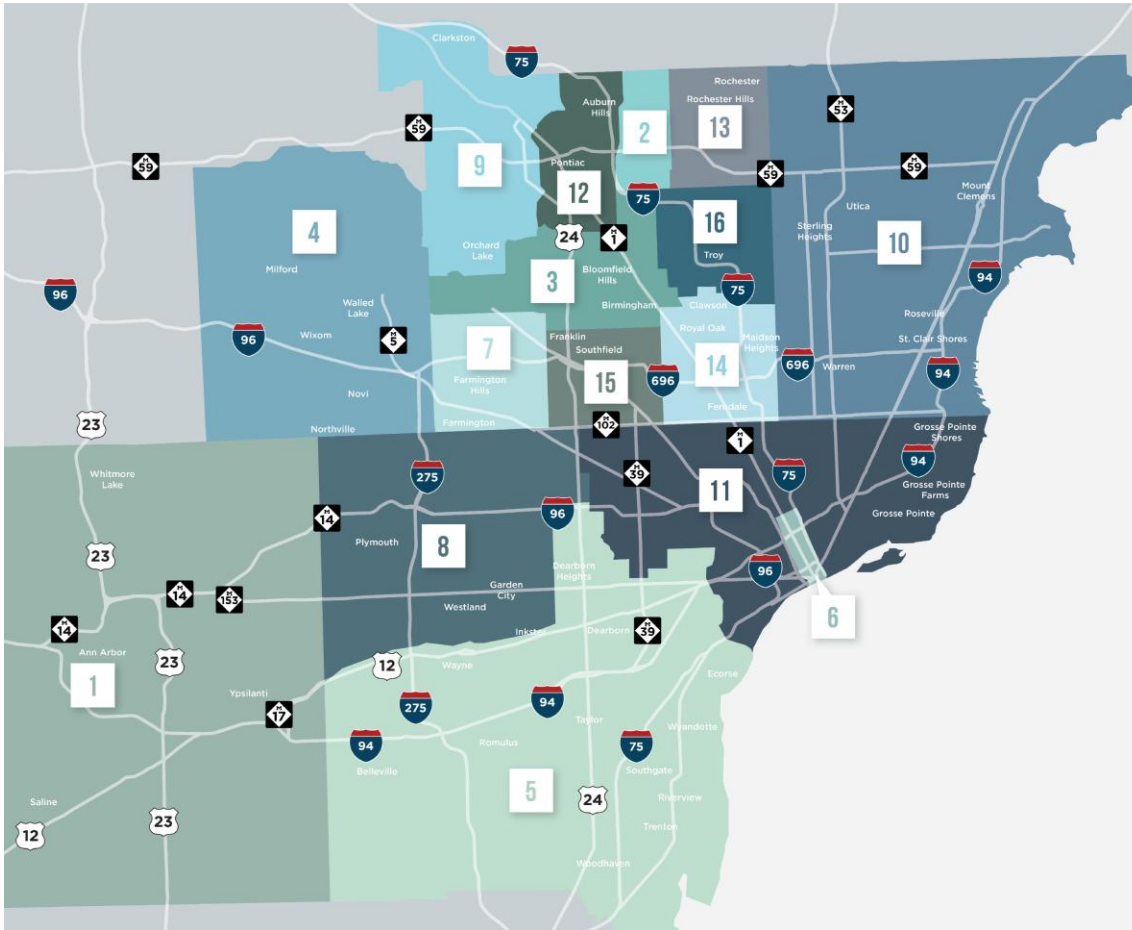
TOP RETAIL PROPERTIES UNDER CONSTRUCTION (H2 2025)

PROPERTY NAME	CITY	SUBMARKET	RETAIL SF	DELIVERY	OCCUPANCY	PROPERTY TYPE
Northland City Center	Southfield	Southfield	500,000	Q1 2026	N/A	Mixed Use
Somerset West	Troy	Troy	300,000	Q1 2028	N/A	Mixed Use
Regent Court Redevelopment	Dearborn	Dearborn/Downriver	250,337	Q4 2026	±70%	Shopping Center
Meijer Grocery	Livonia	Southern I-275 Corridor	75,000	Q3 2026	100%	Grocery



**Northland City Center (Rendering)
Mixed Use – Southfield, MI
Retail SF: 500,000**

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 2026 Outlook & 2025 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.