METRO DETROIT INDUSTRIAL REPORT

2026 OUTLOOK & 2025 REVIEW

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| 2026 OUTLOOK & 2025 REVIEW INDUSTRIAL REPORT - METRO DETROIT

MARKET AT A GLANCE (H2 2025)

Market Size
H2 2025 628.3MM ▲ FROM H2 2024
H1 2025 - 625.7MM | H2 2024 - 625.7MM

Avg Asking Rental Rate
H2 2025 $7.76 ▼ FROM H2 2024
H1 2025 - $7.68 | H2 2024 - $7.80

Overall Occupancy
H2 2025 95.0% ▼ FROM H2 2024
H1 2025 - 95.2% | H2 2024 - 95.8%

Half-Year Net Absorption
H2 2025 89.2K ▲ FROM H2 2024
H1 2025 - (3.6MM) | H2 2024 - (147K)

Half Year Sales Volume
H2 2025 $418MM ▼ FROM H2 2024
H1 2025 - $335MM | H2 2024 - $452MM

SF Under Construction
H2 2025 2.8MM — FROM H2 2024
H1 2025 - 3.0MM | H2 2024 - 2.8MM

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 industrial market experienced further cool-off from record positive fundamentals post-COVID driven by a variety of factors including tariffs and uncertain governmental policies, elevated construction costs, and generally unfavorable macroeconomic conditions. Economic uncertainty and elevated interest rates weighed on tenant and investor sentiment over much of 2025. While interest began falling in Q3 2025 and continue to fall, overall economic uncertainty remains, directly impacting transaction activity. As a result, total building sales and leasing volume are expected to remain muted in the near term as the market continues to stabilize at, or below, pre-covid levels.

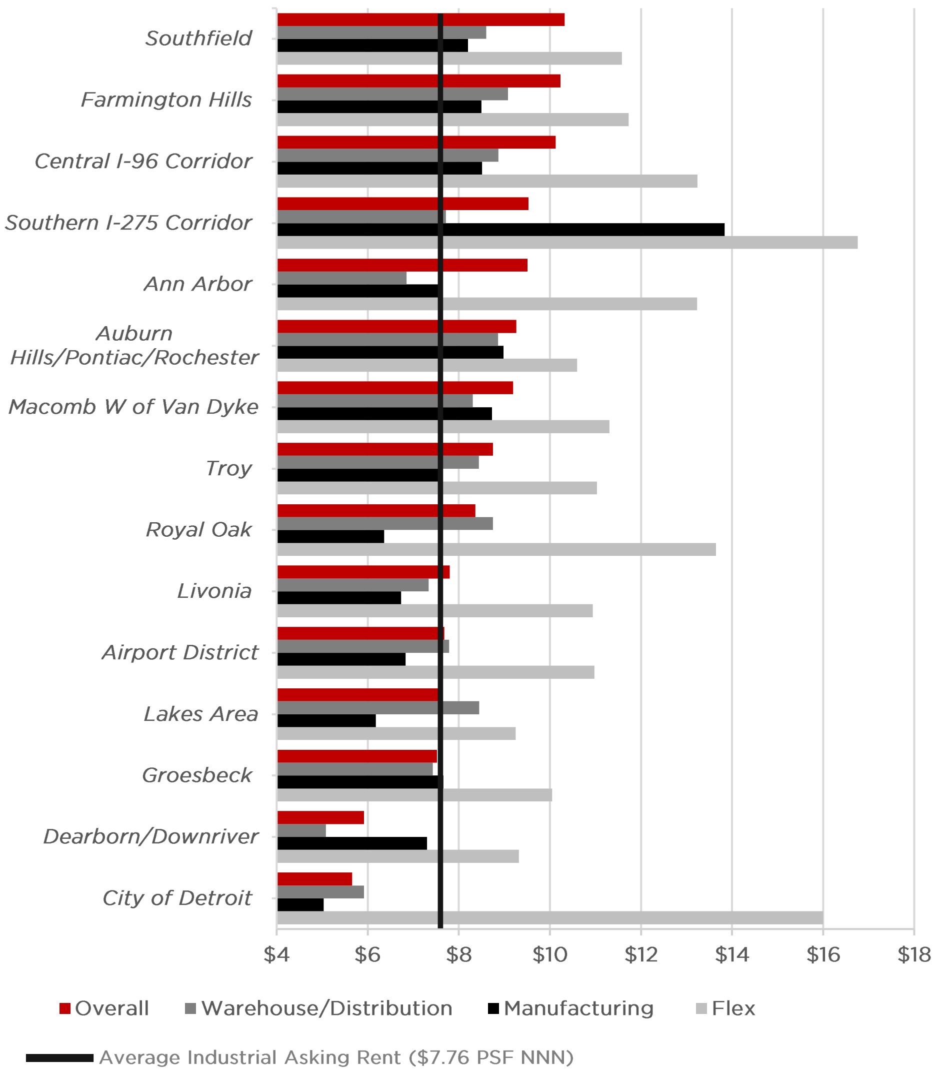
SUPPLY AND DEMAND: Industrial leasing volume in 2025 reached 13.2MM SF, representing a 10.75% increase from the 11.9MM SF recorded in 2024, but still a steep decline from the 10-year peak of the 23MM SF recorded in 2022. Occupancy continued to decrease in 2025 to 95.0% from 95.8% in 2024, furthering the downward trend since peaking at 96.3% in 2023. This is the lowest occupancy rate observed in the last ±10 years (2015 @ 94.9%), with the largest declines experienced in Southfield (-4.10%), and Royal Oak (-2.80%). Overall, 12 of 15 submarkets recorded YOY occupancy decreases resulting in the first negative net absorption since 2020. Other than falling occupancy, the most notable shift in H2 2025 was a recovery from the significant negative net absorption reported in H1 2025 (-3.6MM), the worst net absorption in over a decade, to a small positive total in H2 2025 (89.2K), signalling that the worst days may be behind us.

