Q2 2026 MARKET REPORT

OFFICE • INDUSTRIAL • RETAIL

MARKET TRENDS & INSIGHTS ACROSS METRO DETROIT

P.A. COMMERCIAL
Corporate & Investment Real Estate

BIG FIRM EXPERTISE. BOUTIQUE SERVICE. **PROVEN RESULTS.**

Q2 26 OFFICE MARKET

METRO DETROIT COMMERCIAL REAL ESTATE

P.A. COMMERCIAL

OFFICE MARKET REPORT

METRO DETROIT CRE

Q2 2026

VACANCY RATE	Q2 NET ABSORPTION	ASKING RENT (AVG)	SALE PRICE (AVG)	UNDER CONSTRUCTION
12.2%	**193K SF**	**$22.67/SF**	**$70/SF**	**1.7M SF**

Metro Detroit's office market continues to navigate a period of transition, but the latest data points to pockets of stability and opportunity beneath the broader vacancy picture. The market currently encompasses approximately 202 million square feet, with vacancy at 12.2% and trailing 12-month net absorption returning to positive territory at approximately 313,000 square feet. Performance varies significantly by property class, tenancy and submarket. For owners and investors, this increasingly segmented environment is placing greater emphasis on asset quality, tenant stability and strategic positioning, while limited speculative development may help support existing inventory over the longer term.

LEASING

Detroit's office leasing market is showing signs of stabilization, with approximately 313,000 SF of positive net absorption over the past 12 months. Overall vacancy stands at 12.2%, below the national office vacancy rate, while availability has declined to 13.6%.

Performance, however, differs substantially by building class. Vacancy among 4 & 5 Star properties is 18.4%, compared with 12.1% for 3 Star and just 6.4% for 1 & 2 Star inventory. This divergence suggests that the market is not experiencing a uniform office recovery; rather, tenants continue to make highly selective real estate decisions based on location, cost, amenities and workplace needs.

For landlords, the environment reinforces the importance of competitive positioning, tenant retention and targeted capital improvements. Asking rents are providing little assistance in offsetting vacancy pressure, with market-wide rent growth of only 0.1% over the past year. For tenants, meanwhile, elevated availability—particularly within higher-quality inventory—continues to create opportunities to negotiate favorable economics and upgrade space.

SALES

Investment activity remains healthy, although Detroit's office sales market is being driven primarily by local buyers, owner-users and private investors rather than institutional capital. Medical office, specialty office and stabilized suburban assets are attracting the strongest buyer interest, while larger multi-tenant office properties continue to face a narrower acquisition pool.

The disparity in pricing illustrates how heavily investors are weighing occupancy and tenant quality. Over the past 12 months, there were 469 sale transactions, with an average sale price of $112 p/SF and an average cap rate of 8.8%. Average vacancy at the time of sale was 23.8%

Healthcare-oriented properties remain a particularly strong segment. Recent transactions cited by CoStar include Providence Park Medical Center at more than $55 million and the Greenleaf Trust Building at $20 million. Conversely, larger commodity office assets have traded at substantial discounts, illustrating the valuation gap between stabilized, desirable properties and assets requiring repositioning or lease-up.

NOTABLE OFFICE LEASE TRANSACTIONS

107,464 SF
1685 N Opdyke Rd, Auburn Hills
Type: Office Building
Tenant: Volkswagon AG

44,860 SF
Michigan Central Station
Type: Adaptive Reuse / Office Park
Tenant: KPMG LLP

NOTABLE OFFICE SALE TRANSACTIONS

340,000 SF (100% OCCUPIED)
5151 Corporate Drive, Troy
Sale Date: 05/18/2026
Sale Price: $13,350,000

64,607 SF (100% OCCUPIED)
22355 W 11 Mile Rd, Southfield
Sale Date: 06/01/2026
Sale Price: $9,175,000

OFFICE MARKET REPORT

METRO DETROIT CRE

Q2 2026

CONSTRUCTION

New office development remains highly concentrated and largely committed before delivery. Metro Detroit currently has approximately 1.68 million SF across 17 properties under construction, representing only 0.8% of existing office inventory. More importantly, approximately 90.9% of that space is already preleased, meaning relatively little truly speculative inventory is being introduced into the market.

The CBD accounts for approximately 870,000 SF of the current pipeline, followed by Detroit-New Center with 335,000 SF and Detroit west of Woodward with 205,000 SF. Those three areas alone account for roughly 84% of the market's construction pipeline, and their projects are overwhelmingly preleased. Major projects include the 560,000 SF Hudson's Detroit, the 335,000 SF at 6141 Third Avenue associated with Henry Ford Health, and the 220,000 SF Gratiot Innovation District.

OFFICE MARKET STATISTICS

Submarket Area	Inventory SF	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price/SF	12 Mo Net Absorp SF	SF Under Construction	Market Cap Rate
Auburn Hills	9,365,427	10.5%	12.6%	$22.59	$135	-311,583	0	10.6%
Birmingham	4,304,399	6.9%	9.8%	$31.75	$184	80,984	112,190	10.2%
CBD	27,321,452	9.7%	8.3%	$25.95	$189	-17,665	870,000	9.5%
Central I-96 Corridor	6,767,624	10.0%	13.6%	$23.98	$132	55,510	54,675	10.9%
Dearborn	12,856,580	16.1%	4.5%	$21.73	$161	373,714	0	9.9%
Detroit E of Woodward	5,764,203	13.1%	14.4%	$23.37	$117	-9,466	0	11.1%
Detroit W of Woodward	5,544,204	8.6%	8.6%	$22.73	$109	68,962	205,000	11.3%
Farmington/Farm Hills	9,881,751	15.4%	24.7%	$21.44	$115	-98,051	0	11.3%
Flint	10,101,535	11.1%	11.1%	$19.04	$91	-564,203	0	11.3%
Macomb East	9,360,963	5.5%	7.6%	$21.54	$103	204,413	48,000	11.9%
Macomb West	9,151,199	8.9%	10.2%	$20.88	$103	38,445	0	11.6%
Rochester	2,840,653	10.8%	10.5%	$23.75	$122	-12,345	0	11.3%
Royal Oak	5,998,943	10.6%	11.5%	$23.60	$114	47,122	17,000	11.0%
Southern I-275 Corridor	12,384,124	10.8%	15.3%	$22.74	$120	-216,987	0	11.2%
Southfield	23,025,106	22.0%	23.6%	$19.42	$98	501,934	0	10.9%
Troy North	5,528,381	9.4%	18.6%	$20.72	$107	145,664	0	10.9%
Troy South	12,531,541	17.3%	22.5%	$21.09	$106	-36,191	0	11.0%
The Pointes/Harper Woods	1,353,953	8.6%	9.0%	$24.83	$119	-1,613	0	11.5%

P.A. COMMERCIAL // Q2 SELECT OFFICE TRANSACTIONS

13,473 SF LEASE RENEWAL
HIGH-TECH OFFICE SPACE

Address: 13973-74 Farmington Rd, Livonia
Landlord Reps: Peter Ventura & Matt Schiffman
Use: Focus Group

