

FIGURES | MIDWEST OFFICE | Q2 2025

# Class A Leasing Activity Momentum Fuels Positive Absorption

▲ 21.8%

Overall Vacancy Rate

▼ 191,378

SF Net Absorption

▼ 47,760 SF

SF Construction Completed

▲ 2.5 MSF

SF Under Construction

▼ \$28.46

FSG / Lease Rate

Note: Arrows indicate change from previous quarter.

## SUMMARY

- In Q2 2025 net absorption was 191,378 sq. ft. A decrease from the 393,226 sq. ft. of net absorption in Q1 2025. Although muted, positive absorption is still welcome news, after six quarters of consecutive negative net absorption from Q2 2023 to Q3 2024.
- After a brief contraction in Q1, overall vacancy increased by 10 bps (basis points) to 21.8% in Q2 2025.
- Asking rates decreased for the second quarter in a row, decreasing by \$0.08 to \$28.46 per sq. ft.
- Construction totals continue to be near record lows as both developers and banks remain cautious to bring any additional office product to the market that does not already have significant pre-leasing in place. Despite these headwinds, total construction increased by 45,725 sq. ft. to 2.5 million sq. ft. under construction in the Midwest.
- The Midwest markets posted 8.83 million sq. ft. of office leasing activity in Q2 2025, 56.9% of which was new leasing activity.

FIGURE 1: Midwest U.S. Net Absorption, Construction Completions, and Vacancy Rates



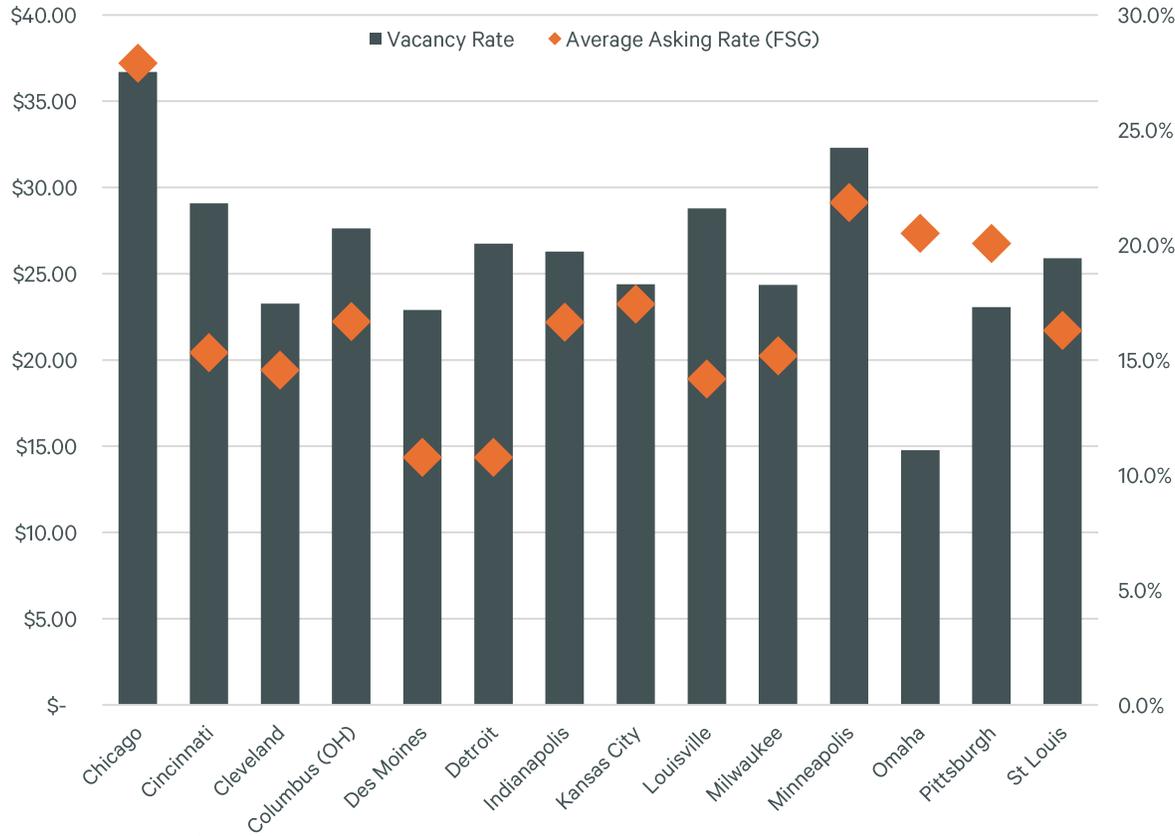
Source: CBRE Research, Q2 2025

## Key Market Statistics

After a slight reprieve in Q1, overall vacancy increased by 10 bps to 21.8% in Q2 2025.

Asking rates decreased for the second quarter in a row, decreasing by \$0.08 to \$28.46 per sq. ft. As large blocks of desirable Class A space are increasingly leased and taken off the market across the Midwest, this will continue to place downward pressure on average asking rates across all markets.