DEVELOPMENT: Inventory under construction remained at its 2024 level of 2.8MM SF in 2025, 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 have tempered development momentum. As a result, many proposed projects continue to face delays, downsizing, or indefinite postponement. With that being said, some of the largest leases completed in H2 2025 were at speculative developments such as Means Logistics Park (DTE Energy | 443,156 SF) in Highland Park and Romulus Trade Center (DTE Energy | 349,492 SF) in Romulus.

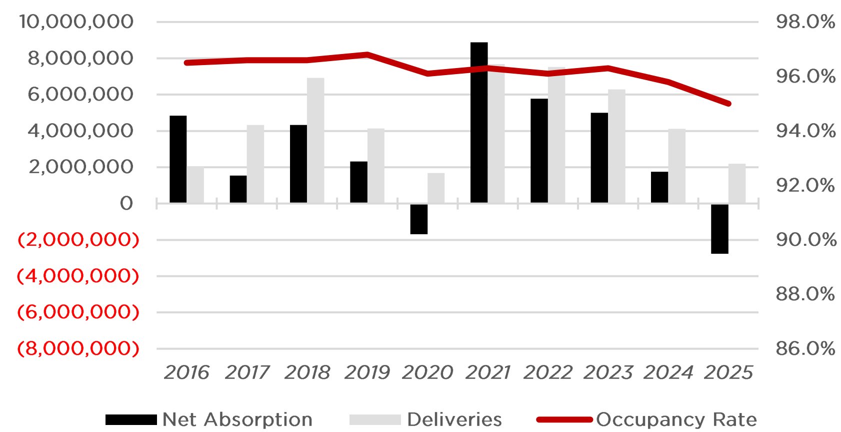
RENTAL RATES: The average asking rental rate in 2025 was $7.76 PSF NNN, slightly below $7.80 PSF NNN in 2024. This modest decrease is primarily reflected in 8 of the 15 Metro Detroit submarkets. Previously, from 2023 to 2024, rents had increased by 3.6% YOY. This change to negative rent growth in 2025 is indicative of shrinking market demand and owner willingness to accept lower rents. Notably, Metro Detroit flex rates also saw a 9.79% YOY decrease, while manufacturing and WD rates rose 1.68% YOY and 2.56% YOY, respectively. These trends suggest that while overall demand for warehousing may not be where it was in 2022, the asset type still faces less challenges than others.