7,600 SF ACQUISITION
MEDICAL INVESTMENT

Address: 8130 Constitution Blvd, Sterling Heights
Buyer Rep: Phil Myers
Sale Price: $900,000

8,209 SF LEASE
OFFICE/RETAIL SPACE

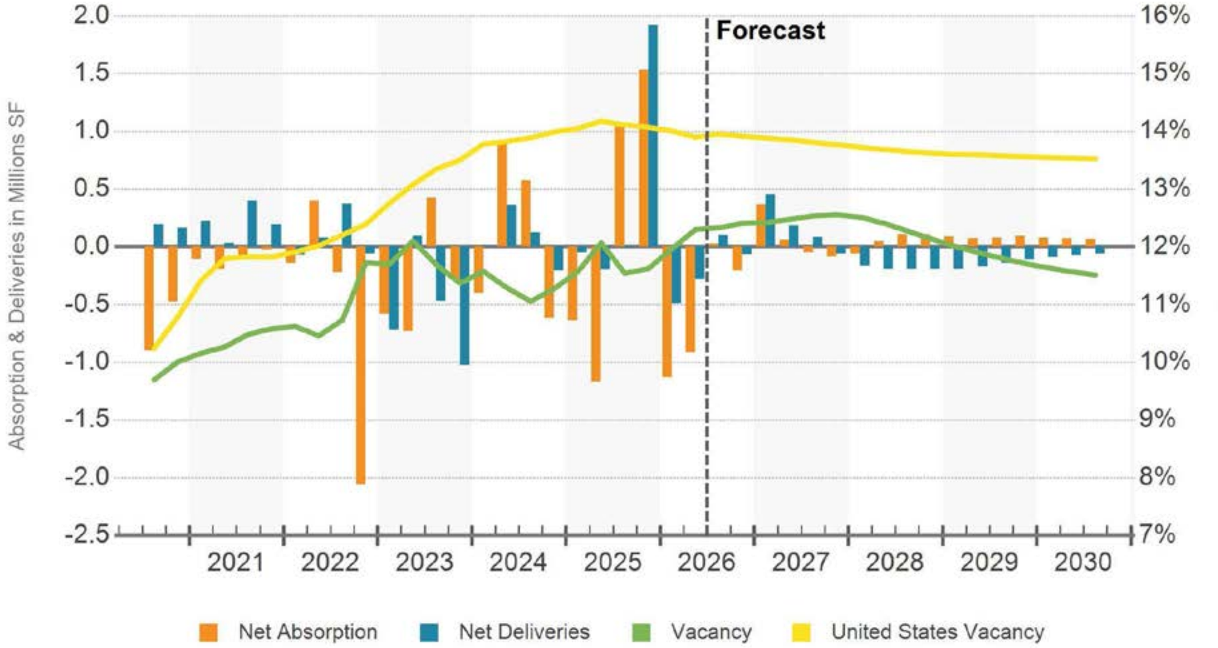
Address: 584 W Ann Arbor Trl, Plymouth
Landlord Reps: Mike Gunn & Matt Schiffman
Use: Autism Therapy

6,730 SF SALE
3-BUILDING OFFICE INVESTMENT

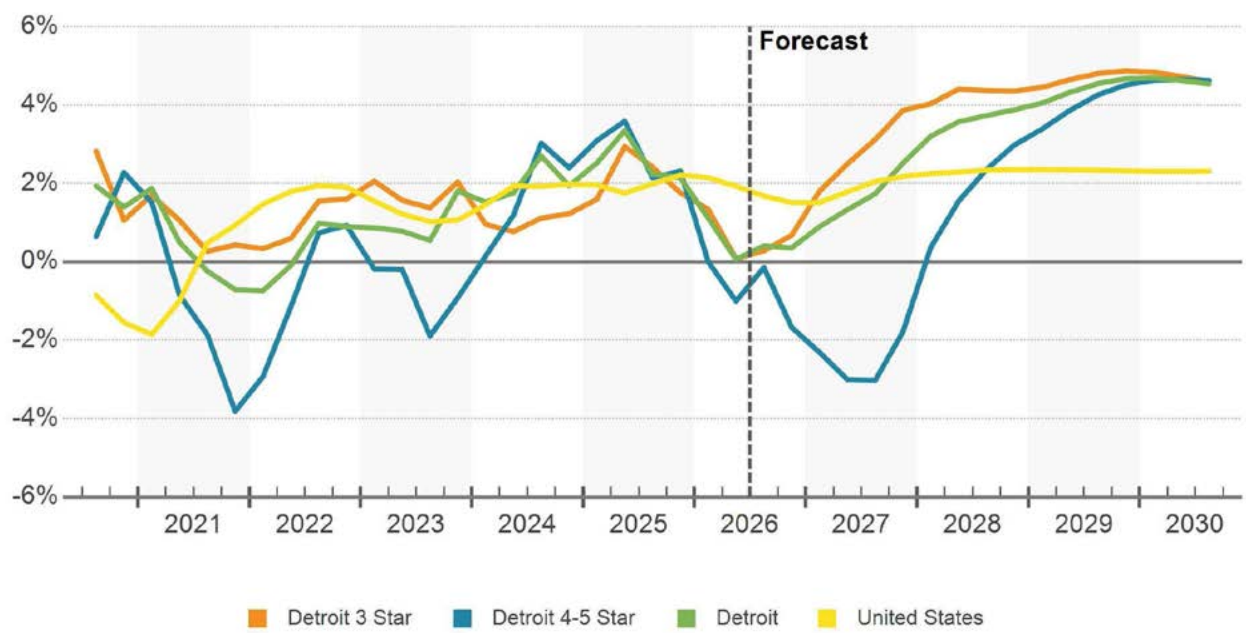
Address: 3088 E Grand Blanc Rd, Grand Blanc
Seller Reps: Mark Mamassian & Parker Jamieson
Sale Price: $500,000

For additional information or assistance with your commercial real estate needs, please contact your P.A. Commercial representative.

