



# Q2 MARKET 25 REPORT

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INSIGHTS INTO METRO DETROIT'S  
COMMERCIAL REAL ESTATE LANDSCAPE





# **Q2 OFFICE 25 MARKET**

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**METRO DETROIT COMMERCIAL REAL ESTATE**



# OFFICE MARKET REPORT

## METRO DETROIT

# Q2 2025



VACANCY RATE

**12.6%**



NET ABSORPTION

**-49K**



LEASE RATE (AVG)

**\$22.93/SF**



SALE PRICE (AVG)

**\$77/SF**



UNDER CONSTRUCTION

**1.7M SF**

Midway through 2025, Detroit's office market displays early signs of stabilization, with vacancy holding near 12% amid limited new construction. Leasing continues to decrease this quarter, as sluggish job growth weighs on demand. However, steady demolitions and minimal new deliveries have helped maintain balanced conditions across most submarkets.

### LEASING

Leasing demand in Detroit's office market remains soft, with net absorption negative for the fifth straight year. Vacancy has increased and stabilized near 12%, supported by the few new office constructions. Leasing volume in early 2025 was 28% below last year, as tenants continue to shrink their footprints. However, trophy properties such as Hudson's Detroit remain in demand, with the project nearly fully preleased ahead of its opening.

Asking rents range from \$19/SF in the western portion of Macomb County to \$30/SF in Birmingham. Over the past 12 months, rent growth has been the strongest in the Rochester area and Western Macomb County, where rents have increased by roughly 1.7%. The typical starting rent for new leases over 1,000 SF over the past year was just north of \$18/SF, representing growth of over 5% from the same period in 2024.

### SALES

Office investment activity gained momentum in early 2025, with \$135 million in sales through May, exceeding last year's pace. Owner-users and private investors dominated the market, with owner-users accounting for 27% of transactions and representing 39% of the cumulative aggregate asset value over the past year. While transaction volume remains ahead of 2024 Q2 levels, high borrowing costs and slowing rent growth could limit activity in the second half of the year.

