

FIGURES | DETROIT INDUSTRIAL | Q2 2026

Construction Volume Up 60% Year-Over-Year with Four Speculative Development Starts

▲ 3.6%

Vacancy Rate

▼ (674,544)

SF Net Absorption

▼ 0

SF Construction Delivered

▲ 2.8M

SF Under Construction

▲ \$7.94

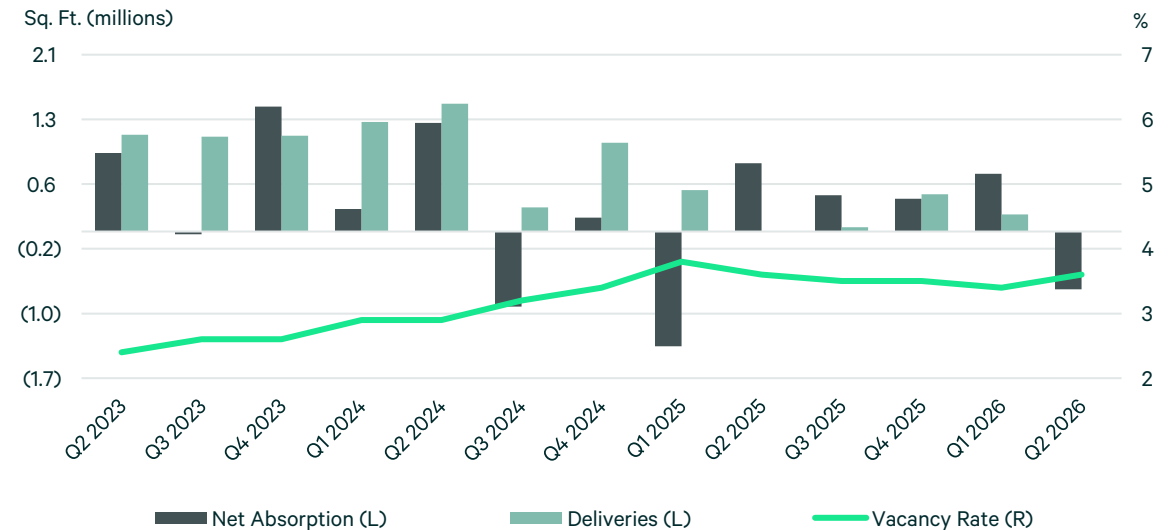
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

- Net absorption in the Detroit market totaled negative (674,544) sq. ft. in Q2. A substantial decrease from the positive absorption figure in Q1 and down 185% year-over-year. This quarter ends the four-quarter stretch of positive absorption in the Detroit Industrial market.
- In Q2 2026, the market had 2.8 million sq. ft. under construction across 10 active projects, an increase of 59.7% in total volume year-over-year. Of the 7 active speculative projects, 4 were started this quarter.
- The Industrial market had vacancy rate of 3.6%, up 20 bps from the previous quarter and unchanged from the year-over-year rate in Q2 of 2025. This is also the first quarter of increasing vacancy since Q1 of 2025, predominantly due to the significant amount of large tenant move-outs.
- The market's average asking rent was \$7.94, up 1.2% quarter-over-quarter from \$7.85 in Q1 2026 and 0.8% year-over-year from \$7.88 in Q2 2025. Q2 marks the first quarter that the average asking rent has eclipsed the previous market peak of \$7.88 in Q2 of 2025.
- There was a total 1.3 million sq. ft. of leasing activity transacted, inclusive of all sizes. The leasing volume this quarter is a 59.8% decrease from Q1 and a 12.1% decrease year-over-year.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Availability and Vacancy Rate

The Detroit Industrial market reported an availability rate of 4.5%, down 10 bps from 4.6% in Q1 2026. On a year-over-year basis, availability declined from 5% by 50 bps. Over the last three years, availability rose from 3.6% in Q2 2023 to the current rate of 4.5%.

The Detroit Industrial market had vacancy rate of 3.6%, up 20 bps from the previous quarter and unchanged from the year-over-year rate in Q2 of 2025. This is also the first quarter of increasing vacancy since Q1 2025, predominantly due to the significant amount of large tenant move-outs. Buildings that are 250,000 sq. ft. – 499,999 sq. ft. posted the highest vacancy rate at 6.7% for the quarter. While the lowest vacancy rate came from buildings 750,000 sq. ft. and above at 2.1% in Q2 2026.