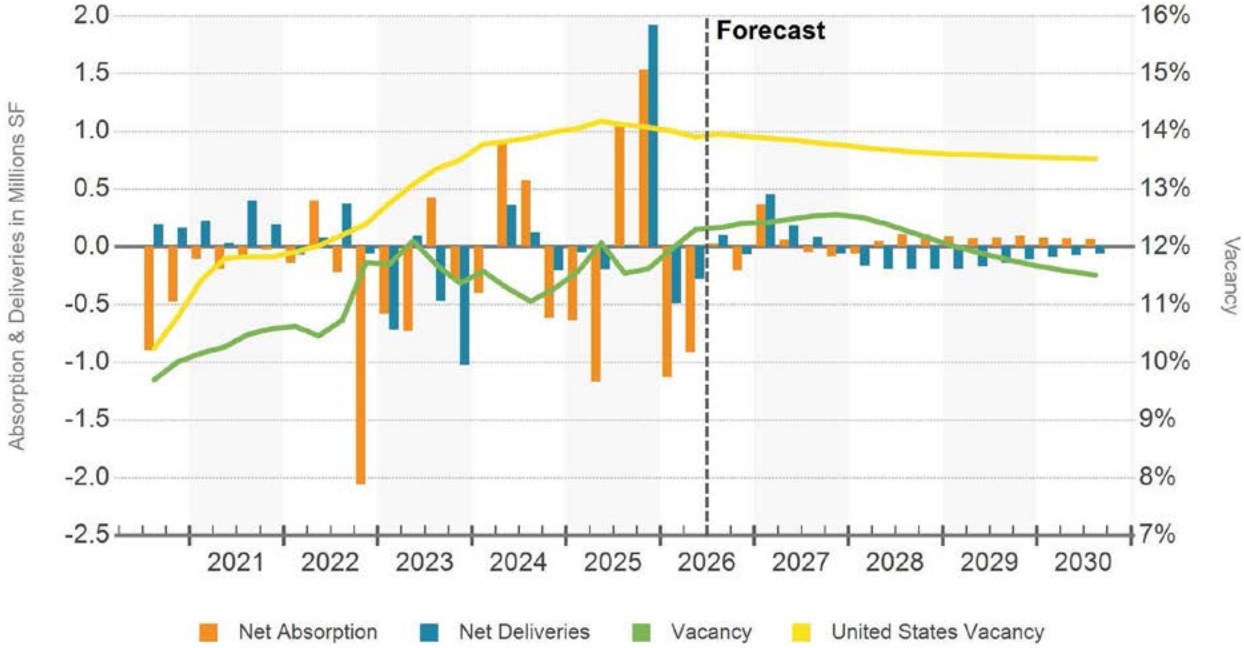
NET ABSORPTION, NET DELIVERIES & VACANCY



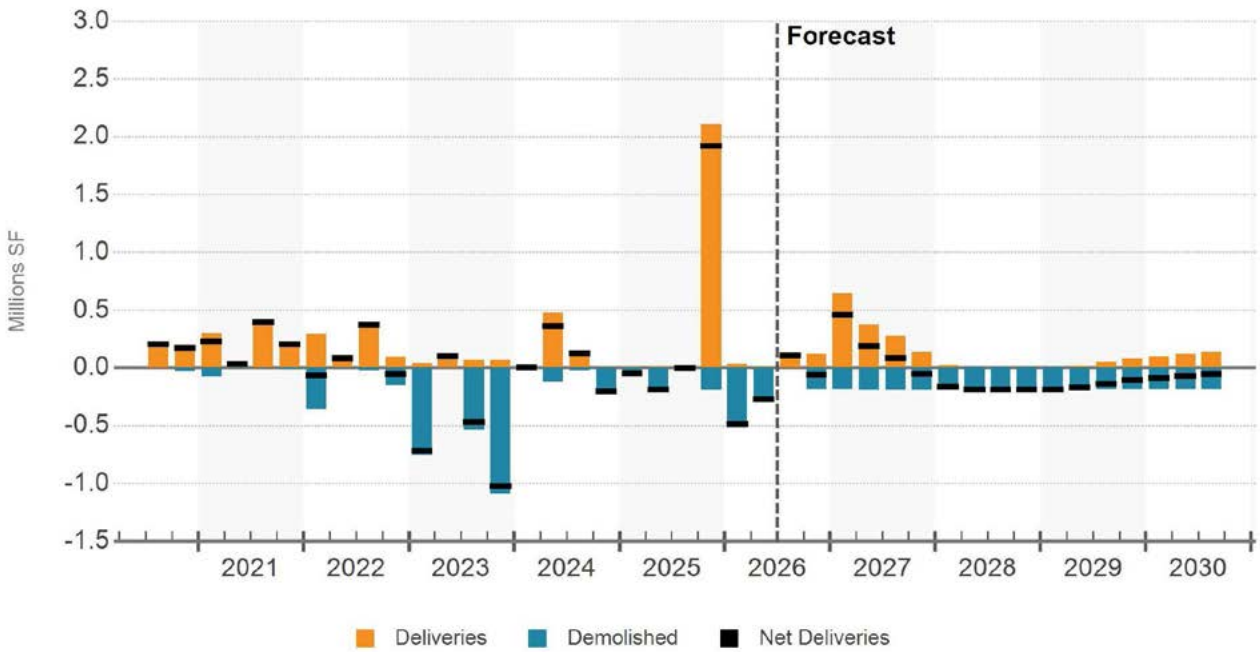
MARKET ASKING RENT GROWTH (YOY)



SALES VOLUME & MARKET SALE PRICE P/SF



DELIVERIES AND DEMOLITIONS



Q2 26 INDUSTRIAL MARKET

METRO DETROIT COMMERCIAL REAL ESTATE

P.A. COMMERCIAL

INDUSTRIAL MARKET REPORT
METRO DETROIT CRE

Q2 2026

VACANCY RATE	Q2 NET ABSORPTION	ASKING RENT (AVG)	SALE PRICE (AVG)	UNDER CONSTRUCTION
4.5%	**2.6M SF**	**$9.10/SF**	**$75/SF**	**4.5M SF**

Metro Detroit's industrial market remains fundamentally strong, supported by tight vacancy, positive absorption and continued demand across manufacturing, logistics and distribution uses. The region's approximately 642 million SF industrial inventory is currently 95.5% occupied, with vacancy holding at just 4.5%—well below the 7.4% national rate. Over the past 12 months, approximately 3.0 million SF of net absorption outpaced 2.2 million SF of net inventory growth, while asking rents increased 2.8%. With construction activity remaining below recent historical levels, Metro Detroit continues to offer favorable fundamentals for industrial owners and investors.

LEASING

Industrial fundamentals remain notably stronger in Metro Detroit than across the nation. Overall vacancy stands at just 4.5%, compared with 7.4% nationally, while availability is 6.3% versus 9.5% nationally. Vacancy has actually declined slightly over the past year as approximately 3.0 million SF of net absorption exceeded 2.2 million SF of net inventory growth.

Demand varies by property type. Specialized industrial space remains particularly tight at 3.3% vacancy, followed by logistics at 5.0%, while flex properties have a higher 7.1% vacancy rate. Importantly, Metro Detroit's overall vacancy has averaged only 4.2% over the past five years, demonstrating the market's sustained supply-demand balance. Large-block leasing activity also remains significant. Among the largest transactions over the past 12 months were three leases ranging from 462,480-548,000 SF in the Airport District.

Rent growth provides another positive indicator for owners. Average industrial rents have increased 2.8% over the past year, more than double the 1.3% national growth rate, and CoStar forecasts Metro Detroit rent growth to remain at 2.8% through year-end 2026.

SALES

Industrial sales activity remains steady, supported by two distinct buyer groups: owner-users seeking operational facilities and private investors pursuing income-producing assets. Unlike sectors where investment demand is primarily driven by financial considerations, Metro Detroit's industrial market continues to benefit from companies acquiring real estate as essential operating infrastructure

Functional manufacturing properties are commanding particularly strong interest. CoStar notes that buildings with specialized physical characteristics that are costly or difficult to replicate have achieved some of the strongest per-square-foot pricing. Two notable second-quarter owner-user transactions included Motor City Electric's acquisition of approximately 233,000 SF in Roseville for roughly $87/SF and Shipping Container Corporation's purchase of approximately 168,000 SF in Canton Township for roughly $101/SF.