SALES AND INTEREST RATES: Total 2025 sales volume ($756MM) decreased 2.3% YOY from $774MM in 2024 and 33% from the 2022 all-time-high of $1.1B, while average PSF pricing ($78 PSF) increased 17.7% YOY from $67 PSF. This is largely due to premium pricing for investment sales (120K SF 3301 Cross Creek Parkway in Auburn Hills sold for $258 PSF) and for smaller buildings (<50K SF), which accounted for 58.6% of total sales volume ($458MM) and had average PSF pricing of $87 PSF.

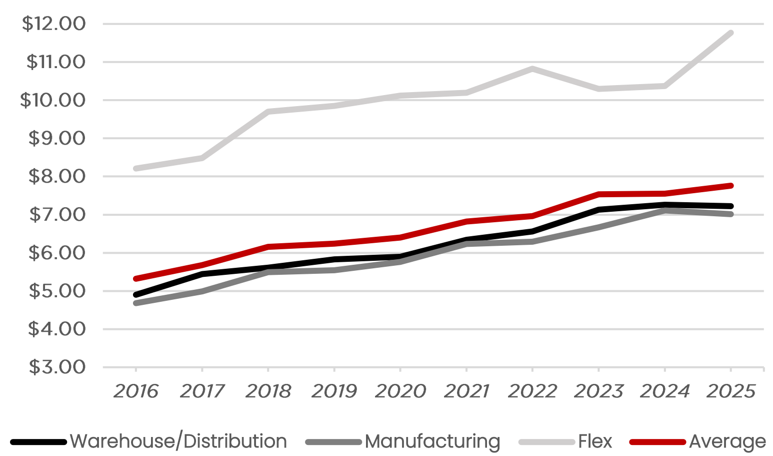
AVERAGE NNN ASKING RENTS BY SUBMARKET



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	PROPERTY TYPE
3800 Giddings Rd	Auburn Hills	Auburn Hills	207,000	$37,000,000	$179	Warehouse
26661 Bunert Rd	Warren	Groesbeck South	237,425	$32,375,000	$136	Refrigeration/ Cold Storage
3301 Cross Creek Pky	Auburn Hills	Auburn Hills	120,000	$31,000,000	$258	R&D
7900 N Haggerty Rd	Canton	Southern I-275	442,500	$28,750,000	$65	Distribution
22701 Van Born Rd	Taylor	Airport District	47,765	$14,000,000	$293	Truck Terminal

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

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF	PROPERTY TYPE
DTE Electric Company	13751 Hamilton Ave	Highland Park	Detroit West	443,156	W/D
Unknown Tenant*	7700 Michigan Ave	Saline	Washtenaw W of 23	360,700	W/D
DTE Electric Company	Romulus Trade Center Building 5	Romulus	Airport District	349,492	W/D
Rose Moving & Storage	7900 N Haggerty Rd	Canton	Southern I-275	310,000	W/D

Note: *Indicates Sublease.