The Washtenaw submarket recorded the lowest vacancy rate in the Detroit market at 2.3%, followed by Macomb at 2.4%. Southeast Oakland and Detroit posted the highest vacancy rates, at 8.1% and 5.5%, respectively.

Sublease space remained stabled in Q2 2026, with the market-wide sublease availability rate at 0.4%, down 10 bps from 0.5% in Q1 2026. In total, there was 1.8 million sq. ft. of sublease space available across the metro in Q2.

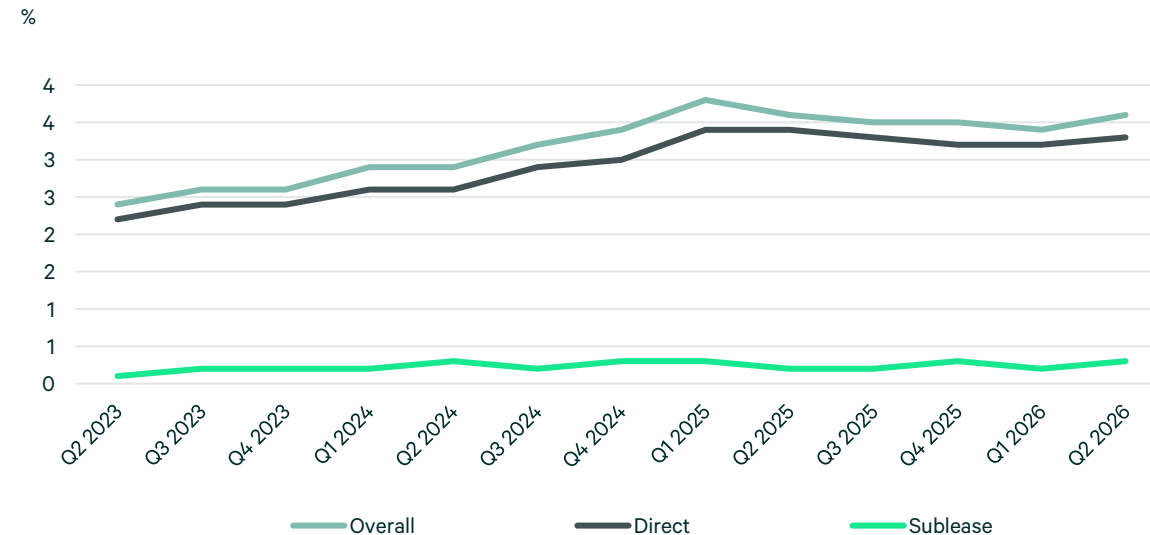
Asking Rent

In Q2 2026, the market’s average asking rent was \$7.94, up 1.2% quarter-over-quarter from \$7.85 in Q1 2026 and 0.8% year-over-year from \$7.88 in Q2 2025. Q2 marks the first quarter that the average asking rent has eclipsed the previous market peak of \$7.88 in Q2 of 2025. Since the start of 2024, average asking rents have grown by 8.9%

At the submarket level, the Northwest Suburbs maintained the highest average rate at \$9.87 in Q2. This rate is a 1.2% decrease from the previous quarter. The submarket with the second highest rent was the I-75 Corridor, averaging \$8.57 across all product types. The Western Wayne submarket saw the highest rent growth in Q2, increasing by 4.5% to \$7.92. The Washtenaw submarket experienced the largest measure of rent depreciation, decreasing by 8% to \$7.40 in Q2.