Across the broader market, the past 12 months included 672 industrial sales, averaging approximately $75 p/SF with an 8.2% average cap rate. The median cap rate was 7.4%, illustrating the range of pricing based on asset quality, tenancy and investment profile.

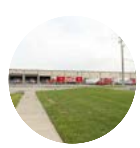
NOTABLE INDUSTRIAL LEASE TRANSACTIONS

100,180 SF
1420 E 10 Mile Rd, Hazel Park
Type: Distribution Center
Tenant: Hi-Lex

92,700 SF
1400 Howard St, Detroit
Type: Warehouse
Tenant: SEEL LLC

NOTABLE INDUSTRIAL SALE TRANSACTIONS

168,100 SF (100% OCCUPIED)
7505 Baron Dr, Canton
Sale Date: 04/21/2026
Sale Price: $17,000,000



99,261 SF (100% OCCUPIED)
8353 Haggerty Rd, Belleville
Sale Date: 04/30/2026
Sale Price: $7,750,000

INDUSTRIAL MARKET REPORT
METRO DETROIT CRE
Q2 2026

CONSTRUCTION

Metro Detroit currently has approximately 4.5 million SF of industrial space under construction, equal to only about 0.7% of the region's existing inventory. That is significantly below the national level, where construction represents approximately 2.0% of existing industrial inventory, and below Detroit's five-year average of 5.9 million SF under construction. The pipeline includes 37 projects totaling approximately 4.5 million square feet, with roughly 48.6% preleased. Development is concentrated in several major industrial corridors, led by the Airport District with approximately 1.35 million SF underway, Livonia with 894,000 SF and the Auburn Hills/Pontiac area with 728,000 SF.

Metro Detroit's development cycle has also been considerably more restrained than the national market. Industrial inventory has expanded approximately 3.5% over the past five years, compared with 10.1% nationally, reducing the risk of the significant oversupply pressures affecting some faster-growing U.S. industrial markets.

INDUSTRIAL MARKET STATISTICS

Submarket Area	Inventory SF	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price/SF	12 Mo Net Absorp SF	SF Under Construction	Market Cap Rate
Airport District	61,774,737	4.6%	5.9%	$8.99	$70	907,031	1,352,787	10.5%
Auburn Hills, Pontiac & Rochester	57,408,958	3.8%	5.4%	$10.30	$99	411,606	727,750	10.3%
Central I-96 Corridor	37,139,289	5.0%	6.5%	$11.45	$100	375,006	238,340	10.6%
Detroit East	48,486,905	3.0%	6.6%	$7.01	$61	180,901	0	10.9%
Detroit West	49,995,463	8.8%	9.2%	$6.90	$54	392,466	276,000	11.3%
Farmington/Farm Hills	11,726,968	5.5%	10.4%	$10.80	$89	74,384	0	10.8%
Flint	34,209,911	3.9%	6.1%	$7.73	$58	-8,647	546,551	9.9%
Groesbeck Central	16,096,384	4.8%	7.3%	$9.07	$73	75,466	0	11.5%
Groesbeck North	33,906,242	4.0%	7.4%	$9.50	$85	749,535	426,041	10.7%
Groesbeck South	20,384,761	2.8%	4.4%	$8.28	$65	-156,994	0	11.6%
Livonia	43,270,203	3.9%	6.8%	$9.32	$77	355,493	894,091	10.5%
Royal Oak	15,852,751	6.5%	8.2%	$9.07	$81	-91,054	0	11.3%
Southern I-275	20,369,197	2.9%	4.0%	$9.05	$72	201,897	65,300	10.7%
St Clair & Lapeer Counties	26,494,638	6.9%	8.0%	$7.68	$56	-462,055	162,055	10.8%
Troy Area East	12,788,196	6.6%	8.0%	$9.96	$86	-334,700	0	11.5%
Troy Area West	8,957,783	3.9%	5.2%	$11.38	$94	155,629	0	10.9%
W of Van Dyke/Macomb	66,228,655	1.2%	1.7%	$9.91	$80	284,763	37,173	10.4%

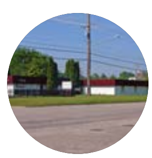
P.A. COMMERCIAL // Q2 SELECT INDUSTRIAL TRANSACTIONS

104,600 SF SALE
WAREHOUSE BUILDING

Address: 14700 Dexter Ave, Detroit
Seller Rep: Kevin Bull
Sale Price: Confidential

12,280 SF SALE
MANUFACTURING DUPLEX

Address: 303-325 Girard Ave, Madison Heights
Seller Rep: John T. Arthurs
Sale Price: $1,150,000



19,000 SF ACQUISITION
FOR INDUSTRIAL DEVELOPMENT

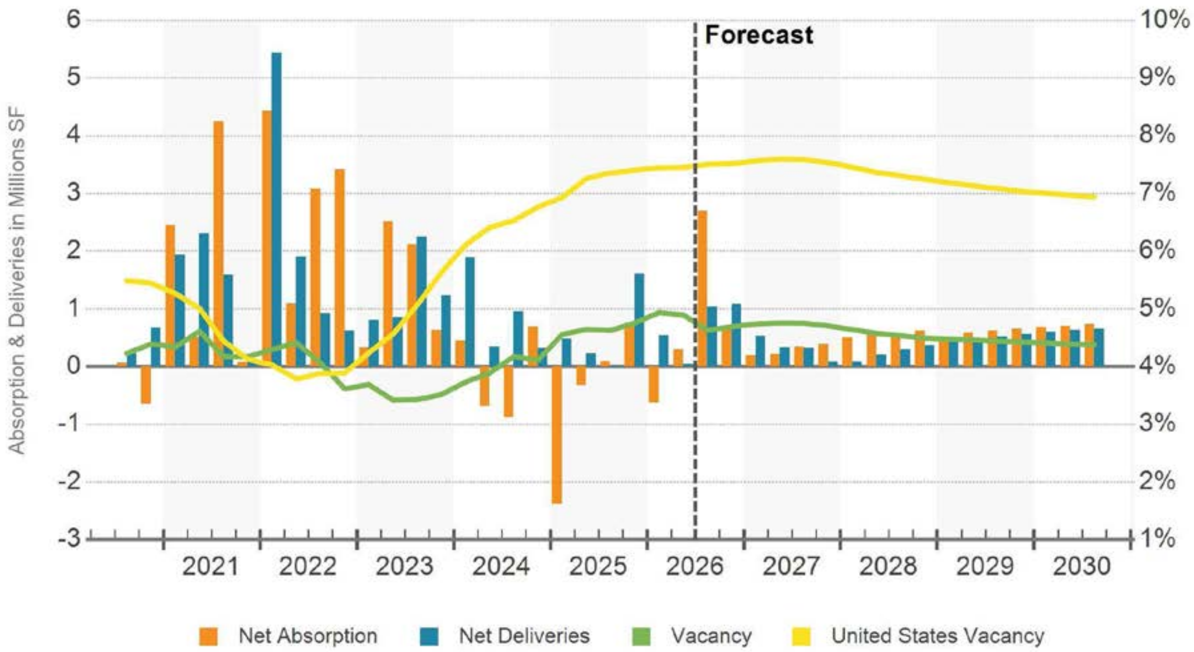
Address: 900 Auburn Ave, Pontiac
Buyer Rep: Levi Smith
Sale Price: $950,000