### NOTABLE OFFICE LEASE TRANSACTIONS



**239,229 SF** (5 LEASES | AVG SIZE: 47K SF)

Hudson's Detroit  
Tenants: Confidential



**47,621 SF**

2000 E Taylor Rd, Auburn Hills  
Tenant: Confidential



**40,692 SF**

31440 Northwestern Hwy  
Farmington Hills  
Tenant: Kirk Gibson Foundation

**P.A DEAL!**

### NOTABLE OFFICE SALE TRANSACTIONS



**336,000 SF** (VACANT)

600 Renaissance Center, Detroit  
Sale Price: \$9,407,000



**79,777 SF** (100% OCCUPIED)

5250 Auto Club Dr, Dearborn  
Sale Price: \$22,750,000



**69,318 SF** 28% OCCUPIED)

950 Stephenson Hwy, Troy  
Sale Price: \$3,800,000

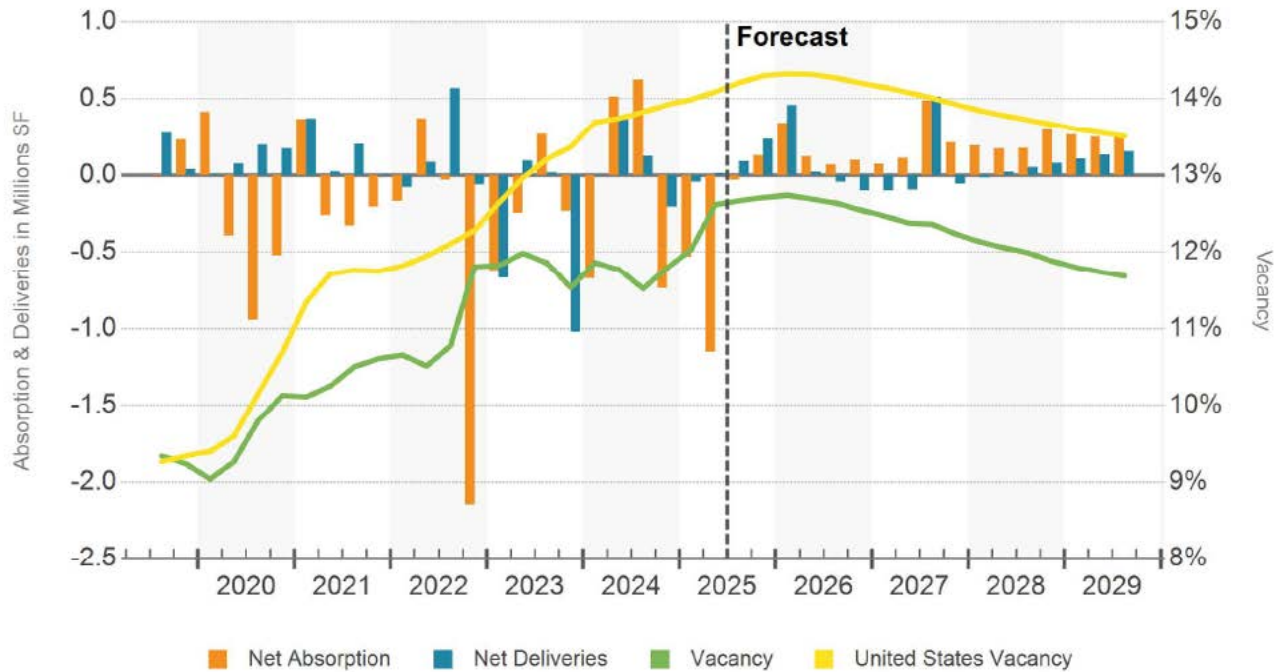
**P.A DEAL!**

# OFFICE MARKET REPORT

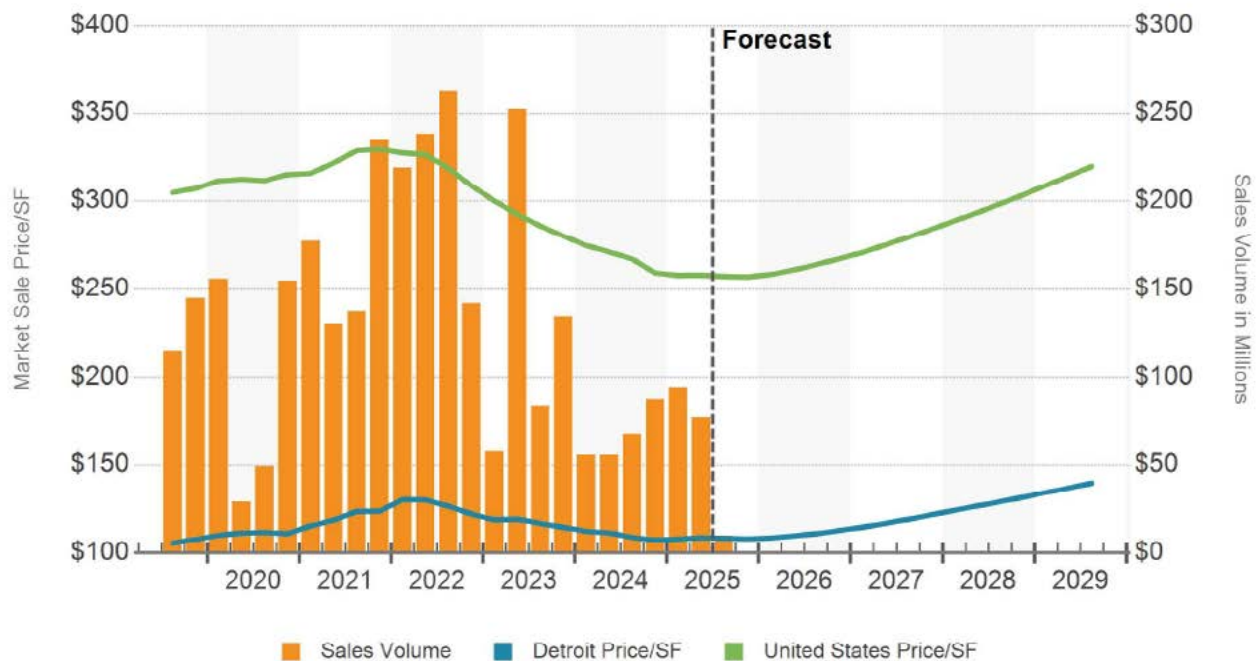
## METRO DETROIT

Q2  
2025

### NET ABSORPTION, NET DELIVERIES & VACANCY



### SALES VOLUME & MARKET SALE PRICE P/SF



# OFFICE MARKET REPORT

## METRO DETROIT

# Q2 2025

### CONSTRUCTION

Since early 2020, Detroit's office inventory has grown by just 105,000 SF, with demolition activity in 2023 offsetting new deliveries. Currently, 1.7 million SF is under construction—0.9% of inventory—with Dearborn and the CBD leading at 600,000 SF and 560,000 SF, respectively.

