METRO DETROIT
INDUSTRIAL REPORT

2026 MID-YEAR

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FRIEDMAN REAL ESTATE

2026 MID-YEAR INDUSTRIAL REPORT - METRO DETROIT

MARKET AT A GLANCE (H1 2026)

Market Size

H1 2026: 628.7MM ▲ FROM H2 2025

H2 2025 - 628.3MM | H1 2025 - 625.7MM

Avg Asking Rental Rate

H1 2026: $8.10 ▲ FROM H2 2025

H2 2025 - $7.76 | H1 2025 - $7.68

Overall Occupancy

H1 2026: 94.9% ▼ FROM H2 2025

H2 2025 - 95.0% | H1 2025 - 95.2%

Half-Year Net Absorption

H1 2026: (1.3)MM ▼ FROM H2 2025

H2 2025 - 89.2K | H1 2025 - (3.6MM)

Half Year Sales Volume

H1 2026: $466MM ▲ FROM H2 2025

H2 2025 - $418MM | H1 2025 - $335MM

SF Under Construction

H1 2026: 3.0MM ▲ FROM H2 2025

H2 2025 - 2.8MM | H1 2025 - 3.0MM

Note: ▲ or ▼ or (yellow) indicates change compared to H2 2025

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

MARKET OVERVIEW (H1 2026)

In the first half of 2026, the Metro Detroit industrial market continued its transition from the record-setting fundamentals experienced during the post-COVID expansion period. While broader economic uncertainty remains, there are positive signs of increased sales, leasing activity, rental rates, and new construction activity compared to 2025, indicating that demand fundamentals are recovering well.

SUPPLY AND DEMAND: Occupancy decreased to 94.9% in H1 2026, continuing the downward trend from 95.0% in H2 2025 and 95.2% in H1 2025, after peaking at 96.3% in 2023. This is the lowest occupancy rate observed since H1 2015 (94.9%), with the largest year-over-year (YOY) declines in Ann Arbor (-2.40%) and the Airport District (-2.30%), as eight of the fifteen submarkets recorded decreases from H1 2025. Another notable shift was the drop in net absorption, which reversed to -1.3MM SF in H1 2026 after having a small positive in H2 2025. The three submarkets posting the largest negative net absorption in H1 2026 were Ann Arbor (-1.2MM SF), the Airport District (-438K SF), and Royal Oak (-231K SF), which together accounted for -1.8MM SF of negative net absorption. While net absorption has flipped negative, this is somewhat skewed by the large negative in Ann Arbor, and the total number of submarkets with negative net absorption in H1 2026 is only 5, compared to 7 in H2 2025 and 12 in H1 2025. Leasing volume in H1 2026 is tracking higher, posting 6.9MM SF, a significant increase compared to the 6.2MMSF and 5.3MM SF reported in H2 and H1 of 2025, respectively. Stagnant occupancy and continued negative net absorption are representative of the continued struggle to return to pre-COVID levels, but increased leasing activity may be a sign of demand recovery in the remainder of 2026.

DEVELOPMENT: Non-data center Inventory under construction rose to 3.0MM SF during H1 2026, compared to 2.8MM SF in H2 2025 and 3.0MM SF in H1 2025. While development activity increased, the pipeline remains well below the peak levels observed during the post- pandemic expansion period (11.5MM SF in 2022). Elevated construction costs, financing challenges, and uncertainty regarding future tenant demand continue to influence development decisions, causing many developers to prioritize build-to-suit opportunities and projects with strong preleasing prospects. With that said, some of the largest projects completed and ongoing in H1 2026 were at speculative developments such as the Romulus Trade Center buildings in Romulus.

DATA CENTER DEVELOPMENT: Southeast Michigan's data center pipeline is actively in flux as municipalities and residents continue to weigh in on the topic with growing NIMBY ("not in my backyard") sentiments. As the situation continues to unfold, certain projects are winning approvals like the "The Barn" in Saline Township, a roughly 1.65MM SF campus now fully under construction. While others such as "Project Flex" in Lyon Township, a roughly 1.8MM SF hyperscale project, have lingered in the approval process and face significant local opposition. Several large proposals have been stopped, or withdrawn entirely, including the Howell Township project (±1MM SF), which was withdrawn following local opposition, and the Augusta Township project, where voters rejected the necessary rezoning for the ±1MM SF proposal. Beyond local opposition, statewide regulatory uncertainty is also increasing with the introduction of Michigan senate bills 1018, 1019 and 1020, which would impose a statewide moratorium on new data center approvals and operations through April 1, 2027. While the legislation has not been enacted, the future for data centers in Michigan remains unclear as users rush to control large sites and push for the necessary approvals.