12,300 SF ACQUISITION
MANUFACTURING BUILDING

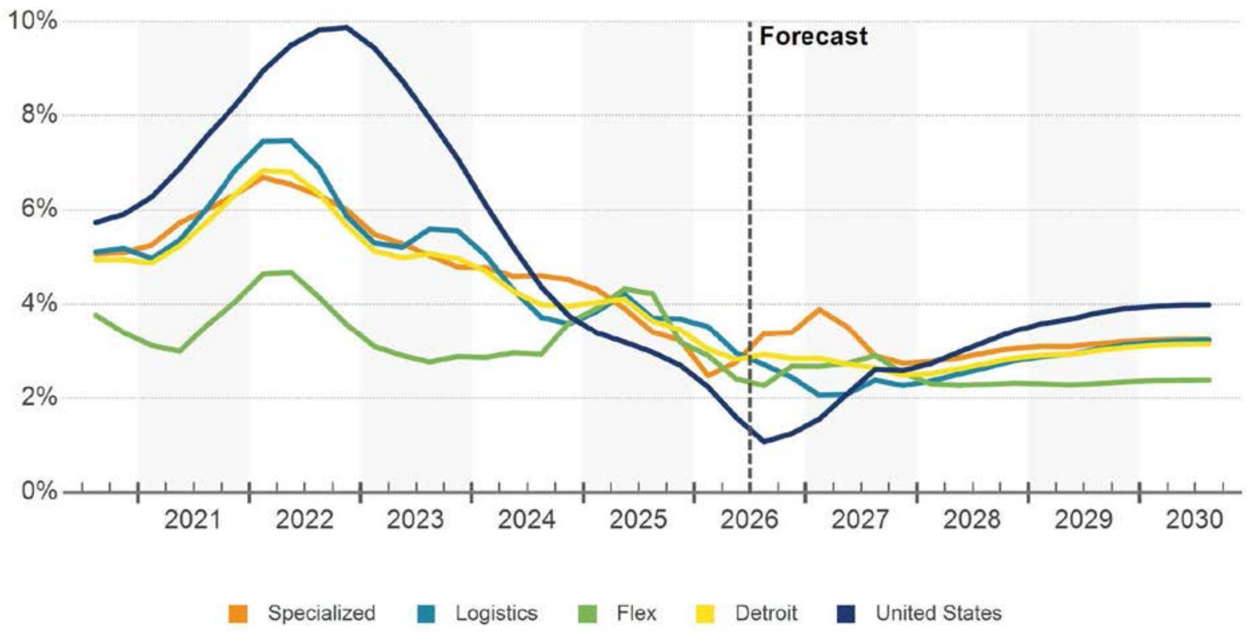
Address: 24351 Indoplex Cir, Farmington Hills
Buyer Rep: Kevin Bull
Sale Price: $1,250,000

For additional information or assistance with your commercial real estate needs, please contact your P.A. Commercial representative.

NET ABSORPTION, NET DELIVERIES & VACANCY

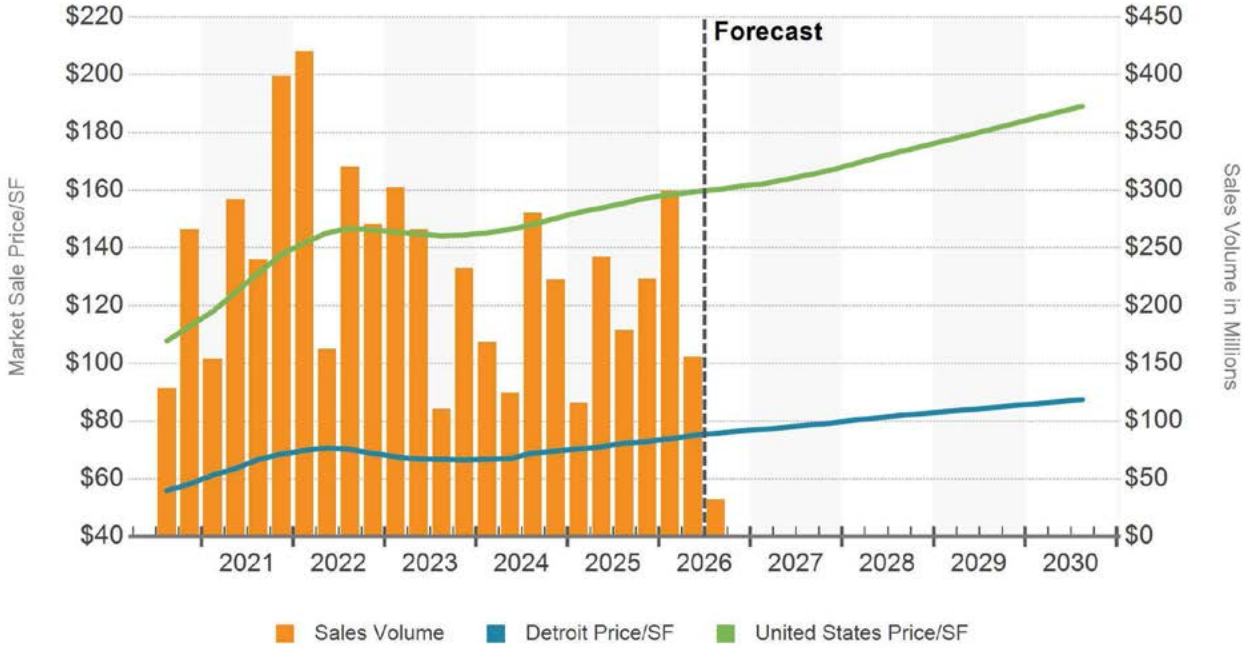


MARKET ASKING RENT GROWTH (YOY)