W/D = Warehouse/Distribution

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SUBMARKET	# BLDGS	INVENTORY (SF)	H2 2025 NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (NNN)	ASKING RENT (NNN)			H2 2025 TOTAL SALES VOLUME	H2 2025 SALES PRICE PER SF
									*W/D	*MFG	FLEX		
Ann Arbor	895	34,190,255	554,390	46,000	3.9%	5.9%	96.1%	$9.51	$6.85	$7.60	$13.23	$11,372,500	$66
Airport District	1,056	61,087,055	(423,775)	349,492	6.1%	7.8%	93.9%	$7.68	$7.79	$6.83	$10.98	$35,722,000	$133
Auburn Hills/Pontiac/Rochester	1,126	58,211,870	(155,115)	924,593	4.9%	6.2%	95.1%	$9.26	$8.86	$8.98	$10.60	$93,560,000	$145
Central I-96 Corridor	1,185	36,899,444	144,119	462,340	4.9%	5.9%	95.1%	$10.13	$8.87	$8.51	$13.24	$25,151,300	$120
City of Detroit	2,230	95,107,697	(283,057)	-	7.0%	9.5%	93.0%	$5.66	$5.92	$5.03	$16.00	$15,418,920	$33
Dearborn/Downriver	1,226	70,345,431	(181,618)	200,000	5.4%	6.8%	94.6%	$5.92	$5.08	$7.30	$9.32	$15,945,000	$74
Farmington Hills	432	11,704,658	54,380	79,000	5.8%	9.2%	94.2%	$10.23	$9.08	$8.50	$11.73	$7,195,000	$84
Livonia	1,121	43,454,566	471	179,091	4.4%	6.8%	95.6%	$7.80	$7.34	$6.73	$10.94	$20,154,999	$98
Southern I-275 Corridor	586	20,145,121	(97,110)	102,747	3.8%	4.4%	96.2%	$9.53	$7.72	$13.84	$16.76	$29,560,000	$65
Lakes Area	391	7,943,191	(116,080)	68,000	10.4%	11.5%	89.6%	$7.62	$8.45	$6.18	$9.25	$800,000	$149
Groesbeck	3,021	70,077,264	224,228	427,606	4.8%	6.1%	95.2%	$7.52	$7.43	$7.66	$10.05	$78,307,334	$96
Macomb W of Van Dyke	1,348	65,871,294	215,953	79,673	1.6%	1.7%	98.4%	$9.19	$8.31	$8.73	$11.31	$22,325,290	$83
Royal Oak	949	15,742,469	28,621	-	5.9%	7.3%	94.1%	$8.36	$8.75	$6.36	$13.65	$3,016,000	$66
Southfield	253	6,502,354	(152,285)	-	7.3%	8.0%	92.7%	$10.32	$8.60	$8.20	$11.58	$2,765,000	$129
Troy	1,437	30,912,334	22,924	-	4.4%	5.8%	95.6%	$8.75	$8.44	$7.64	$11.03	$56,894,506	$85
TOTAL	17,258	628,304,197	89,250	2,803,427	5.0%	6.5%	95.0%	$7.76	$7.22	$7.01	$11.77	$418,187,849	$92

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

TOP INDUSTRIAL PROPERTIES DELIVERED (H2 2025)

PROPERTY NAME	CITY	SUBMARKET	SF	DEVELOPER	DELIVERED	PROPERTY TYPE
6110 Haggerty Rd - Bldg #11	Van Buren Twp	Airport District	630,421	Ashley Capital	Q4 2025	W/D
52153 Sierra Dr - Gestamp North America	Chesterfield	Groesbeck North	460,000	J.B. Donaldson	Q4 2025	Manufacturing
Lyon Distribution Center III - Reyes Coca-Cola	New Hudson	Central I-96 Corridor	346,225	Reyes Holdings	Q4 2025	W/D
50479 Birch Dr	Shelby Township	Groesbeck North	73,336	N/A	Q4 2025	Manufacturing