RENTAL RATES: The average asking rental rate in H1 2026 was $8.10 PSF NNN, compared to $7.76 PSF NNN in H2 2025. This increase has been driven by positive rent growth in 11 of the 15 Metro Detroit submarkets over the last half year. Performance varied by asset type, with warehouse and distribution and flex facilities both experiencing rent growth in 11 of 15 submarkets, compared to only 8 positive-growth submarkets for manufacturing. These trends suggest that although leasing demand has moderated from peak levels, well-located industrial properties with modern and desirable features will command a premium within the market and drive overall rent growth.

SALES AND INTEREST RATES: Total H1 2026 sales volume reached $466MM, compared to $418MM during H2 2025, with average pricing of $72 PSF. Notably, smaller transactions (<50K SF), accounted for only 35% of total sales volume, a significant decrease from the 50% or more of total sales volume they accounted for in previous years. The increase in transaction volume and shift to larger SF sales suggests improving investor confidence despite ongoing uncertainty regarding broader economic conditions.

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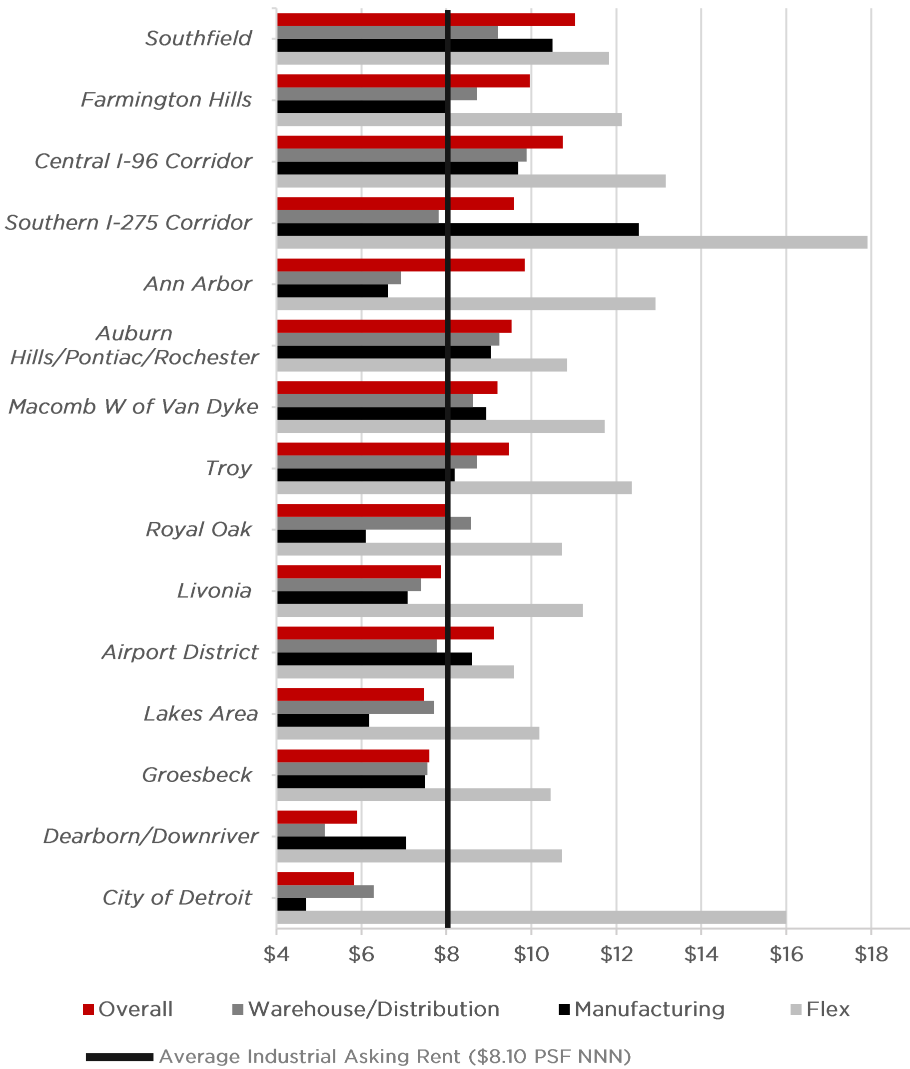
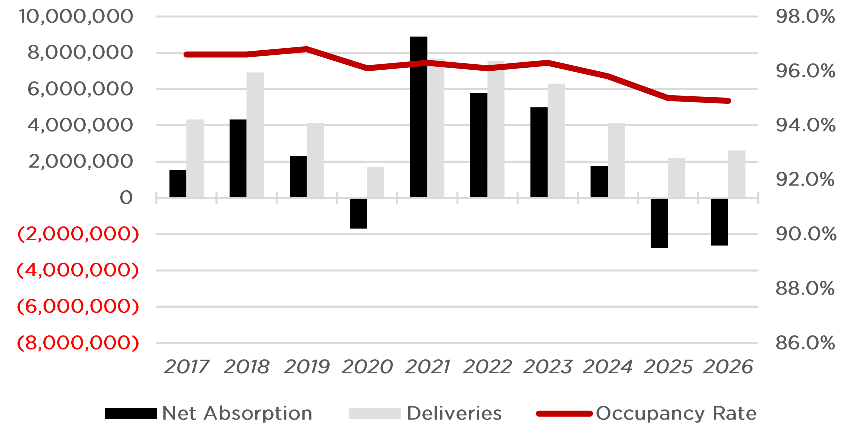
AVERAGE NNN ASKING RENTS BY SUBMARKET