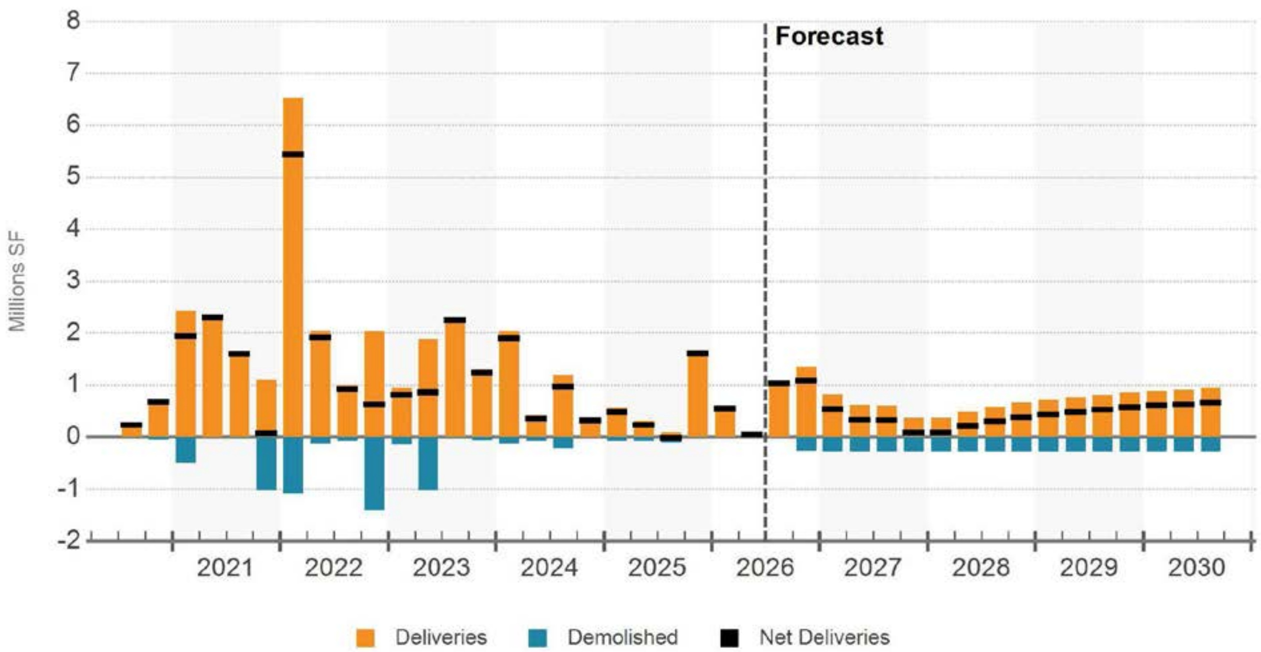


Market data and statistics contained in this report were obtained from CoStar and other sources believed to be reliable. P.A. Commercial makes no representation or warranty as to the accuracy or completeness of the information provided, and all information is subject to change. This report is intended for informational purposes only and should not be relied upon as a substitute for independent market, financial or investment analysis.

SALES VOLUME & MARKET SALE PRICE P/SF



DELIVERIES AND DEMOLITIONS



Q2 26 RETAIL MARKET

METRO DETROIT COMMERCIAL REAL ESTATE

P.A. COMMERCIAL

RETAIL MARKET REPORT
METRO DETROIT CRE

Q2 2026

VACANCY RATE	Q2 NET ABSORPTION	ASKING RENT (AVG)	SALE PRICE (AVG)	UNDER CONSTRUCTION
4.8%	**747K SF**	**$18.95/SF**	**$145/SF**	**839K SF**

Metro Detroit's retail market continues to strengthen as tenant demand outpaces new supply and vacancy trends lower. The market currently totals approximately 264 million SF, with vacancy at 4.8% and trailing 12-month net absorption reaching approximately 2.2 million SF. That level of absorption far exceeds recent historical averages and has been driven largely by the backfilling of existing anchor, big-box and second-generation spaces. With only limited new construction underway and average asking rents continuing to rise, market conditions remain supportive for well-positioned retail assets across the region.

LEASING

Retail leasing activity has accelerated significantly over the past year. Metro Detroit recorded approximately 2.2 million SF of net absorption, well above the market's five-year annual average of roughly 410,000 SF. At the same time, vacancy has declined to 4.8% and availability stands at 6.0%.

A major driver has been the reuse of existing retail space rather than new construction. Former anchors and big-box vacancies are attracting furniture retailers, discount operators, fitness concepts and entertainment-focused tenants, while well-located second-generation space remains especially desirable because it allows retailers to avoid the higher costs and longer timelines associated with ground-up development.

Recent transactions reinforce that trend. Large leases have included Meijer, Ross Dress for Less, TJ Maxx, Nordstrom Rack, VASA Fitness, Crunch Fitness, Aldi and Burlington, demonstrating continued expansion from value-oriented retailers, grocery users, fitness operators and experiential concepts, with particularly strong gains in Macomb East, the Central I-96 Corridor and Dearborn submarkets.

SALES

Investor demand for retail assets remains steady, supported by low vacancy and constrained new supply. Activity continues to center on single-tenant properties, neighborhood centers and smaller multi-tenant assets, with local and regional private investors representing the most active buyer pool.

Buyers remain focused on durable cash flow and predictable tenant demand. Grocery-anchored properties, discount retailers, fitness users and net-leased assets continue to attract interest, particularly where investors see stable occupancy, near-term rent growth or opportunities to improve a center's tenant mix. Pricing has remained relatively stable, trending in the low-$130 p/SF range, while cap rates have generally remained in the mid-8% range.

Recent transactions illustrate the type of assets attracting capital. Farmington Crossroads sold after reaching full occupancy with a tenant mix including Ollie's Bargain Outlet, True Value Hardware and Dollar Tree. Dix Toledo Shopping Center sold for $10.7 million while 94% occupied and anchored by TJ Maxx, Ross Dress for Less and Dollar Tree, trading at an 8.8% cap rate.

NOTABLE RETAIL LEASE TRANSACTIONS

61,752 SF
29905 7 Mile Rd, Livonia
Type: Free-Standing Retail
Tenant: Just Play

49,675 SF
West Oaks I & II Shopping Center, Novi
Type: Power Center
Tenant: Ross Dress for Less

NOTABLE RETAIL SALE TRANSACTIONS

68,148 SF (100% OCCUPIED)
Farmington Crossroads
Sale Date: 04/22/2026
Sale Price: $7,594,925

14,726 SF (OCCUPIED BY WALGREENS)
25700 Ford Rd, Dearborn Heights
Sale Date: 04/17/2026
Sale Price: $6,360,000

RETAIL MARKET REPORT
METRO DETROIT CRE

Q2 2026

CONSTRUCTION

New retail construction remains extremely restrained. Metro Detroit currently has only about 839,000 SF across 27 projects under construction, representing roughly 0.3% of existing inventory. Even more notable, approximately 86.6% of that pipeline is already preleased, indicating that development is largely tenant-driven rather than speculative. The largest project is the 500,000 SF Northland City Center redevelopment in Southfield, which represents a substantial portion of the entire regional pipeline. Other development is dispersed across Dearborn, downtown Detroit, Livingston County and select suburban growth corridors.

The broader trend is toward build-to-suit projects, redevelopment, adaptive reuse and smaller-format centers tied to growing residential areas. Over the past five years, Metro Detroit's retail inventory has increased by just 0.1%, compared with 1.1% nationally. That limited growth has helped existing properties capture demand and maintain pricing power.