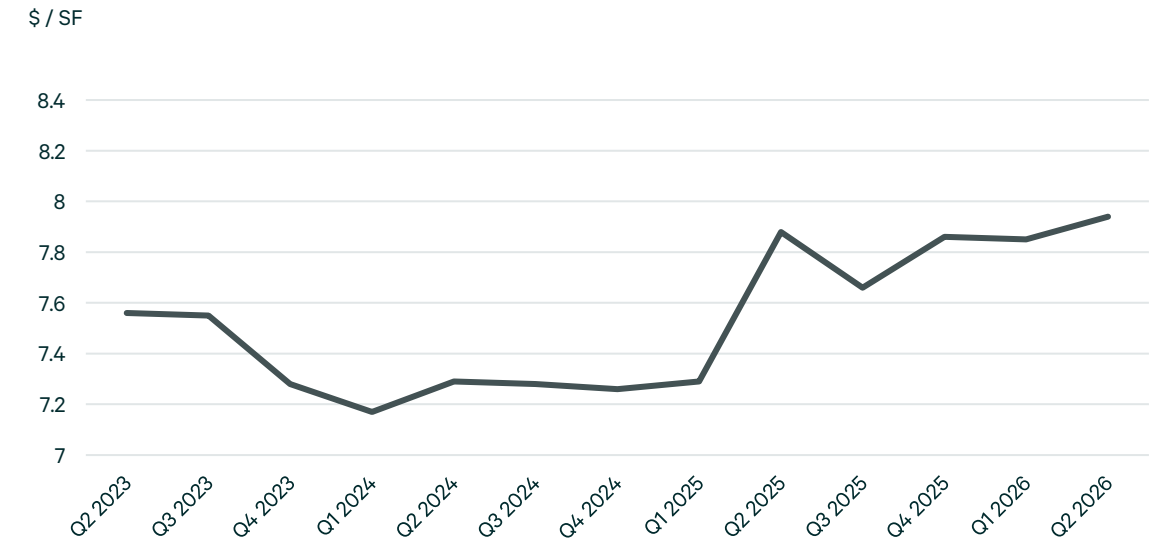
By product type, the R&D/Flex average rate declined by 3.9%, reaching \$11.20 in Q2. The Manufacturing product average rate slightly increased from the previous quarter, settling at \$8.16 at the end of the half. Similarly, Distribution/Logistics product saw an increase of 2.4% over Q2, reaching an average rate of \$7.14.

Figure 2: Vacancy Rate



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

Net Absorption

Net absorption in the Detroit market totaled negative (674,544) sq. ft. in Q2. A substantial decrease from the positive absorption figure in Q1 and down 185% year-over-year. This quarter brings the year-to-date absorption figure to negative (3,000) sq. ft. and ends the four-quarter stretch of positive absorption in the Detroit Industrial market. Cumulative net absorption since the start of 2025 currently totals 268,000 sq. ft.

Large vacancies played a significant role in shaping the net absorption performance of the quarter. The Western Wayne submarket held the most positive absorption at 182,000 sq. ft., followed by 53,000 sq. ft. in the Macomb submarket. All remaining submarkets experienced negative absorption, with the most pronounced negative performances in Washtenaw, Northwest Suburbs, and Southeast Oakland which posted negative (284,000), (223,000), and (206,000) sq. ft., respectively. The large vacancies driving this activity included but not limited to Piston Automotive and Truck Hero in the Downriver submarket, Virginia Tile in the Western Wayne submarket, and Thetford in Washtenaw, among others.

By building size, buildings that are 750,000 sq. ft. or larger posted the largest amount of negative absorption at (290,000) sq. ft. Following that range were buildings between 50,000 - 99,999 sq. ft. with a negative absorption figure of (288,000) sq. ft.