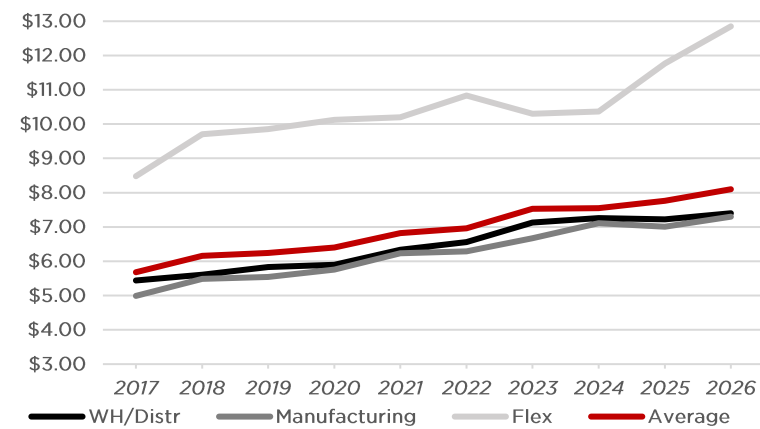


OCCUPANCY AND ABSORPTION



Note: 2026 Absorption and Deliveries are annualized projections based on half year figures

AVERAGE NNN ASKING RENT BY CLASS



TOP SALE TRANSACTIONS (BASED ON SALES PRICE) (H1 2026)

PROPERTY NAME	CITY	SUBMARKET	SF	SALE PRICE	PRICE/SF	PROPERTY TYPE
1250 Brown Rd	Auburn Hills	Auburn Hills	705,640	$55,300,000	$78	Manufacturing
26090 23 Mile Rd	Chesterfield	Groesbeck North	735,557	$47,000,000	$64	Distribution
7525 Cogswell St	Romulus	Airport District	261,450	$34,670,000	$133	Distribution
8650 Mount Elliot St	Detroit	Detroit East	313,618	$24,500,000	$78	Manufacturing
29880 Groesbeck Hwy	Roseville	Groesbeck Central	232,717	$20,350,000	$87	Manufacturing

Top Sale:
1250 Brown Rd
Sale Price: $55,300,000

TOP LEASE TRANSACTIONS (BASED ON SQUARE FEET) (H1 2026)

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF	PROPERTY TYPE
TireHub	41873 Ecorse Rd	Belleville	Airport District	548,000	Distribution
*Renaissance Global Logistics	384481 W Huron River Dr	Romulus	Airport District	500,000	Manufacturing
*Morgan Foods	17991 Wahrman Rd	New Boston	Airport District	462,480	Distribution
DTE Energy	13751 Hamilton Ave	Highland Park	Detroit	444,153	Manufacturing

Top Lease:
TireHub
Square Footage: 548,000

Note: *Indicates Sublease.