6110 Haggerty Rd - Bldg #11
Total SF: 630,421

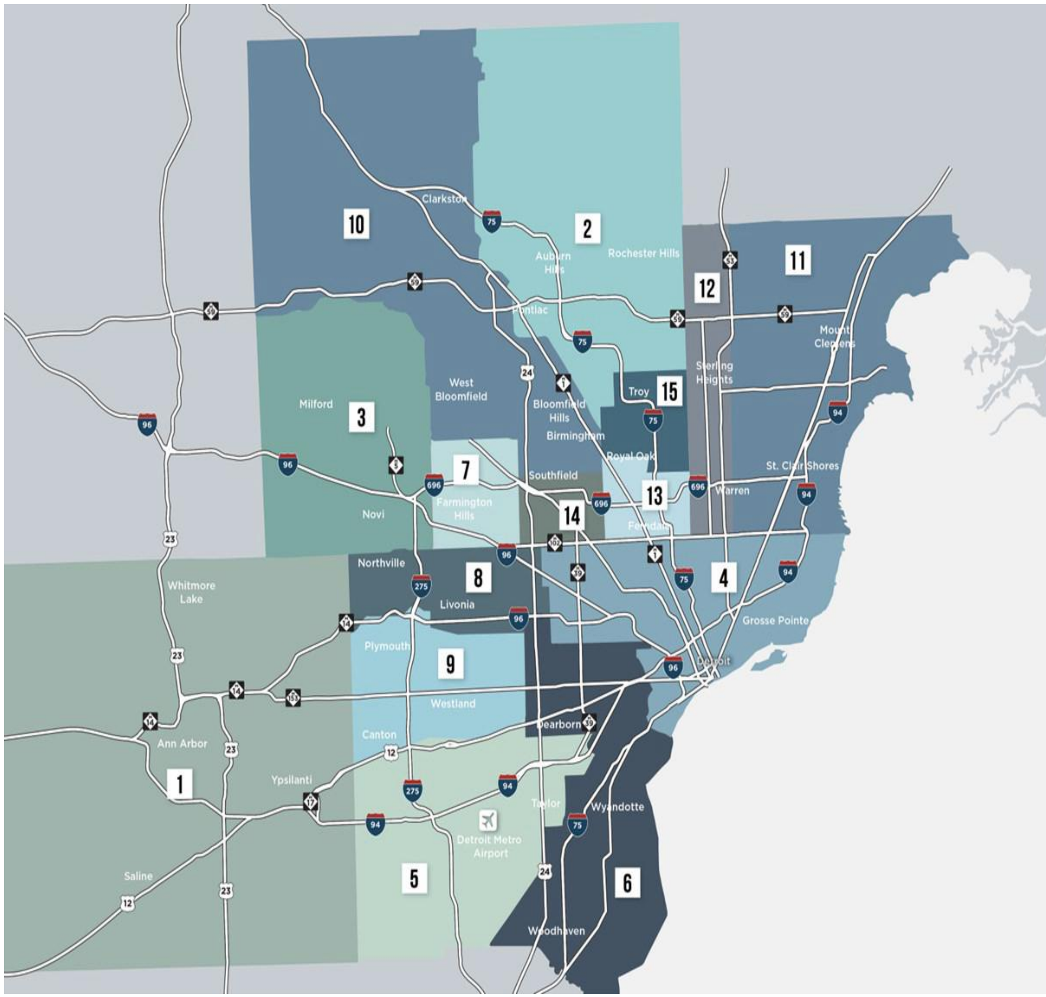
TOP INDUSTRIAL PROPERTIES UNDER CONSTRUCTION (H2 2025)

PROPERTY NAME	CITY	SUBMARKET	SF	DEVELOPER	DELIVERY	PROPERTY TYPE
3777 Lapeer Rd	Auburn Hills	Auburn Hills/Pontiac/ Rochester	715,000	Schostak Brothers	Q1 2026	Manufacturing
Romulus Trade Center Buildings 4 & 5	Romulus	Airport District	661,966	NorthPoint Development	Q2 2026, Q4 2027	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
Schoenherr North 1	Shelby Township	Groesbeck North	87,324	D'Agostini Companies	Q1 2027	Manufacturing


3777 Lapeer Rd
Total SF: 715,000

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 2026 Outlook & 2025 Review 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.