The seven projects in progress are 94% preleased, led by Ford's 600,000 SF Central Campus Building in Dearborn. This state-of-the-art facility is targeted for completion in summer 2027 and will serve as a major hub for the company's research and engineering efforts. Another notable development is Hudson's Detroit, a 1.5 million SF mixed-use complex downtown that will house the future General Motors headquarters.

### OFFICE MARKET STATISTICS

Market Area	Inventory SF	Vacancy Rate	Availability Rate	Market Rent p/SF	Market Sale p/SF	SF Under Construction	Market CAP Rate
Auburn Hills	9.7M	8.20%	9.30%	\$22.47	\$116	0	11.80%
Birmingham	4.6M	8.70%	11.30%	\$30.11	\$141	112K	11.60%
CBD	27.9M	11%	11.80%	\$25.58	\$114	560K	11.80%
Central I-96 Corridor	6.5M	11.20%	13.30%	\$23.20	\$122	0	11.70%
Detroit - W of Woodward	5.5M	11.20%	11.60%	\$22.01	\$95	120K	12.30%
Detroit - E of Woodward	5.8M	13.70%	15.80%	\$23.24	\$96	0	12.20%
Farmington/Farm Hills	10M	13.50%	22.20%	\$20.78	\$107	0	11.90%
Macomb East	8.7M	9.20%	10.90%	\$19.79	\$93	6K	12.80%
Macomb West	9.3M	9.60%	10.60%	\$19.01	\$90	0	12.70%
Rochester	2.9M	10.20%	11.90%	\$22.52	\$106	0	12.60%
Royal Oak	5.8M	11.20%	11.80%	\$22.49	\$98	0	12.10%
Southern I-275 Corridor	12.8M	14.60%	16.90%	\$20.55	\$106	0	12.00%
Southfield	23.4M	25.90%	30.20%	\$19.03	\$90	0	11.50%
Troy North	5.7M	14.10%	16.40%	\$20.80	\$98	0	11.80%
Troy South	12.6M	17.70%	24.10%	\$21.21	\$99	0	11.70%
The Pointes/Harper Woods	1.3M	8.10%	7.50%	\$24.40	\$102	0	12.60%

Source: CoStar. For additional market information, contact your P.A. Commercial rep.

### P.A. COMMERCIAL // Q2 SELECT OFFICE TRANSACTIONS



#### 8,216 SF OFFICE LEASE

4375 Pineview Dr, Commerce Twp

**Tenant:** Acrisure

**Tenant Rep:** Dave Plumley



#### 3,810 SF OFFICE SALE

24470 Telegraph Rd, Southfield Rd

**Occupancy:** Vacant

**Seller Rep:** Dan Blugerman



#### 5,067 SF OFFICE CONDO SALE

28545 Orchard Lake Rd, Farmington Hills

**Seller Rep:** Dan Blugerman

**Buyer Rep:** Matt Schiffman



#### 5,720 SF OFFICE RENEWAL

39090 Garfield Rd, Clinton Twp

**Tenant:** Michigan Education Association

**Broker of Record:** Phil Myers





# Q2 INDUSTRIAL 25 MARKET

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METRO DETROIT COMMERCIAL REAL ESTATE



# INDUSTRIAL MARKET REPORT

## METRO DETROIT

# Q2 2025



VACANCY RATE

**4.8%**



NET ABSORPTION

**217K**



LEASE RATE (AVG)

**\$9.00/SF**



SALE PRICE (AVG)

**\$62/SF**



UNDER CONSTRUCTION

**3.1M SF**

Detroit's industrial market continues to face challenges as weak tenant demand pushes vacancies toward early 2021 levels. However, the vacancy rate remains low at 4.8%, well below the U.S. average of 7.4%. The market is expected to stabilize later this year, with 4.3 million SF of first-quarter leasing—83% higher than in 2024—supporting that outlook.

### LEASING

Detroit's industrial availability rate stands high at 6.3% but remains substantially lower than the nation's average of 9.6%. While availability has increased slightly over the past year, most of the new space has come from the Airport District and Groesbeck North. Limited new supply and slower inventory growth have helped keep conditions relatively tight compared to peer markets. Leasing activity has accelerated for three straight quarters, with more than 4 million SF signed in the first quarter. Demand remains broad-based, with steady interest from logistics, manufacturing, and automotive users.

Detroit is among the country's most affordable large industrial markets, with average asking rents of \$9.00/SF. Rent growth has been healthy over the past 12 months, coming in at 4.0% as of April. For context, Detroit's rental performance outpaced Indianapolis (1.6%) and Chicago (3.6%).

