

FIGURES | DETROIT INDUSTRIAL | Q4 2025

# Resilience in absorption and vacancy, despite reduced construction and leasing volume

▼ 3.4%  
Vacancy Rate

▲ 849,191  
SF Net Absorption

▲ 431,492  
SF Construction Delivered

▼ 1.8M  
SF Under Construction

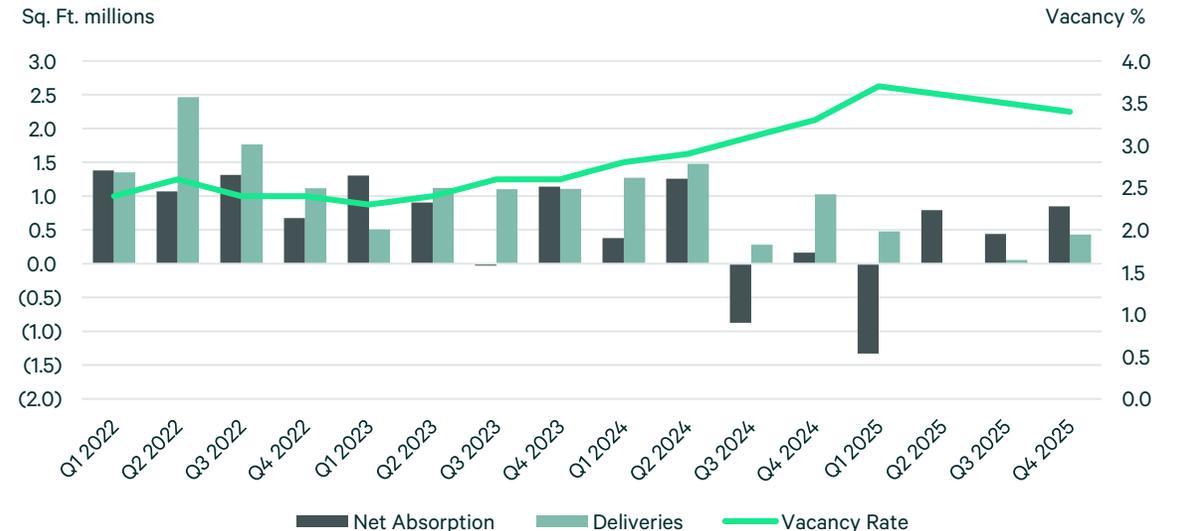
▲ \$7.85  
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

## SUMMARY

- The Detroit market posted an absorption of 848,191 sq. ft. in Q4. This figure is a 2.2% increase from the 5-year average of 831k sq. ft. of absorption per quarter. The year-to-date total absorption is 756,916 sq. ft.
- The construction pipeline has slightly decreased in Q4 with a total of 1.8M sq. ft. in new developments underway. The year-over-year delivery volume decreased by 58%, with around 900k sq. ft. expected to be delivered in Q1 26.
- The market vacancy rate was 3.4%, down 10 bps from the previous quarter and the third consecutive quarter of decline. Down 30 bps from the market 5-year peak of 3.7% in Q1 25.
- Leasing activity slowed in Q4 with 1.6M transacted, inclusive of all sizes. Transaction volume on deals greater than 50,000 sq. ft. had a 43.1% decline from the previous quarter and a 39% decline year-over-year.
- There were 2 leases larger than 300,000 sq. ft. and 2 leases between 100,000 and 200,000 sq. ft. Those 4 leases contributed 51% of the Q4 total leasing volume.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

## Net Absorption

There was positive 849,191 sq. ft. absorbed in Q4, an increase from positive 442,714 sq. ft. absorbed in the previous quarter. This figure is a 424.8% increase year-over-year. It is also a 2.6% increase from the 5-year average of 827k sq. ft. of absorption per quarter.

The year-to-date absorption value is positive 756,916 sq. ft. after the activity this quarter. That figure is the lowest annual absorption since 2020. Distribution/Logistics led the market with 910k sq. ft. absorbed. Light manufacturing posted positive 55k sq. ft. in absorption. Cold Storage and R&D/Flex were both negative this quarter, posting (41k) and (76k), respectively.

The Detroit, Downriver, I-75 Corridor, and Northwest Suburbs all absorbed over 100k sq. ft., combining for 1.3M sq. ft. in positive absorption. In contrast, Western Wayne recorded (440k) in negative absorption followed by Macomb with negative (85k) sq. ft. in Q4.