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SUBMARKET	# BLDGS	INVENTORY (SF)	H1 2026 NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (NNN)	ASKING RENT (NNN)			H1 2026 TOTAL SALES VOLUME	H1 2026 SALES PRICE PER SF
									*W/D	*MFG	FLEX		
Ann Arbor	900	34,231,137	(1,206,184)	46,050	7.5%	9.1%	92.5%	$9.84	$6.93	$6.62	$12.92	$36,585,340	$62
Airport District	1,060	61,404,242	(438,018)	1,494,791	6.7%	7.5%	93.3%	$9.12	$7.77	$8.61	$9.59	$64,786,500	$105
Auburn Hills/Pontiac/Rochester	1,127	57,204,748	307,310	12,750	4.1%	5.5%	95.9%	$9.53	$9.25	$9.04	$10.84	$70,743,000	$79
Central I-96 Corridor	1,185	37,105,451	342,528	238,340	5.8%	7.5%	94.2%	$10.74	$9.89	$9.69	$13.16	$14,629,830	$77
City of Detroit	2,249	95,014,229	49,634	276,000	6.6%	8.8%	93.4%	$5.82	$6.29	$4.69	$16.00	$36,835,900	$60
Dearborn/Downriver	1,235	70,521,640	252,931	200,000	6.0%	7.1%	94.0%	$5.90	$5.14	$7.05	$10.72	$12,739,500	$66
Farmington Hills	434	11,831,460	25,968	0	5.5%	10.3%	94.5%	$9.96	$8.72	$8.06	$12.13	$5,002,000	$83
Livonia	1,119	43,266,489	122,330	179,091	3.9%	5.5%	96.1%	$7.88	$7.40	$7.09	$11.21	$19,681,800	$85
Southern I-275 Corridor	587	20,356,208	465,686	65,300	2.1%	3.0%	97.9%	$9.59	$7.82	$12.53	$17.91	$21,950,000	$72
Lakes Area	395	8,029,419	60,256	68,000	9.6%	10.6%	90.4%	$7.47	$7.71	$6.18	$10.19	$2,825,000	$79
Groesbeck	3,022	70,370,819	(73,301)	438,471	4.0%	6.6%	96.0%	$7.60	$7.55	$7.49	$10.45	$93,101,344	$68
Macomb W of Van Dyke	1,349	66,053,922	336,973	37,173	1.2%	1.7%	98.8%	$9.20	$8.63	$8.94	$11.72	$34,860,560	$54
Royal Oak	954	15,893,074	(231,149)	0	7.2%	9.3%	92.8%	$8.09	$8.58	$6.10	$10.72	$9,230,500	$80
Southfield	254	6,549,460	104,825	0	5.5%	6.2%	94.5%	$11.03	$9.22	$10.50	$11.83	$-	$-
Troy	1,435	30,834,236	(202,654)	0	5.0%	6.8%	95.0%	$9.47	$8.72	$8.19	$12.36	$43,362,084	$68
TOTAL	17,305	628,678,161	(1,316,783)	3,055,966	5.1%	6.7%	94.9%	$8.10	$7.40	$7.30	$12.85	$466,333,358	$72

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

Note: SF under construction excludes large data center projects. See page 7 for more detail.

TOP INDUSTRIAL PROPERTIES DELIVERED (H1 2026)

PROPERTY NAME	CITY	SUBMARKET	SF	DEVELOPER	DELIVERED	PROPERTY TYPE
3777 Lapeer Rd	Auburn Hills	Auburn Hills/Pontiac/ Rochester	715,000	Schostak Brothers & Company	Q1 2026	Manufacturing
33340 Trade Center Dr	Romulus	Airport District	349,492	Brinkmann Constructors	Q1 2026	W/D
40070-40350 Schoolcraft Rd	Plymouth	Southern I-275	100,000	Luoko, LLC	Q1 2026	W/D


3777 Lapeer Road
Total SF: 715,000

TOP INDUSTRIAL PROPERTIES UNDER CONSTRUCTION (H1 2026)