### SALES

Industrial sales activity in Detroit has slowed over the past three quarters, with just \$101 million in transactions during the first three months of 2025. As of April, sales totaled \$794 million, with over a quarter concentrated in the Airport District and Central I-96 Corridor, mostly boosted by big-box warehouse and distribution properties. Sale prices for investment deals above \$5 million averaged around \$96/SF, while owner-user transactions traded closer to \$115/SF. Private investors and owner-users remain the dominant buyer groups, making up nearly 90% of market ownership.

### NOTABLE INDUSTRIAL LEASE TRANSACTIONS



**1,246,586 SF**

840 E Huron Blvd, Marysville  
Tenant: Stellantis



**507,735 SF**

26090 23 Mile Rd, Chesterfield  
Tenant: DEsign USA, Inc



**100,456 SF**

33200 Smith Rd, Romulus  
Tenant: KSI Auto Parts

### NOTABLE INDUSTRIAL SALE TRANSACTIONS



**92,803 SF (100% OCCUPIED)**

11650 Park Ct, Utica  
Sale Price: \$10,250,000



**45,000 SF (100% OCCUPIED)**

40800 Executive Dr, Harrison Twp  
Sale Price: \$9,000,000



**80,000 SF (100% OCCUPIED)**

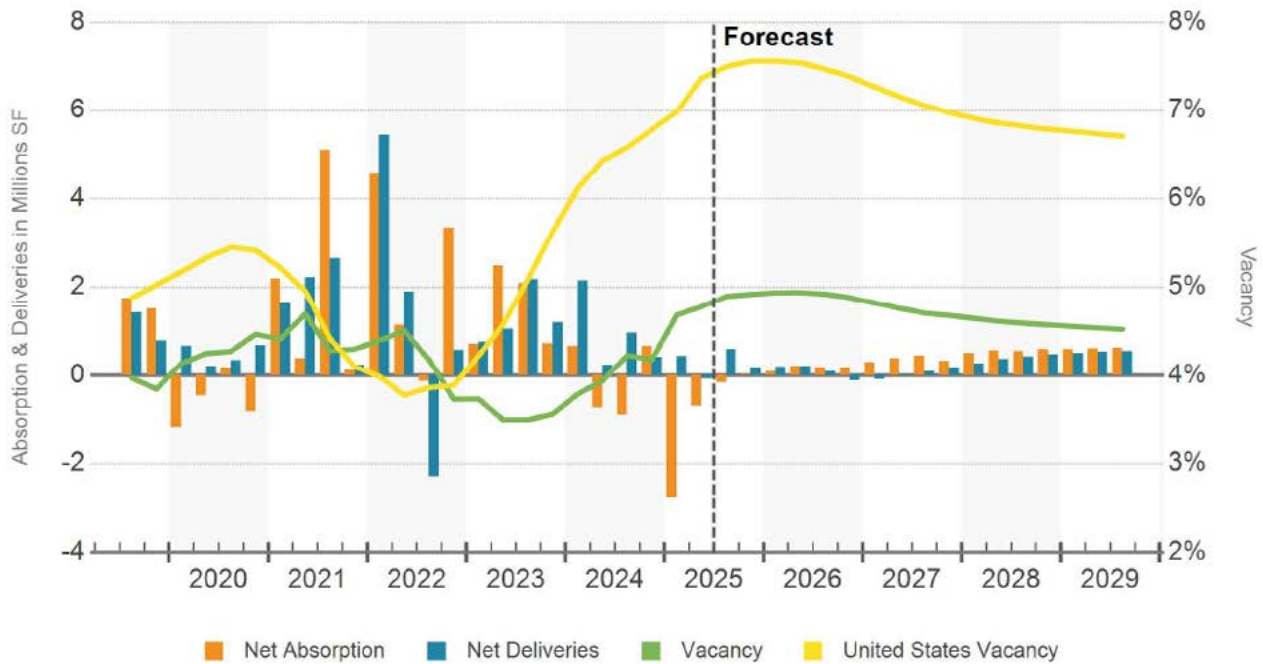
29835 Beck Rd, Wixom  
Sale Price: \$8,069,000