Buildings completed since 2023 contributed 751k sq. ft. of net absorption in Q4 and 2.5M sq. ft. year-to-date. By size category, buildings between 300,000 and 500,000 sq. ft. led absorption with 832k sq. ft., followed by buildings between 100,000 and 200,000 sq. ft., which absorbed 384k sq. ft. This trend highlights strong demand for larger spaces.

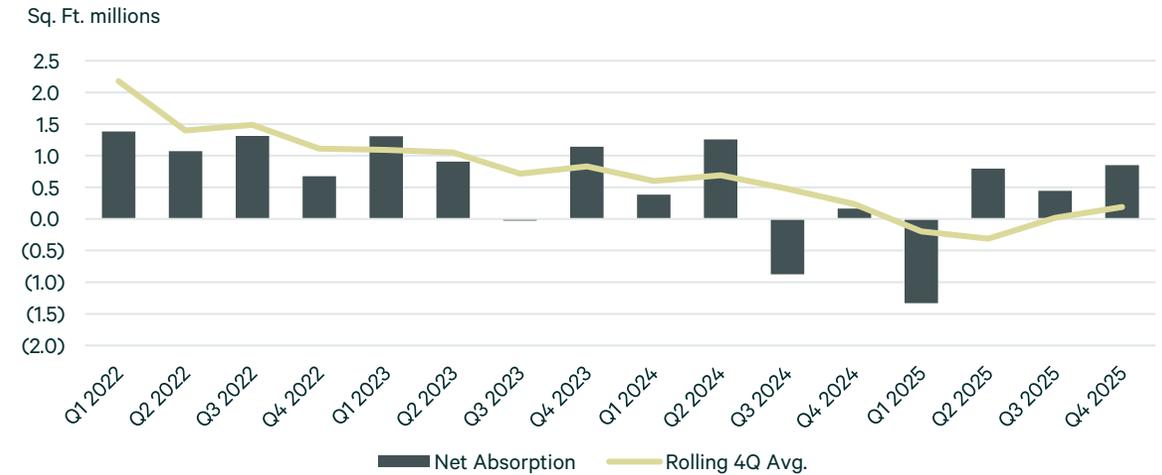
## Construction Activity

In Q4 there were 9 projects underway, totaling 1.8M sq. ft. Under construction activity decelerated quarter-over-quarter by 14.2%, and increased year-over-year by 1.6%. In Q4 there were 4 speculative projects underway for a total of 198k sq. ft. There also were 5 build-to-suit projects underway for the remaining 1.6M sq. ft.

There was a total of 431k sq. ft. across two projects delivered this quarter. One of them was the ZF North America Expansion in Washington, an 82k sq. ft. build-to-suit project. The other was the Romulus Trade Center Building 5, a 349k speculative project in the Downriver submarket. The delivery volume total is 58% less in Q4 year-over-year.

Of the 9 projects currently underway, Romulus Trade Center Building 4 was the only one to start construction in Q4, following the completion of Building 5. Building 4 will span 312k sq. ft.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q4 2025

FIGURE 5: Construction Activity



Source: CBRE Research, Q4 2025

## Availability and Vacancy Rates

In Q4 2025 the Detroit Industrial market reported a total availability rate of 4.9%, up 20 bps quarter-over-quarter and up 20 bps year-over-year. Direct availability remained consistent at 4.1% in Q4. Sublease availability rate increased 20 bps in Q4 reaching 0.8%.

Detroit Industrial recorded a Q4 vacancy rate of 3.4%, down 10 bps from the previous quarter and 30 bps from the 5-year market peak of 3.7%. Vacancy has consistently been dropping in small increments since the start of the year. Washtenaw has the lowest vacancy out of all submarkets, at 1.8%. Southeast Oakland has the highest vacancy rate at 5.2%, with Detroit coming in second at 4.9%.

Buildings constructed between 2020 and 2022 experienced a 250 bps decrease in vacancy, dropping from 2.7% to 0.2%, underscoring the value of quality assets in the Detroit market. Similarly, properties delivered since 2023 recorded a notable improvement, ending Q4 with a vacancy rate of 6.1%, a decline of 410 bps. In contrast, buildings built prior to 2000 saw no change, remaining at 3.6% vacant in Q4.