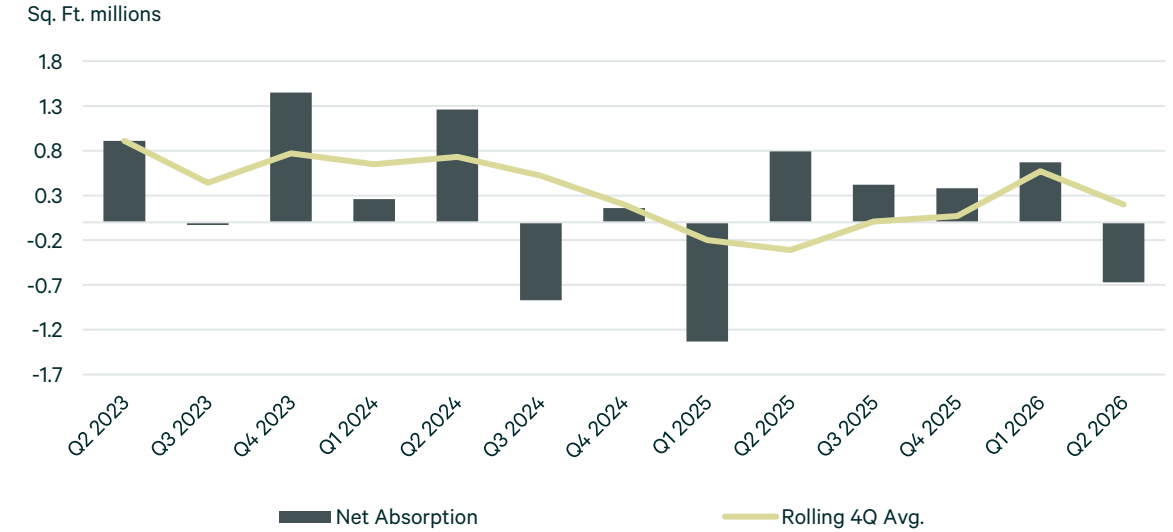
Construction Activity

In Q2 2026, the market had 2.8 million sq. ft. under construction across 10 active projects. Under-construction volume rose 68.7% quarter-over-quarter and is up 59.7% higher year-over-year, while deliveries stalled in Q2. The current construction volume consists of 3 larger build-to-suit projects, totaling 1.2 million sq. ft., while the remaining volume is comprised of 7 speculative developments combining for a total of 1.5 million sq. ft. Only one of the 7 speculative projects is fully leased.

Of the 7 speculative projects, 4 were started this quarter. These being the Romulus Trade Center Building #6, the Pinnacle Industrial Center, Schoenherr North 1, and Ashley Capital Crossroads #8. These buildings are 283,000, 550,000, 87,000, and 206,000 sq. ft., respectively. All four of these projects are set to deliver during or before Q4 2026.

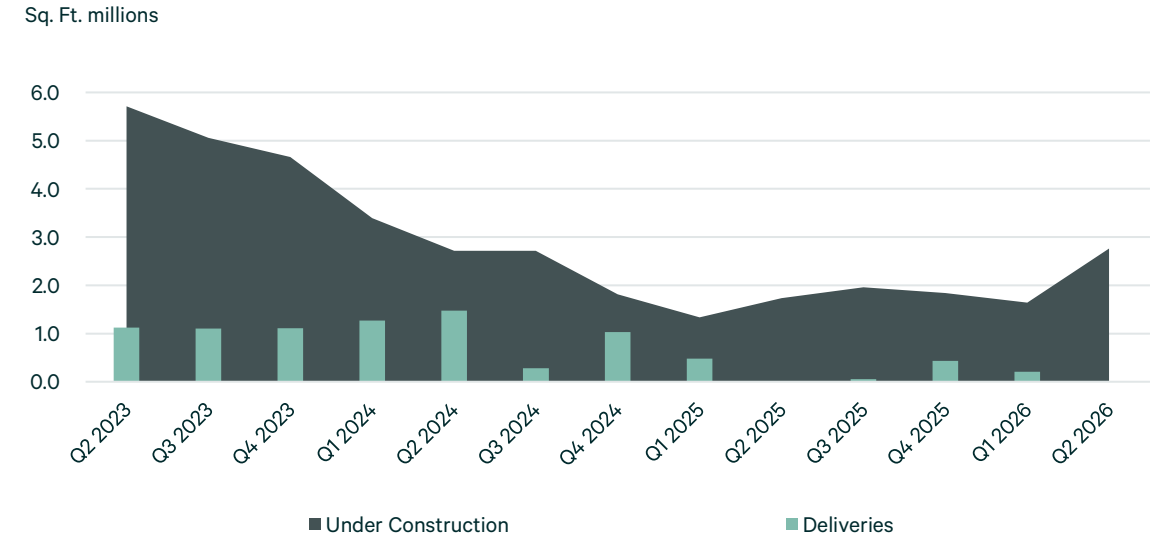
The Downriver submarket is responsible for the most significant portion of construction volume at 1.4 million sq. ft. across 4 speculative projects, 3 of which started in Q2 2026. The I-75 Corridor submarket follows closely behind at 1.0 million sq. ft. across two projects. These projects being the General Motors facility at 3777 Lapeer road and Acoufelt in Lake Orion, both set to deliver by the end of the year.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