# INDUSTRIAL MARKET REPORT

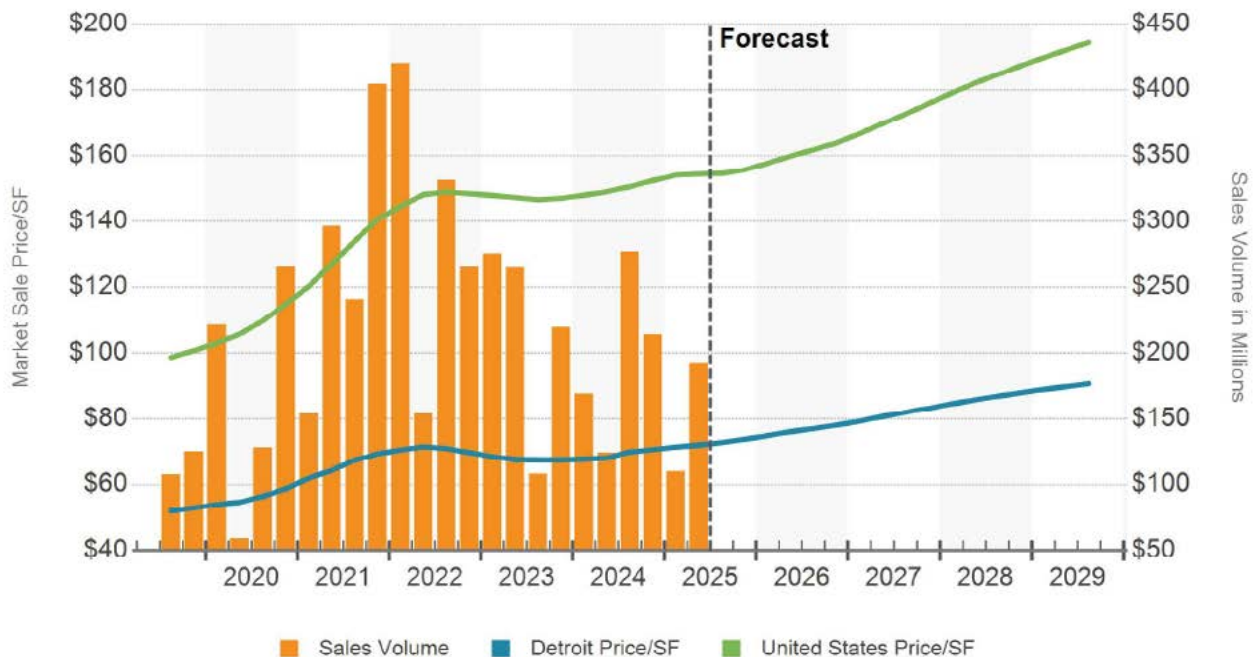
## METRO DETROIT

Q2  
2025

### NET ABSORPTION, NET DELIVERIES & VACANCY



### SALES VOLUME & MARKET SALE PRICE P/SF





# INDUSTRIAL MARKET REPORT

## METRO DETROIT

# Q2 2025

### CONSTRUCTION

Detroit has largely avoided the wave of speculative industrial development seen in other markets, as construction activity has slowed over the past two years. About 3.1 million SF is currently underway, well below the pre-pandemic average of 4.4 million SF. This represents just 0.5% of metro inventory, with most projects concentrated in the Auburn Hills, Pontiac & Rochester submarket and the Airport District.

Key developments are also clustered near major transportation routes along I-96 and near the airport, areas that continue to attract logistics users seeking regional access. Looking ahead, Detroit's modest construction pipeline is expected to limit supply-side risks and keep vacancy pressures in check.

### INDUSTRIAL MARKET STATISTICS

Market Area	Inventory SF	Vacancy Rate	Availability Rate	Market Rent p/SF	Market Sale p/SF	SF Under Construction	Market CAP Rate
Airport District	60.5M	4.40%	7.00%	\$8.88	\$60	1M	11.60%
Auburn Hills, Pontiac, Rochester	58.3M	4.60%	5.70%	\$10.16	\$86	845K	11.20%
Central I-96 Corridor	37M	5.50%	6.60%	\$11.35	\$90	100K	11.50%
Detroit East	43.9M	3.70%	7.00%	\$7.05	\$53	0	11.90%
Detroit West	49.6M	10%	11.40%	\$6.76	\$46	20K	12.50%
Farmington/Farmington Hills	11.8M	5.90%	8.10%	\$10.48	\$78	79K	11.70%
Groesbeck Central	16M	5.60%	6.10%	\$9.00	\$65	0	12.60%
Groesbeck North	33.9M	5.60%	7.10%	\$9.43	\$80	559K	11.40%
Groesbeck South	20.2M	2.20%	4.80%	\$8.32	\$59	0	12.50%
Livonia	43.4M	4.60%	6.40%	\$9.19	\$66	8.1K	11.40%
Royal Oak	15.8M	6.00%	6.70%	\$9.11	\$73	0	12.20%
Southern I-275	20M	3.30%	3.90%	\$8.85	\$63	0	11.60%
Southfield	6.4M	5.20%	6.60%	\$10.25	\$74	0	12.30%
Troy Area Central	9.3M	5.60%	6.60%	\$9.38	\$76	0	12.20%
Troy Area East	12.7M	4.60%	6.90%	\$9.75	\$77	0	12.40%
Troy Area West	9M	5.80%	7.30%	\$10.82	\$84	0	11.70%
W of Van Dyke/Macomb	65.8M	1.70%	1.70%	\$9.86	\$73	0	11.30%

Source: CoStar. For additional market information, contact your P.A. Commercial rep.