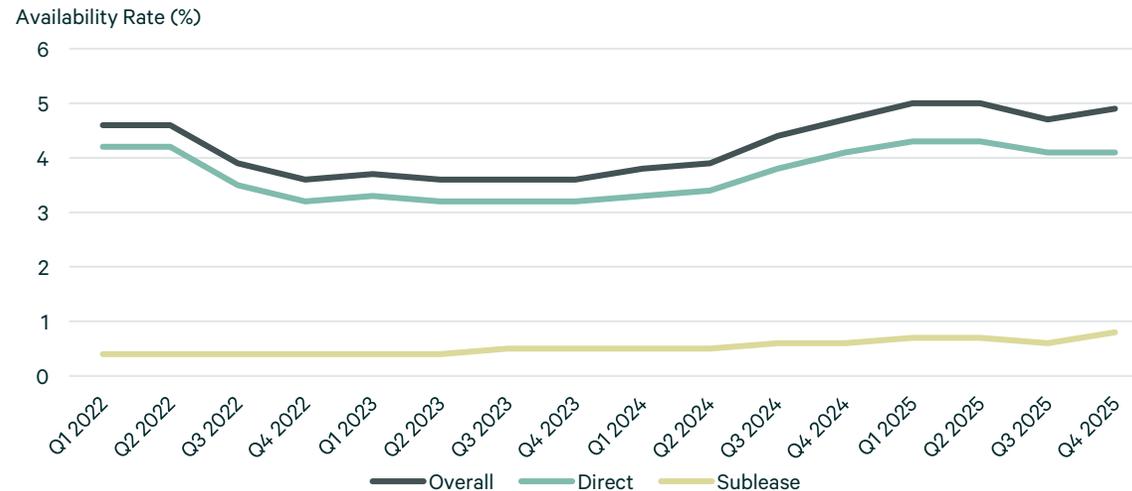
## Asking Rent

Demand for Industrial space in the Detroit market ticked up in Q4. Average asking rates rose 2.3% quarter-over-quarter, settling at \$7.85, a 7.8% increase year-over-year. This rate is down \$0.03 from the 5-year market peak of \$7.88 in Q2 2025.

By product type, R&D/Flex has the highest rate and rose again to \$11.77 in Q4. This rate is 0.8% lower than the Q1 peak of \$11.87. Manufacturing held a stagnant rate of \$8.13. Higher than the previous quarter by \$0.02. Distribution/Logistics pricing recovered from the Q3 low, reaching \$6.98 in Q4.

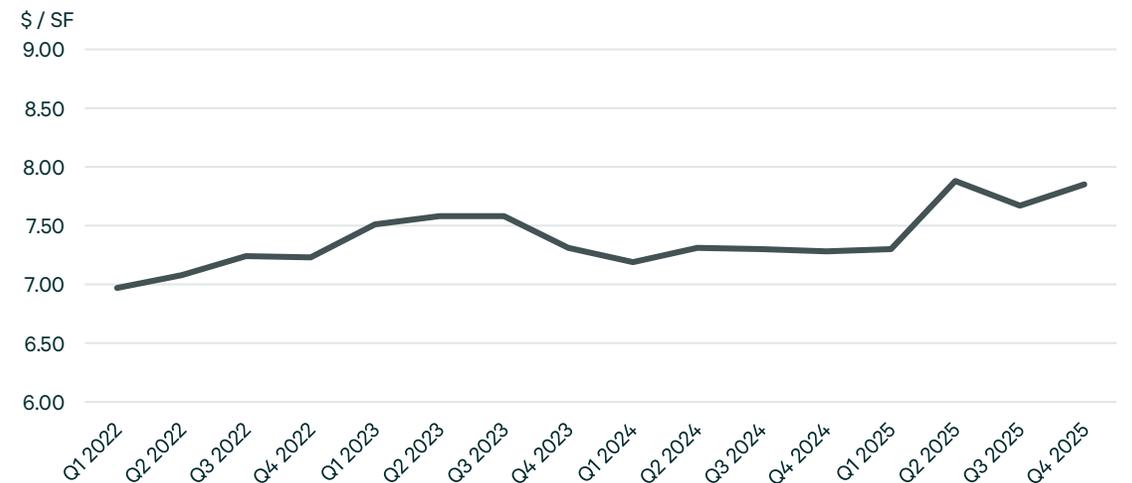
In Q4, the Northwest Suburbs maintained the highest average rents at \$10.22, this represented a slight decline of \$0.07 from the previous quarter. The Downriver submarket recorded the strongest rent growth, rising 10.2% to \$7.01. Macomb also posted notable gains, increasing 2.2% to \$7.94. The I-75 Corridor was the only other submarket to experience a decrease, slipping \$0.02 to \$8.15 in Q4.