RETAIL MARKET STATISTICS

Submarket Area	Inventory SF	Vacancy Rate	Availability Rate	Market Rent/SF	Market Sale Price/SF	12 Mo Net Absorp SF	SF Under Construction	Market Cap Rate
Birmingham	3,213,702	2.3%	4.3%	$32.27	$199	37,115	0	7.9%
CBD	1,055,565	3.4%	3.5%	$21.19	$132	12,769	70,000	8.6%
Central I-96 Corridor	6,767,624	10.0%	13.6%	$23.98	$132	55,510	54,675	10.9%
Dearborn	12,856,580	16.1%	4.5%	$21.73	$161	373,714	0	9.9%
Detroit E of Woodward	12,334,446	4.5%	6.1%	$15.19	$102	110,152	0	9.1%
Detroit W of Woodward	15,582,694	5.2%	5.8%	$14.20	$105	216,201	0	8.9%
Farmington/Farm Hills	5,320,952	7.4%	9.7%	$19.05	$139	248,722	0	8.3%
Flint	29,760,203	6.7%	9.4%	$12.61	$88	69,516	383,356	10.3%
Lakes Area	8,622,149	6.6%	10.3%	$15.58	$124	181,337	3,360	8.5%
Macomb East	27,048,784	5.4%	6.5%	$16.99	$130	381,133	17,925	8.7%
Macomb West	27,572,814	5.4%	5.7%	$18.66	$130	-138,036	15,012	8.6%
Rochester	2,840,653	10.8%	10.5%	$23.75	$122	-12,345	0	11.3%
Royal Oak	11,991,898	4.5%	5.9%	$19.59	$149	161,209	3,000	8.3%
Southern I-275 Corridor	28,406,645	5.5%	6.5%	$19.13	$131	-44,386	7,451	8.4%
Southfield	6,230,523	5.5%	5.7%	$21.45	$150	102,300	500,000	7.9%
St Clair & Lapeer Counties	25,104,001	4.1%	5.7%	$15.79	$111	267,253	46,923	8.9%
Troy North	1,203,643	2.0%	3.3%	$23.35	$169	21,301	0	8.2%
Troy South	7,725,878	2.0%	2.6%	$34.91	$152	131,119	0	8.2%
The Pointes/Harper Woods	2,159,117	3.9%	4.2%	$20.14	$142	-2,805	0	8.7%

P.A. COMMERCIAL // Q2 SELECT RETAIL TRANSACTIONS

9,140 SF LEASE
NEW CONSTRUCTION RETAIL CENTER

Address: 2180 Harper Ave, St Clair Shores
Tentant Reps: Phil Myers & John DeWald
Use: Youth Therapy Center

3,600 SF LEASE
IN-LINE RETAIL SPACE

Address: 22237 Greater Mack Ave, St Clair Shores
Landlord Rep: John DeWald & Phil Myers
Use: Athletic Training

8,209 SF LEASE
RETAIL/OFFICE SPACE

Address: 584 W Ann Arbor Trl, Plymouth
Landlord Reps: Mike Gunn & Matt Schiffman
Use: Autism Therapy

4,840 SF LEASE
FREE-STANDING RETAIL BUILDING

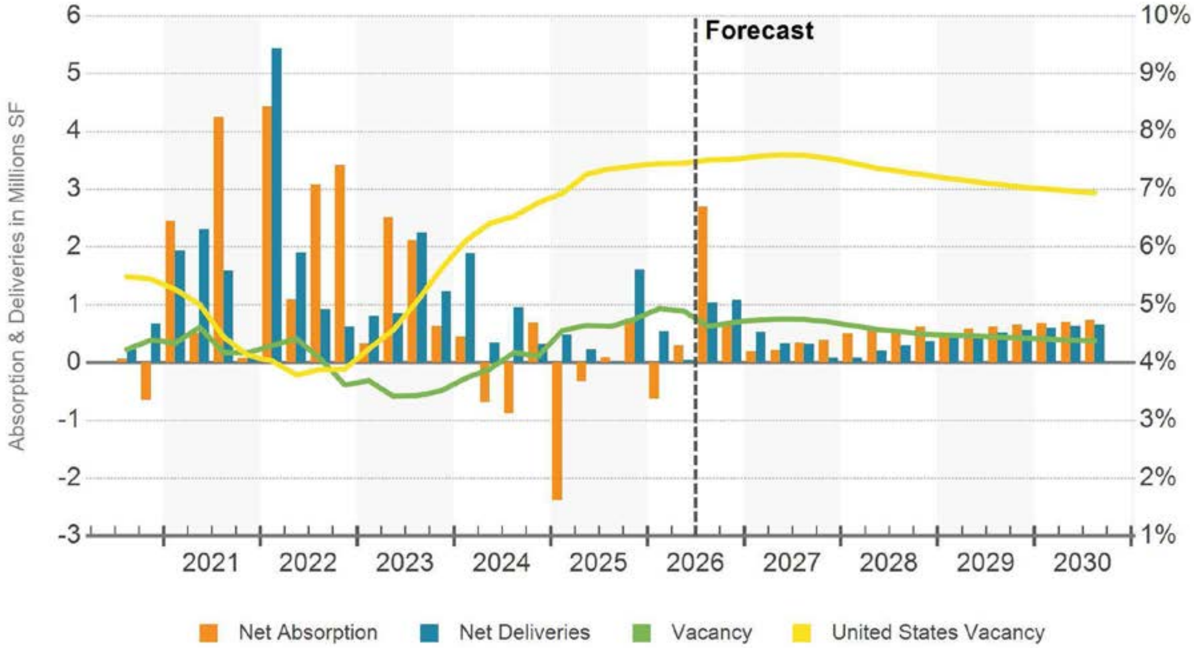
Address: 28333 Grand River Ave, Farmington Hills
Landlord Rep: Dan Blugerman
Use: Auto Sales

For additional information or assistance with your commercial real estate needs, please contact your P.A. Commercial representative.