### P.A. COMMERCIAL // Q2 SELECT INDUSTRIAL TRANSACTIONS



#### 179,000 SF WAREHOUSE SALE

2253 Air Park Rd, Rhinelander, WI

**Occupancy:** 0%

**Buyer Reps:** Kevin Bull & Anthony Pellegrino



#### 18,890 SF WAREHOUSE SALE

20855 Telegraph Rd, Southfield

**Occupancy:** Vacant

**Buyer Rep:** Dave Plumley



#### 19,036 SF INVESTMENT SALE

33380-33386 Groesbeck Hwy, Fraser

**Occupancy:** 50%

**Seller Rep:** John T. Arthurs



#### 7,336 SF MANUFACTURING SALE

23565 Schoenherr Rd, Warren

**Occupancy:** Vacant

**Seller Rep:** John DeWald





# **Q2 RETAIL** **25 MARKET**

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**METRO DETROIT COMMERCIAL REAL ESTATE**



# RETAIL MARKET REPORT

## METRO DETROIT

Q2  
2025



VACANCY RATE

**5.9%**



NET ABSORPTION

**23K**



LEASE RATE (AVG)

**\$18.67/SF**



SALE PRICE (AVG)

**\$113/SF**



UNDER CONSTRUCTION

**263K SF**

Detroit's retail market is facing its weakest demand since 2020, with four consecutive quarters of negative absorption. Recent closures from retailers like Forever 21, JOANN, and Party City contributed to 2.4 million SF of move-outs. Still, availability remains low at 5.9%, with just 263,000 SF under construction. Limited new supply and steady income growth are expected to help stabilize demand later this year.

### LEASING

Retail leasing across Detroit has struggled recently, with negative net absorption recorded for five straight quarters. Move-outs totaled 2.4 million SF in the first quarter, up 43% from the end of 2024, with neighborhood centers seeing the largest impact—more than 706,000 SF vacated. However, strong leasing activity earlier this year offers some optimism. New lease signings reached nearly 1.1 million SF in the first quarter, with an additional 220,000 SF expected. This would make it the strongest quarter for leasing since early 2022. This uptick could help balance supply and demand and support a modest rebound in rent growth heading into 2026.

The lackluster demand backdrop has pushed up the average vacancy rate nearly 100 basis points year over year, weighing on rent growth. Retail landlords have been increasing the amount of free rent to secure occupancy, offering nearly four months on leases larger than 1,000 SF during the past 12 months through mid-May. Annual rent growth as of 25Q2 is at 1.0%, down considerably from nearly 4% at this time last year.

### SALES

Retail sales volume in Detroit has steadied over the past two years, following a surge in 2022. In 2024, \$635 million in retail properties traded—up 23% from 2023—and early 2025 saw \$144 million in sales during the first quarter, a 27% increase year-over-year. Institutional and private equity buyers have expanded their share to nearly 20% of sales, focusing mainly on 3 Star suburban assets. Looking ahead, rising vacancy rates near 6% and continued high financing costs are expected to slow retail sales in the latter half of 2025.