FIGURE 2: Availability Rates



Source: CBRE Research, Q4 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



Source: CBRE Research, Q4 2025

## Leasing Activity

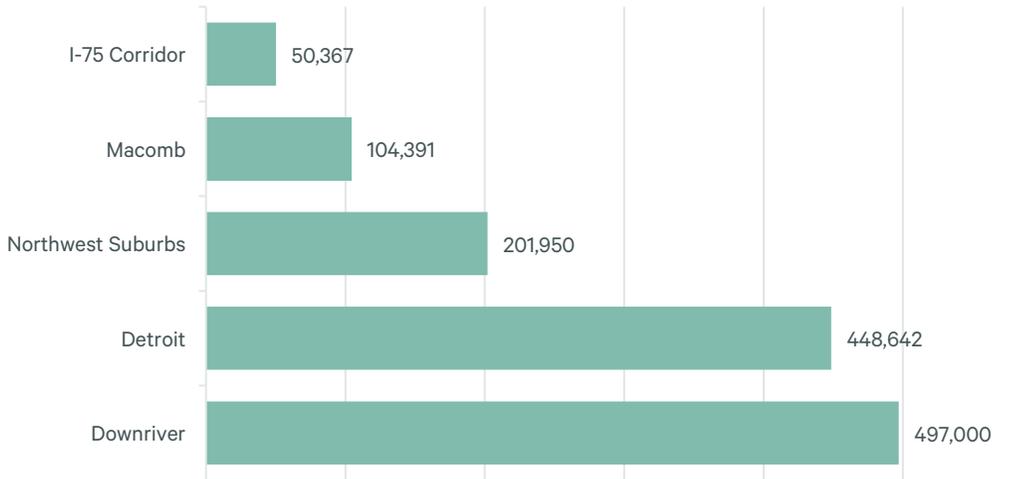
In Q4, total leasing activity amounted to 1.6M sq. ft. across all sizes. New leases represented 88.5% of all leasing activity during this period. Leases of 50k sq. ft. and above comprised 1.3M sq. ft., indicating a substantial decline of 43.1% quarter-over-quarter and 39% year-over-year.

Breaking down transactions by size, leases of 300k sq. ft. or larger accounted for 49.2% of the total volume, while those under 50k sq. ft. made up 19.8%. Notably, four significant leases, two exceeding 300k sq. ft. and two ranging from 100k to 200k sq. ft., collectively contributed 64.8% to the total Q4 leasing volume.

Both the Downriver and Detroit submarkets demonstrated strong performance, each recording over 400k sq. ft. in leasing activity. The most prominent transactions included DQS’s sublease at 13901 Joy Road and DTE’s lease at Romulus Distribution Center 5, the latter being a newly constructed facility delivered in Q4.