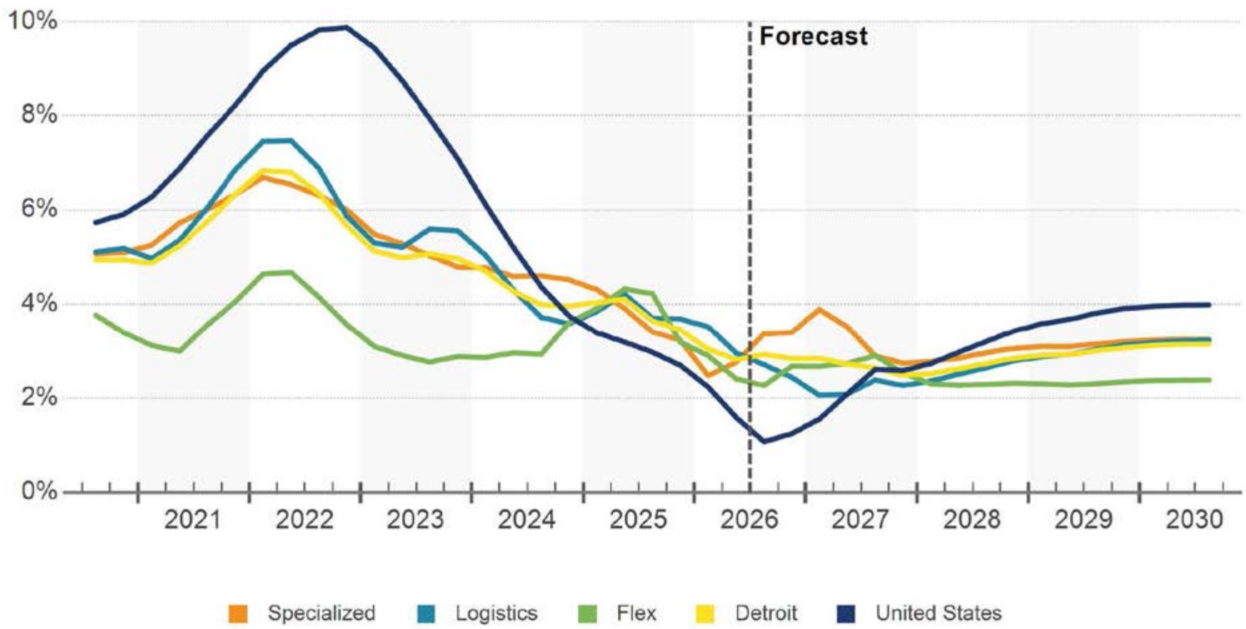
RETAIL MARKET REPORT
METRO DETROIT CRE

Q2 2026

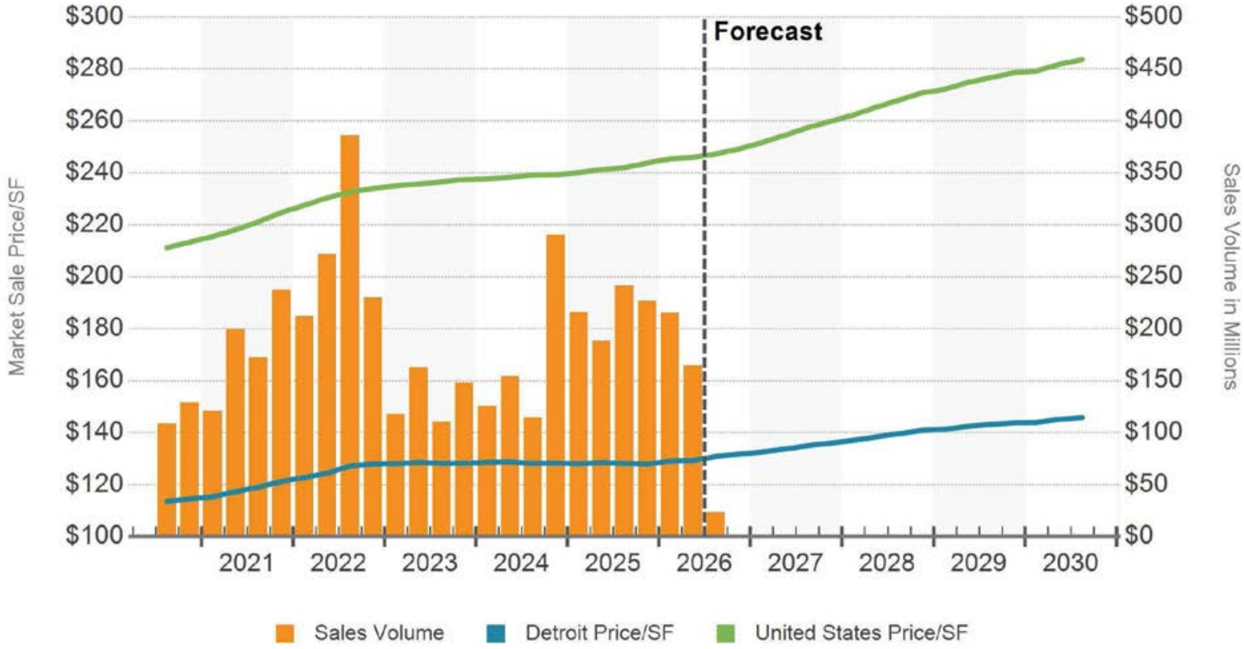
NET ABSORPTION, NET DELIVERIES & VACANCY



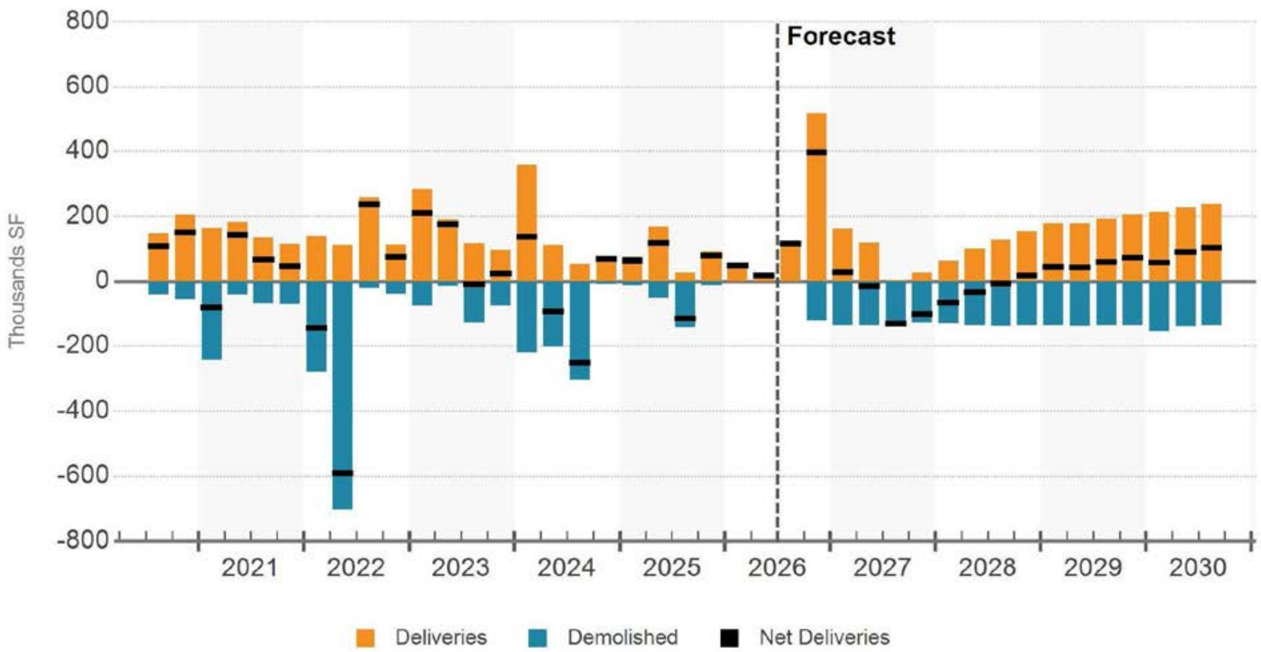
MARKET ASKING RENT GROWTH (YOY)



SALES VOLUME & MARKET SALE PRICE P/SF



DELIVERIES AND DEMOLITIONS



P.A. COMMERCIAL
Corporate & Investment Real Estate

26555 Evergreen Road, Suite 1500
Southfield, MI 48076

248.358.0100
pacommercial.com