Leasing Activity

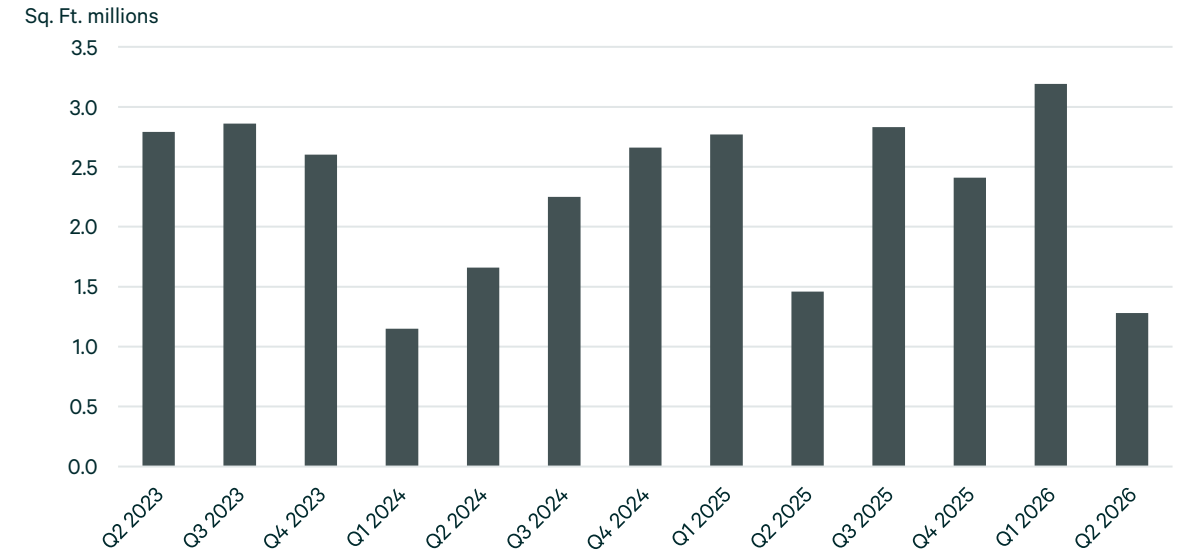
In the Detroit Industrial market there was 1.3 million sq. ft. of leasing activity transacted, inclusive of all sizes. The leasing volume this quarter is a 59.8% decrease from Q1 and a 12.1% decrease year-over-year. This activity brings the year-to-date total to 4.5 million sq. ft., representing a 5.8% increase from the amount transacted in the first half of 2025.

Of total leasing activity, leases that were less than 50,000 sq. ft. made up 55.4% of leasing volume. The average area leased in Q2 was 29,092 sq. ft. and the average term was 63.1 months.

Western Wayne and Downriver had the largest amount of leasing activity this quarter, followed behind Macomb. These submarkets posted 479,000 sq. ft., 284,000 sq. ft., and 241,000 sq. ft., respectively. Other submarkets that had positive but modest leasing activity include Detroit (145,000 sq. ft.), Washtenaw (46,000 sq. ft.), and the I-75 corridor submarket (43,000 sq. ft.).

The largest lease of the quarter was Seel’s 93,000 sq. ft. renewal in Detroit. BGM Engineering’s lease on new construction at Schoenherr North One in Macomb was the second largest deal, followed by the Cox Enterprises 76,000 sq. ft. renewal in the Downriver submarket.