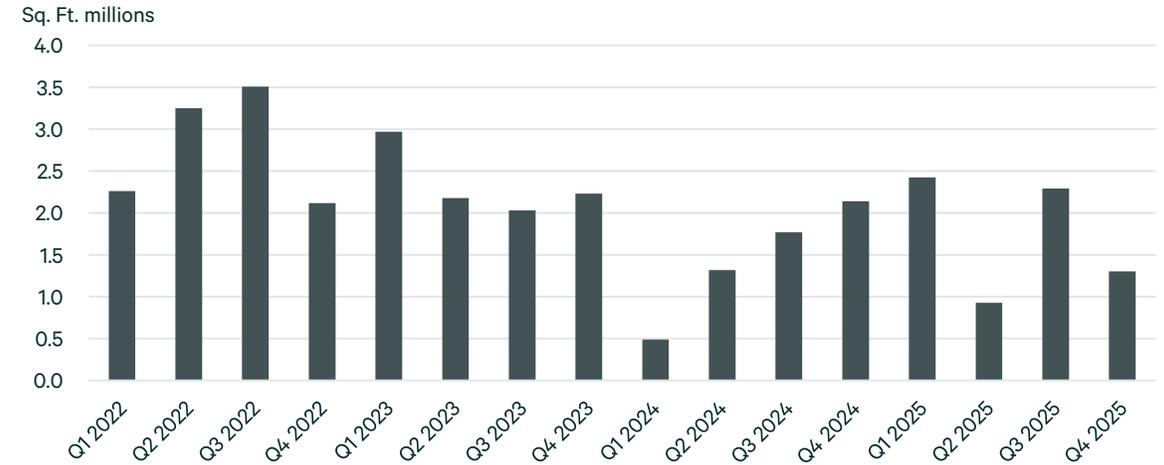
The year-to-date leasing volume totaled 8.7M after this quarter. This is a 15.2% decrease from the average leasing volume of the past three years.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 6: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
DQS	448,642	New Lease	13901 Joy Rd	Detroit
DTE Electric	349,492	New Lease	00 Wick Rd	Downriver
Export Corp.	150,000	New Lease	54363 Grand River Ave	Northwest Suburbs
Logos Logistics	104,391	New Lease	23500 Mound Rd	Macomb
Seven-Eleven	70,000	New Lease	27651 Hildebrandt St	Downriver
Propak Solutions	51,950	New Lease	10850 Hall Rd	Northwest Suburbs
GM Warranty Parts Center	50,367	Renewal	45 Northpointe Dr	I-75 Corridor

Source: CBRE Research, Q4 2025

## Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	155,413,457	2.7	4.0	3.5	0.6	8.06	(44,951)	(631,872)	82,000	281,816
100,000-199,999 sq. ft.	81,206,199	2.6	4.0	3.4	0.6	7.73	384,250	821,336	0	0
200,000-299,999 sq. ft.	42,199,556	6.0	7.5	6.4	1.1	6.54	(547,367)	(561,951)	0	533,250
300,000-499,999 sq. ft.	40,914,011	7.9	10.1	8.7	1.4	7.09	832,237	793,147	349,492	312,500
500,000-749,999 sq. ft.	31,024,644	2.8	5.9	5.7	0.1	6.75	(28,606)	640,534	0	715,000
750,000 sq. ft.	85,074,453	2.0	3.0	2.0	1.0	12.38	253,628	(304,278)	0	0
<b>Total</b>	<b>435,832,320</b>	<b>3.4</b>	<b>4.9</b>	<b>4.1</b>	<b>0.8</b>	<b>7.85</b>	<b>849,191</b>	<b>756,916</b>	<b>431,492</b>	<b>1,842,566</b>

## Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	177,933,081	4.0	6.2	5.1	1.2	6.97	868,148	1,271,549	431,492	638,124
Manufacturing	203,538,847	2.7	3.7	3.3	0.4	8.13	55,562	(468,843)	0	1,121,064
R&D / Flex	43,391,512	3.3	4.7	3.8	0.8	11.77	(76,752)	(68,471)	0	83,378
Other Industrial	10,968,880	4.6	5.4	4.8	0.6	5.58	2,233	22,681	0	0
<b>Total</b>	<b>435,832,320</b>	<b>3.4</b>	<b>4.9</b>	<b>4.1</b>	<b>0.8</b>	<b>7.85</b>	<b>849,191</b>	<b>756,916</b>	<b>431,492</b>	<b>1,842,566</b>

## Market Statistics by Class

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Class A	61,937,279	2.3	5.5	4	1.3	8.52	874,128	3,090,672	349,492	1,842,566
All Other Buildings	373,895,041	3.5	4.8	4.1	0.7	7.76	-24,937	-2,333,756	82,000	0
<b>Total</b>	<b>435,832,320</b>	<b>3.4</b>	<b>4.9</b>	<b>4.1</b>	<b>0.8</b>	<b>7.85</b>	<b>849,191</b>	<b>756,916</b>	<b>431,492</b>	<b>1,842,566</b>

## Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Detroit	78,288,729	4.9	6.4	6.1	0.3	7.94	203,963	62,037	0	0
Downriver	66,547,063	2.8	6.1	3.5	2.6	7.01	815,596	940,197	349,492	312,500
I-75 Corridor	64,448,926	2.9	4.0	3.4	0.5	8.15	207,117	202,227	0	1,047,728
Macomb	83,030,110	2.2	2.6	2.4	0.2	7.2	(85,927)	152,762	82,000	361,813
Northwest Suburbs	41,025,528	4.1	5.0	4.2	0.8	10.22	138,102	252,324	0	0
Southeast Oakland	10,917,300	5.2	8.3	8.0	0.2	7.52	6,914	9,357	0	0
Washtenaw	19,595,465	1.8	3.1	2.3	0.8	8.94	3,900	(93,482)	0	0
Western Wayne	71,979,199	3.7	5.2	4.8	0.4	7.71	(440,474)	(768,506)	0	120,525
Total	435,832,320	3.4	4.9	4.1	0.8	7.85	849,191	756,916	431,492	1,842,566

## National Economic Overview

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle. The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households.