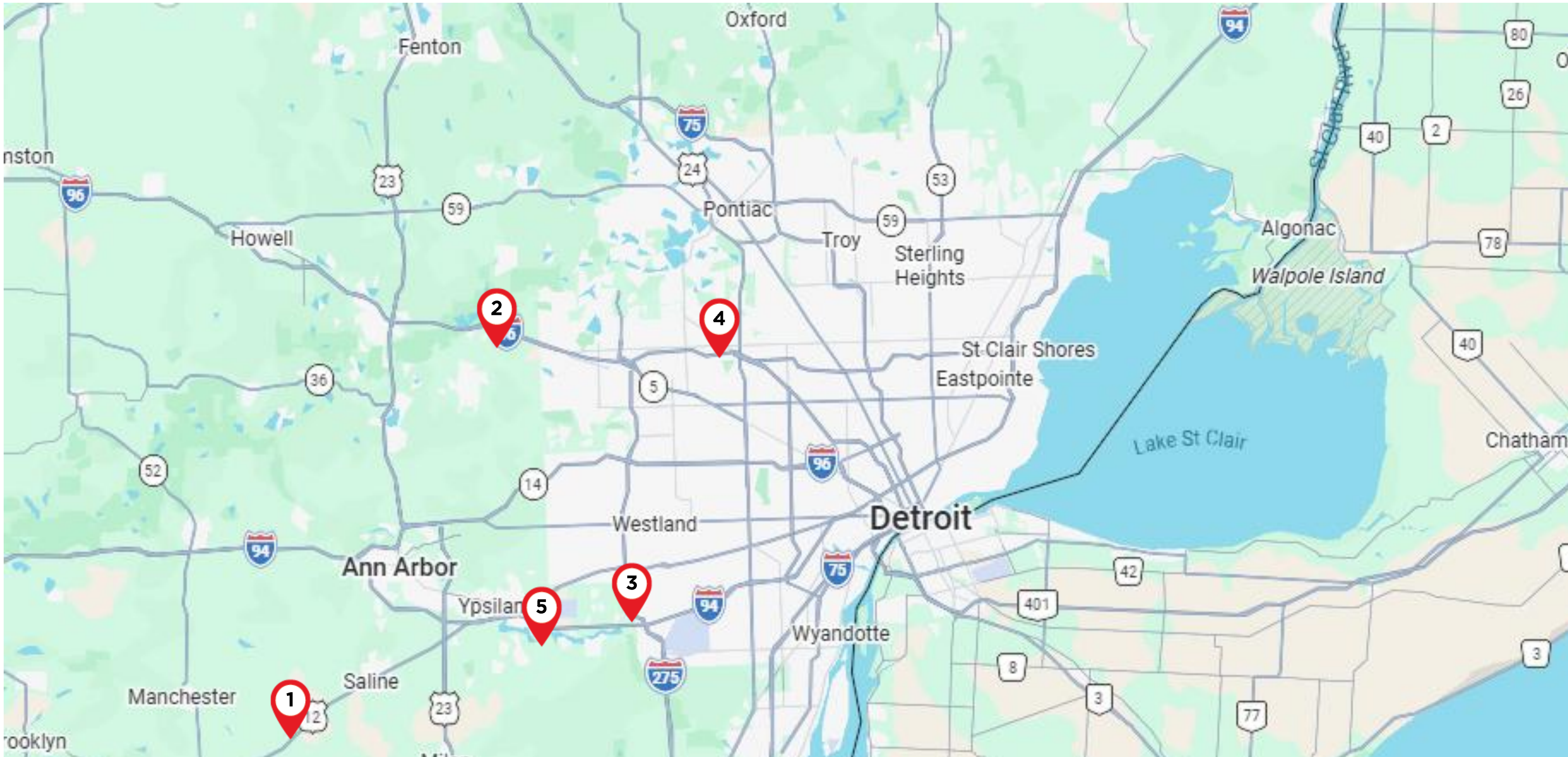
PROPERTY NAME	CITY	SUBMARKET	SF	DEVELOPER	DELIVERY	PROPERTY TYPE
17340 Wahrman Rd	Huron Township	Airport District	549,916	Flint Development	Q1 2027	W/D
33320 Trade Center Dr – Buildings 4 & 6	Romulus	Airport District	595,383	NorthPoint Development	Q4 2026	W/D
6701 W Fort St	Detroit	City of Detroit	276,000	Bedrock	Q1 2027	Manufacturing