Figure 6: Leasing Activity Trend



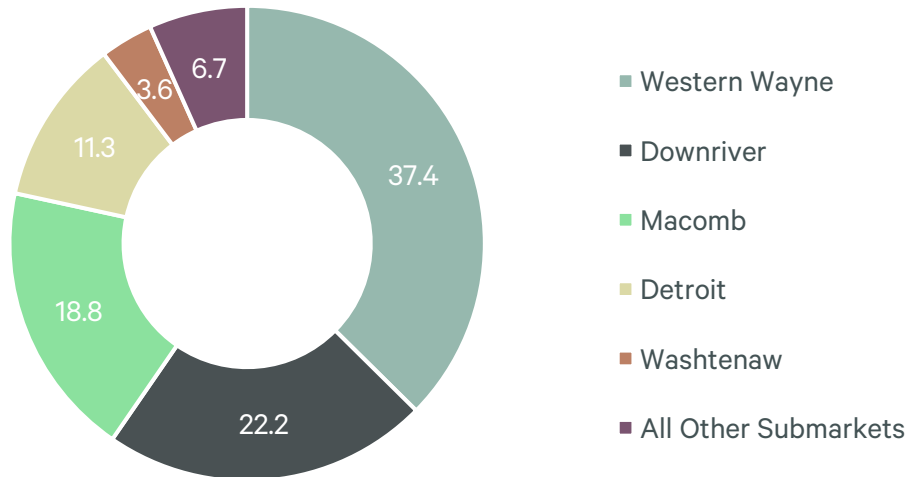
Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Seel	93,000	Renewal	1400 Howard St	Detroit
BGM Engineering	87,000	New Lease	Schoenherr & W Star Rd	Macomb
Cox Enterprises	76,000	Renewal	39635 S Interstate 94 Service Dr	Downriver
Rhino Tools	52,000	New Lease	28101 Schoolcraft Rd	Western Wayne
MJ Equipment Sales	50,000	New Lease	19197 Sherwood St	Detroit
Iron Mountain	48,350	New Lease	7755 – 7763 Haggerty Rd	Western Wayne
E&R Industrial Sales	46,088	New Lease	51360 Danview Technology Ct	Macomb
Nefco	45,804	New Lease	33370 Trade Center Dr	Downriver

Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	175.22M	4.3	5.6	5.0	0.6	7.14	(457,000)	85,000	-	1.68M
Manufacturing - General	205.07M	2.9	3.5	3.4	0.1	8.16	(114,000)	(143,000)	-	1.09M
R&D/Flex	41.46M	3.3	5.1	4.2	0.9	11.20	(46,000)	121,000	-	-
Other Industrial	10.27M	4.9	3.7	3.0	0.7	5.09	(59,000)	(66,000)	-	-
Total	432.02M	3.6	4.5	4.1	0.4	7.94	(675,000)	(3,000)	-	2.76M

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	67.35M	2.8	3.8	3.3	0.4	8.77	(167,000)	(326,000)	-	77,000
50K-99,999 SF	85.31M	3.4	4.2	3.7	0.5	8.02	(288,000)	(84,000)	-	87,000
100K-249,999 SF	98.33M	3.3	4.8	4.0	0.8	7.64	37,000	(23,000)	-	454,000
250K-499,999 SF	60.47M	6.7	7.6	7.5	0.2	6.45	34,000	700,000	-	880,000
500K-749,999 SF	31.02M	4.6	7.0	7.0	-	7.14	-	(80,000)	-	1.26M
750,000 SF +	89.53M	2.1	2.1	1.8	0.3	12.61	(290,000)	(189,000)	-	-
Total	432.02M	3.6	4.5	4.1	0.4	7.94	(675,000)	(3,000)	-	2.76M

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	66.70M	3.0	4.1	3.5	0.6	8.51	(348,000)	(121,000)	-	2.35M
All Other Industrial	365.32M	3.7	4.6	4.2	0.4	7.85	(326,000)	118,000	-	413,000
Total	432.02M	3.6	4.5	4.1	0.4	7.94	(675,000)	(3,000)	-	2.76M

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Detroit	75.47M	5.5	6.6	6.4	0.2	8.10	(90,000)	(413,000)	-	-
Downriver	66.24M	2.7	3.9	3.7	0.2	6.97	(78,000)	424,000	-	1.35M
I-75 Corridor	63.00M	2.7	3.7	3.0	0.6	8.57	(30,000)	214,000	-	1.00M
Macomb	82.62M	2.4	2.7	2.5	0.3	7.12	54,000	56,000	-	376,000
Northwest Suburbs	40.33M	5.0	6.0	5.2	0.8	9.87	(223,000)	(317,000)	-	-
Southeast Oakland	9.96M	8.1	12.8	10.7	2.0	7.57	(206,000)	(242,000)	-	-
Washtenaw	19.10M	2.3	3.2	2.4	0.8	7.40	(284,000)	(82,000)	-	-
Western Wayne	75.31M	3.2	4.1	3.7	0.3	7.92	182,000	357,000	-	37,000
Total	432.02M	3.6	4.5	4.1	0.4	7.94	(675,000)	(3,000)	-	2.76M