#### NOTABLE RETAIL LEASE TRANSACTIONS



**50,000 SF**

396-400 John R Rd, Troy  
Tenant: NRG Adventure Park



**18,600 SF**

5785-5811 S Main St, Clarkston  
Tenant: Trinity Health



**12,549 SF**

West Oaks I & II Shopping Center, Novi  
Tenant: Dollar Tree

#### NOTABLE RETAIL SALE TRANSACTIONS



**161,626 SF (100% OCCUPIED)**

41840-41968 Ford Rd, Canton  
Sale Price: \$23,800,000



**32,781 SF (100% OCCUPIED)**

2093 S Van Dyke Rd, Imlay City  
Sale Price: \$6,000,000



**102,442 SF (100% OCCUPIED)**

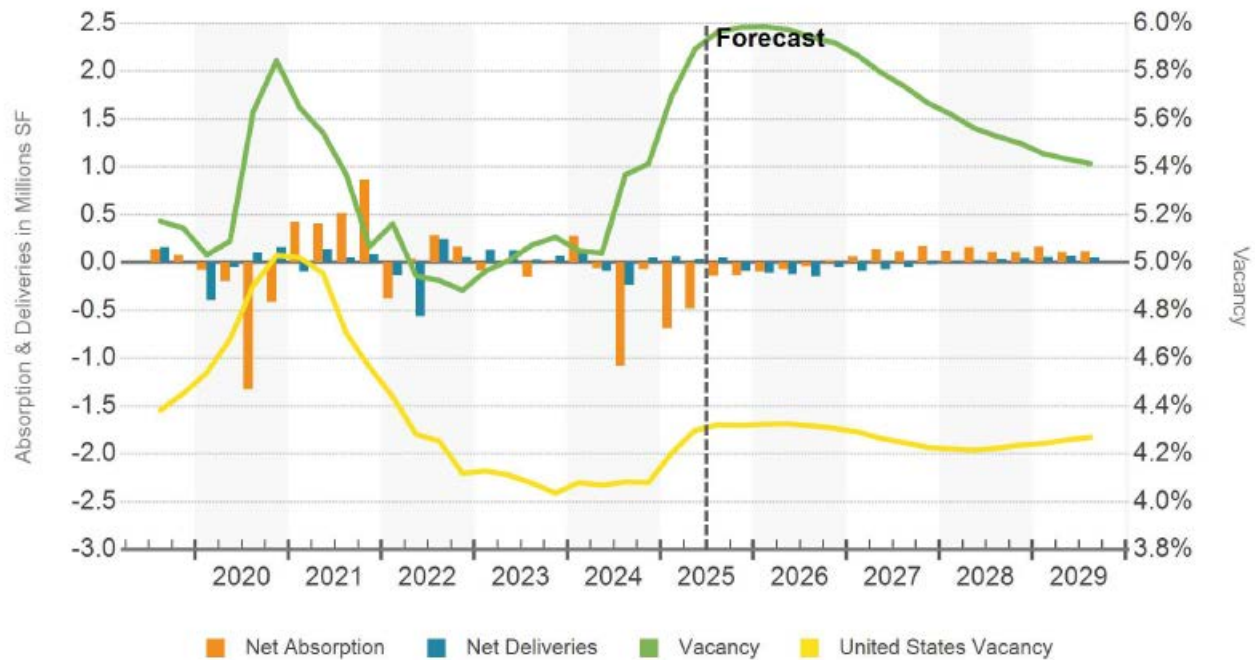
1475 N Burkart Rd, Howell  
Sale Price: \$5,071,062