This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

## Detroit Employment Update

▲ 4.8%  
Unemployment Rate

▼ 2.2M  
Labor Force

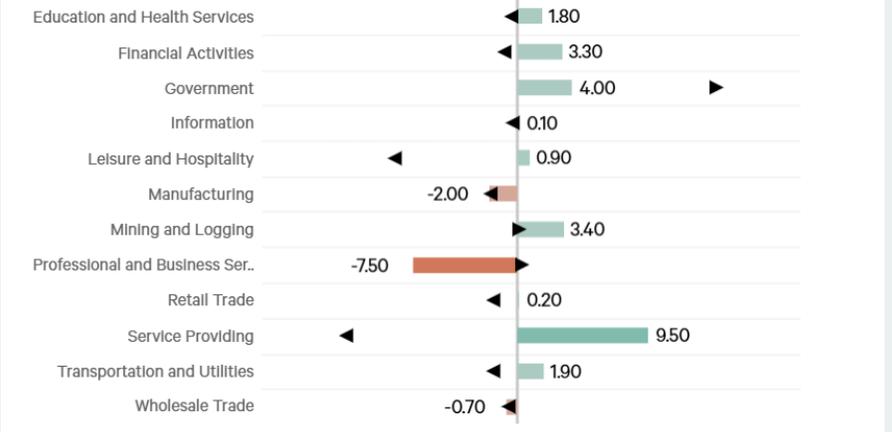
▼ 537.6k  
Office Using Jobs

▼ 631.9k  
Industrial Using Jobs

▼ 281.8k  
Retail Using Jobs

### Employment Change by Sector – Yearly + Monthly

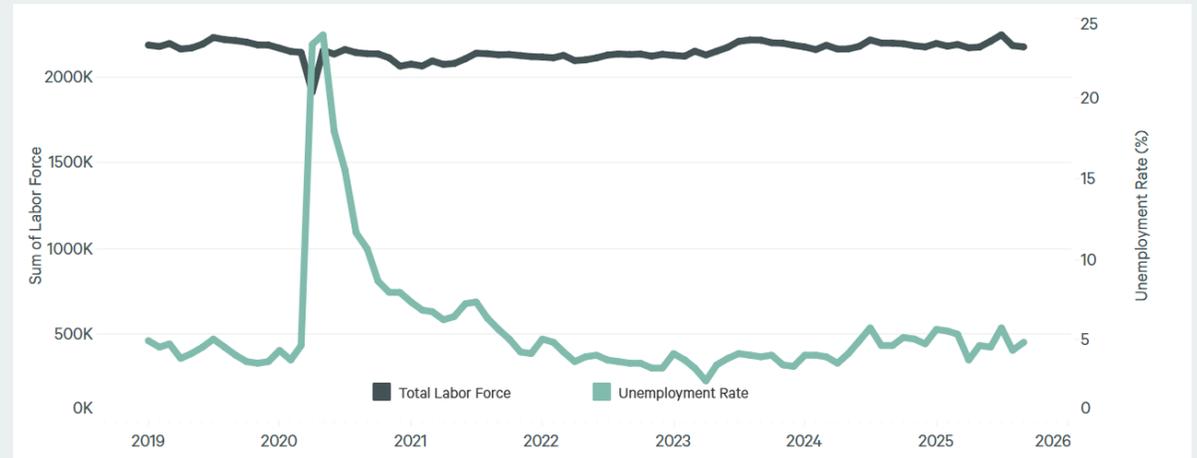
Bars indicate yearly trend, arrows indicate monthly trend



Note: Arrows indicate month-over-month change.

Source: US BLS, September 2025

### Detroit Unemployment Rate and Labor Force Trends



Source: US BLS, September 2025



## 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 since 1995, with 28’ or greater clear height and 100,000 sq. ft. or more

### 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.

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