Source: CBRE Research, Q2 2026

National Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

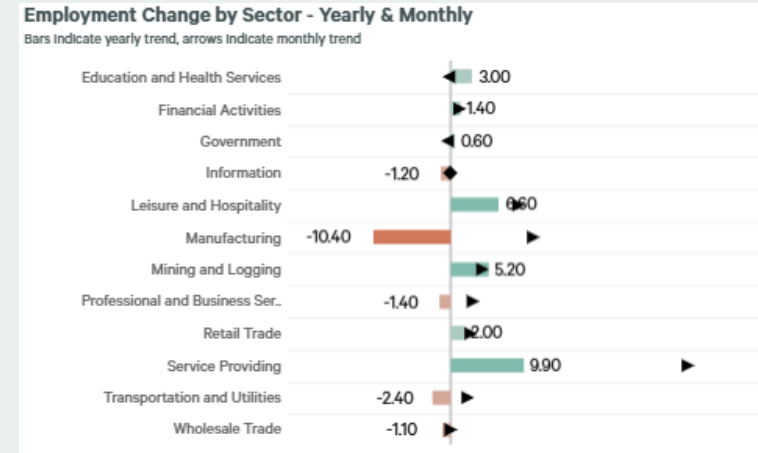
The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

Detroit Employment Update

- ▲ 5.5% Unemployment Rate
- ▲ 2.2M Labor Force
- ▲ 533.2k Office Using Jobs
- ▲ 607.7k Industrial Using Jobs
- ▲ 281.0k Retail Using Jobs

Employment Change by Sector – Yearly + Monthly

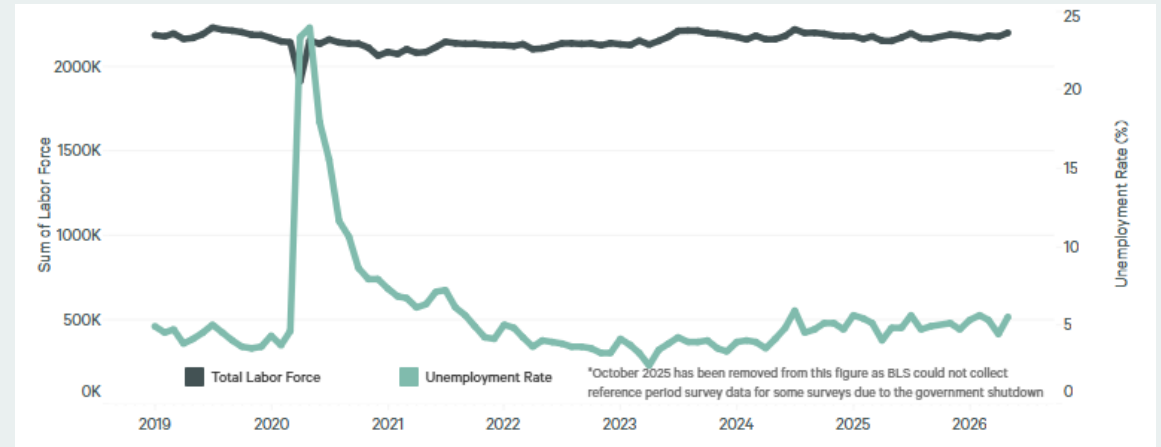
Bars indicate yearly trend, arrows indicate monthly trend



Note: Arrows indicate month-over-month change.

Source: US BLS, May 2026

Detroit Unemployment Rate and Labor Force Trends



Source: US BLS, May 2026



Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. **Availability Rate:** Total Available Sq. Ft. divided by the total building Area. **Average Asking Lease Rate:** A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. **Building Area:** The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. **Gross Activity:** All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. **Gross Lease Rate:** Rent typically includes real property taxes, building insurance, and major maintenance. **Net Absorption:** The change in Occupied Sq. Ft. from one period to the next. **Net Lease Rate:** Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. **Occupied Sq. Ft.:** Building Area not considered vacant. **Vacancy Rate:** Total Vacant Sq. Ft. divided by the total Building Area. **Vacant Sq. Ft.:** Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

Survey Criteria

CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 30,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each market’s most competitive buildings. Historical stats have been revised to reflect current industrial thresholds. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market. In Q1, an audit of the existing inventory led to the removal of obsolete or demolished buildings, reducing the inventory by 4 million sq. ft.

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