# RETAIL MARKET REPORT

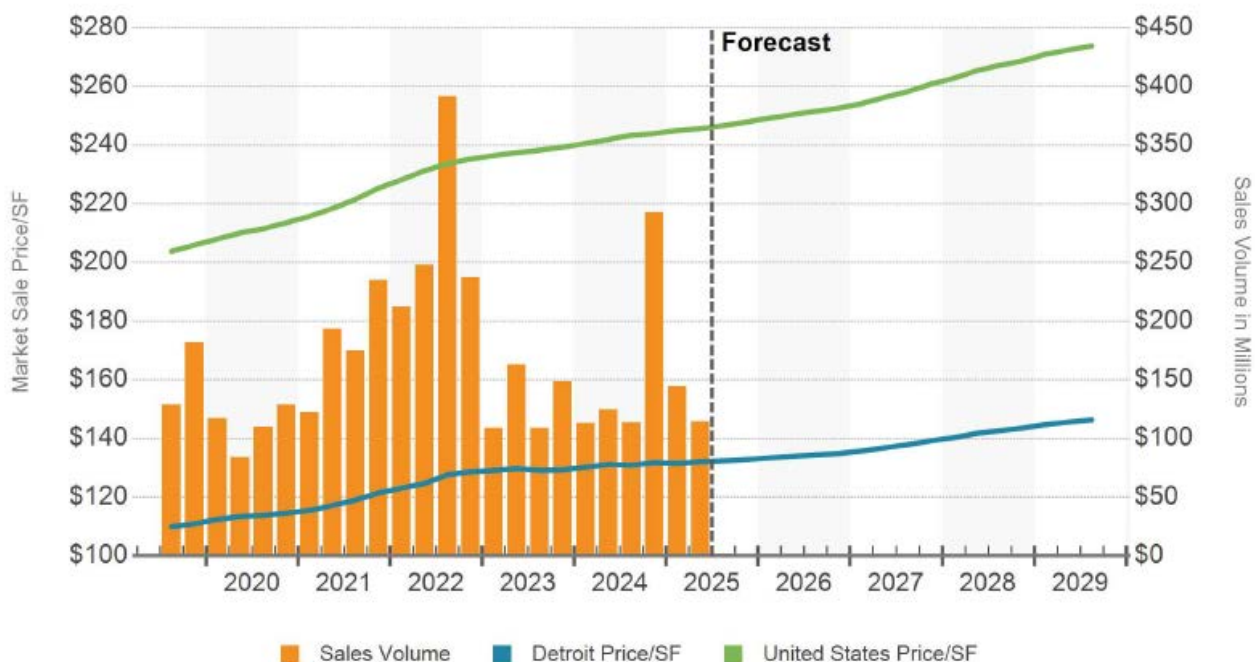
## METRO DETROIT

Q2  
2025

### NET ABSORPTION, NET DELIVERIES & VACANCY



### SALES VOLUME & MARKET SALE PRICE P/SF





# RETAIL MARKET REPORT

## METRO DETROIT

Q2  
2025

### CONSTRUCTION

Retail development activity in Detroit has slowed considerably amid weak demand and rising construction costs. After reaching a post-pandemic peak of 824,000 SF in 2022, construction starts fell to a record low of 453,000 SF in 2024—36% below the prior year. Net retail inventory contracted slightly over the past 12 months, weighed down by more than 500,000 SF of demolitions. Construction activity was concentrated in Southfield and Detroit-New Center, where 126,000 SF and 66,000 SF were recently completed, respectively.

Currently, just 263,000 SF is underway, including the 70,000-SF Cosm Detroit entertainment venue, part of a larger downtown redevelopment initiative. This limited pipeline, near historic lows, suggests retail fundamentals will remain relatively stable through 2025, with minimal new supply impacting the market.

### RETAIL MARKET STATISTICS

Market Area	Inventory SF	Vacancy Rate	Availability Rate	Market Rent p/SF	Market Sale p/SF	SF Under Construction	Market CAP Rate
Auburn Hills	1.6M	7.70%	9.90%	\$25.52	\$170	14.8K	7.70%
Birmingham	3.2M	3.40%	4.00%	\$33.08	\$196	0	7.60%
CBD	1.2M	3.90%	3.90%	\$20.35	\$130	70K	8.30%
Central I-96 Corridor	14M	4.70%	6.70%	\$23.62	\$162	54.8K	7.70%
Detroit - E of Woodward	12.2M	5.30%	7.00%	\$14.80	\$103	0	8.70%
Detroit - W of Woodward	15.5M	6.50%	7.20%	\$13.79	\$104	0	8.60%
Farmington/Farm Hills	5.3M	12.00%	12.70%	\$18.54	\$140	0	7.90%
Macomb East	26.9M	7.00%	6.20%	\$16.58	\$132	14.6K	8.30%
Macomb West	27.8M	5.00%	5.40%	\$18.21	\$134	5.7K	8.10%
Rochester	5.3M	4.70%	5.90%	\$26.71	\$161	13.6K	7.70%
Royal Oak	12M	6.20%	7.10%	\$19.83	\$151	0	7.90%
Southern I-275 Corridor	28.2M	5.20%	6.20%	\$18.70	\$129	0	8.20%
Southfield	6.6M	14.50%	14.00%	\$21.05	\$152	0	7.60%
Troy North	1.2M	4.60%	5.60%	\$23.31	\$176	0	7.80%
Troy South	7.7M	5.50%	5.70%	\$34.23	\$163	0	7.70%
The Pointes/Harper Woods	2.2M	4.20%	4.60%	\$20.16	\$145	0	8.20%

Source: CoStar. For additional market information, contact your P.A. Commercial rep.

### P.A. COMMERCIAL // Q3 SELECT RETAIL TRANSACTIONS



#### 5,900 SF RETAIL SALE

289 St Aubin St, Detroit

**Occupancy:** Vacant

**Seller Reps:** Brianna Welsh & Anthony Pellegrino



#### 4,000 SF RETAIL SALE

6934 US 12, Three Oaks, MI

**Occupancy:** Vacant

**Seller Rep:** Alexa Venezia



#### 1,000 SF RETAIL LEASE

2699 West Grand Blvd, Detroit

**Landlord Reps:** Noor Kalasho & Matt Schiffman



#### 3,515 SF RETAIL LEASE

16122 Meyers Rd, Detroit

**Landlord Rep:** Kevin Bull



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