17340 Wahrman Road
Total SF: 549,916

W/D = Warehouse/Distribution

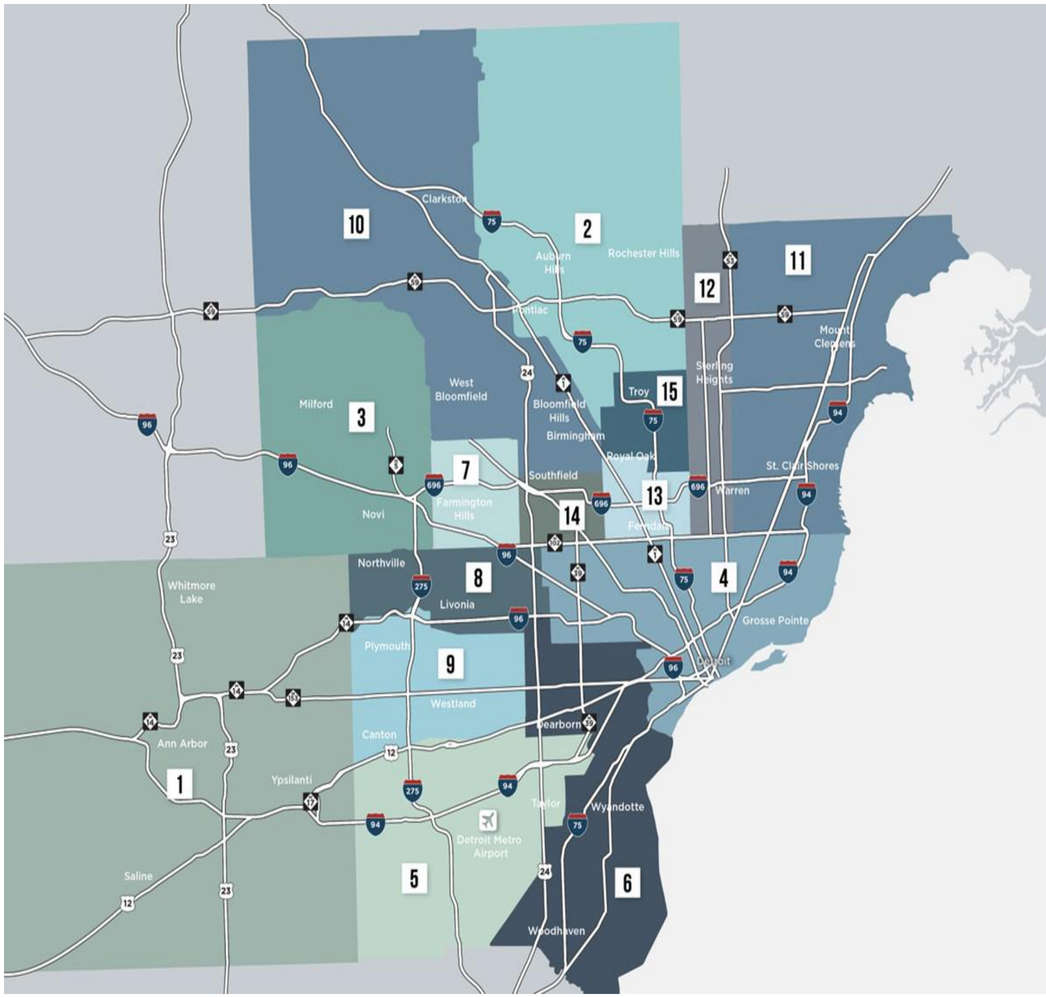
Note: Above tables exclude large data center projects. See page 7 for more detail.

NOTABLE DATA CENTER PROJECTS IN THE METRO DETROIT AREA



# ON MAP	PROJECT NAME	ADDRESS	SQUARE FEET	EST. COMPLETE DATE	PROJECT STATUS
1	The Barn	448C+J4, Saline	1,650,000	2027-2028	Under Construction
2	Project Flex	Milford Road, Lyon Township	1,840,000	N/A	Awaiting Full Approval
3	Project Cannoli	Haggerty Road & I-94, Van Buren Township	800,000	N/A	Approved / Pre-Construction
4	Metrobloks DTW-D1	Inkster Road & I-696, Southfield	218,000	2027-2028	Approved / Pre-Construction
5	U-M / Los Alamos	10635 Textile Road, Ypsilanti Township	240,000	N/A	Site Selected

INDUSTRIAL SUBMARKET MAP



1 ANN ARBOR
2 AUBURN HILLS/PONTIAC/ROCHESTER
3 CENTRAL I-96 CORRIDOR
4 DETROIT
5 AIRPORT DISTRICT
6 DEARBORN/DOWNRIVER
7 FARMINGTON HILLS
8 LIVONIA
9 I-275 CORRIDOR
10 LAKES AREA
11 GROESBECK
12 MACOMB W OF VAN DYKE
13 ROYAL OAK
14 SOUTHFIELD
15 TROY

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 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.