VIEWPOINT

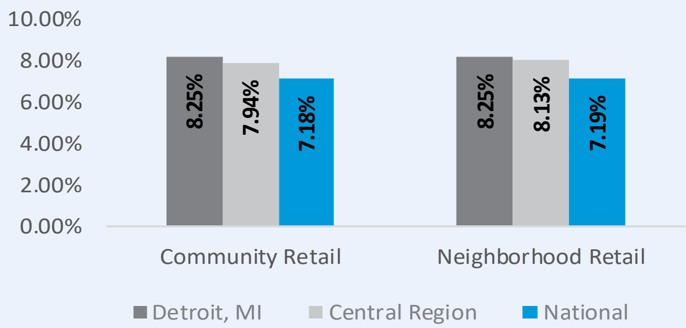
2025 DETROIT, MI RETAIL ANNUAL REPORT

An Integra Realty Resources Publication / irr.com

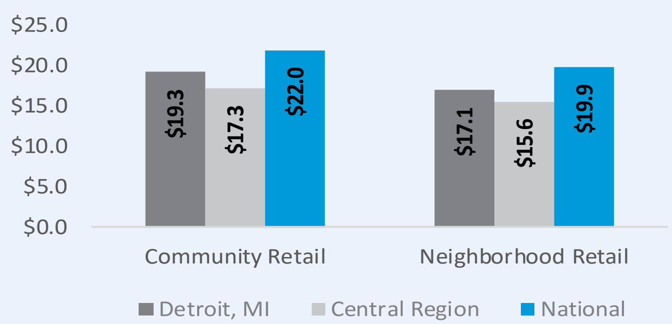
Market Rate Indicators (Y/Y)

Categories	Community Retail	Neighborhood Retail
Going In Cap Rate (%)	◀ ▶	▼
Asking Rent ($/SF)	▲	▲
Vacancy Rate (%)	▲	▲

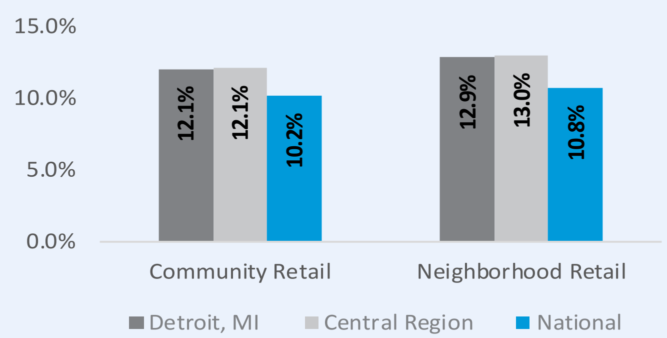
Going In Cap Rate Comparisons (%)



Asking Rents ($/SF)



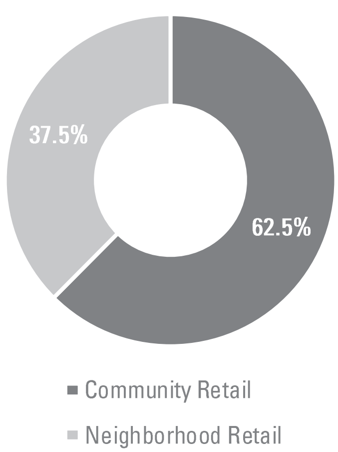
Vacancy Rates (%)



Detroit, MI Retail Market Overview

The retail real estate market in Metro Detroit shows continued demand despite some challenges, maintaining a stable but evolving landscape heading into 2025. Rental rates in the area have generally held steady, with average rates ranging from $15 to $20 per square foot for good-quality retail spaces. Well positioned, multi-tenant retail properties have performed well, with a low vacancy rate of approximately 3% to 10% depending on location and property age/condition. Single-tenant occupancies remain strong due to limited new contraction. The demand for retail properties in Metro Detroit has been fairly strong, driven by sectors like food service, discount retailers, and retail properties that offer recreational and or experiential alternatives that drive in-person shopping. Net absorption was strong through 2024, and new construction has slowed, with the exception of smaller, shadow anchored strip centers. This has helped keep vacancy rates low. An emerging area of concern however, is the shifting landscape regarding drug store and dollar store type properties. These retailers have struggled in 2024 with some filing for bankruptcy protection, creating an oversupply of mid-box, free standing facilities across the region. These properties will be sold or leased at discounts for alternate uses than originally intended, impacting the broader market. As Metro Detroit's retail market adapts, key trends include an emphasis on mixed-use developments. There have been a number of projects, recently developed, that mix retail and residential uses, catering to a market segment that wants convenience and service spaces near where they reside. Additionally, retail spaces are combining both a store and distribution hub in the same facility to accommodate e-commerce.

Distribution of Total Inventory



34,886,000 SF
Retail Inventory

0.00% - 12 Mo. Proj.
Construction/Inventory

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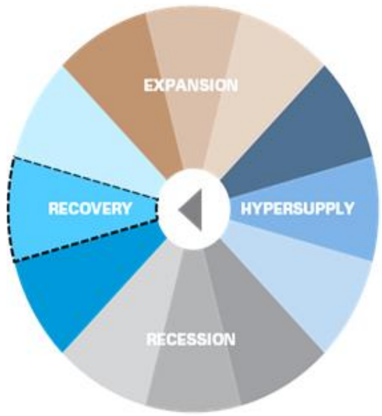
Change In Value Next 12 Months

▲1%-1.9%
Community Retail

▲1%-1.9%
Neighborhood Retail

Market Cycle: Recovery Stage 2



- Low/Moderate Employment Growth
- Neg/Low Rental Rate Growth
- Low New Construction
- Decreasing Vacancy Rates
- Moderate Absorption

Forecasts

Detroit, MI 12-Month Retail Forecasts

Categories	Community Retail	Neighborhood Retail
Going-In Cap Rates	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change
Reversion Rate	Remain Steady - no change	Remain Steady - no change
Construction (SF)	0	
Market Rent Change	+2.00%	+2.00%
Expense Rate Change	+3.00%	+3.00%
Years to Balance	In Balance	

Detroit, MI 36-Month Retail Forecasts

Categories	Community Retail	Neighborhood Retail
Market Rent Change	+6.93%	
Change in Value	Increase 2%-2.9%	Increase 2%-2.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 150 MAI-designated members of the Appraisal Institute among 540+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

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