FIGURE 2: Overall Vacancy and Asking Lease Rates



Source: CBRE Research, Q2 2025

FIGURE 3: Overall Market Statistics

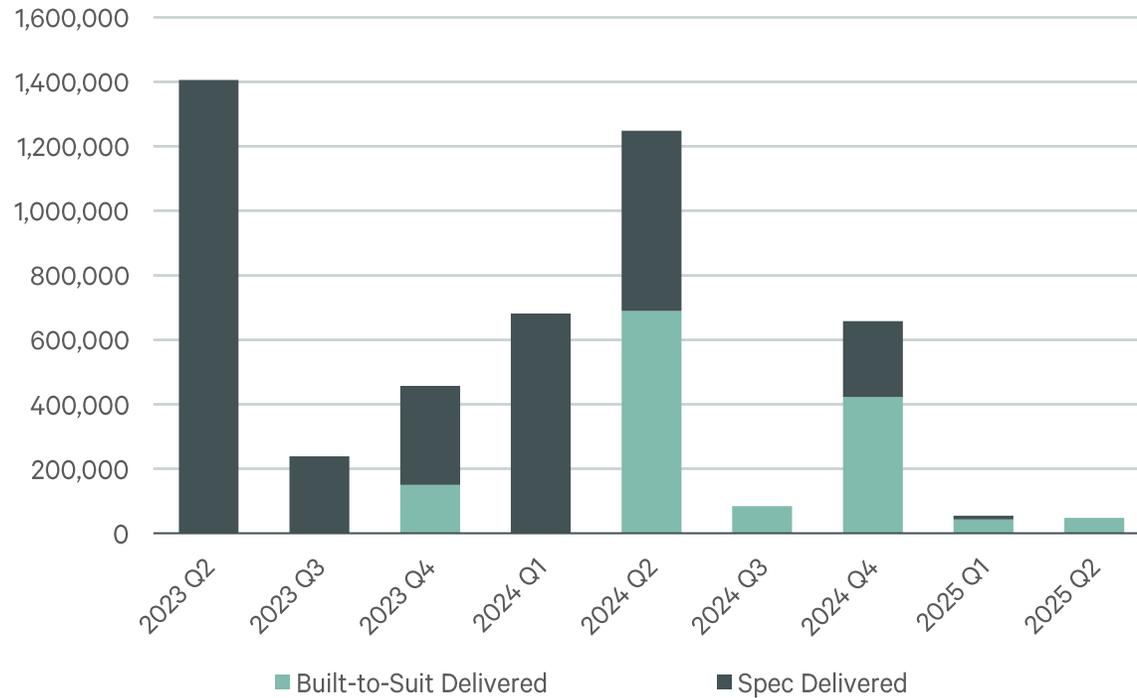
Market	Total Rentable Area (SF)	Availability Rate %	Vacancy Rate %	Q2 2025 Net Absorption	Avg. Asking Rate (\$ PSF, FS)
Chicago	255,528,323	30.6	27.5	440,198	37.22
Cincinnati	35,316,750	26.3	21.8	-52,914	20.44
Cleveland	33,036,062	23.1	17.5	-201,850	19.43
Columbus (OH)	41,598,079	24.0	20.7	184,717	22.23
Des Moines	21,854,275	17.1	17.2	43,889	24.69*
Detroit	80,523,794	24.1	20.1	55,927	20.33
Indianapolis	37,262,276	21.8	19.7	28,349	22.21
Kansas City	55,532,803	19.0	18.3	117,375	23.25
Louisville	20,366,370	25.4	21.6	-256,094	18.90
Milwaukee	45,145,208	21.0	18.3	21,137	20.24
Minneapolis/St Paul	77,472,321	30.0	24.2	208,289	29.13
Omaha	26,127,018	15.3	11.1	5,109	27.36
Pittsburgh	72,657,388	20.4	17.3	-210,848	26.77
St Louis	53,305,106	23.3	19.4	-191,906	21.72
<b>Midwest Total</b>	<b>855,725,773</b>	<b>25.3</b>	<b>21.9</b>	<b>191,378</b>	<b>28.46</b>

Source: CBRE Research, Q2 2025, \*Des Moines is a NNN market, this represents an estimated Gross Up rate.

## Construction Activity

Construction continues to be near record lows as both developers and banks remain cautious to bring any additional office product to the market that does not already have significant pre-leasing in place. In Q2 2025 there was 2.5 million sq. ft. under construction across the Midwest, an increase of 1.8% over the prior quarter. The majority of product under construction (81.4%) in the Midwest is pre-leased.

FIGURE 4: Construction Completions by Quarter



Source: CBRE Research, Q2 2025

FIGURE 5: Q2 2025 Construction Underway

Market	Under Construction (SF)	Available Space (SF)	Available Space (%)	Pre-Leased (SF)	Pre-Leased (%)
Chicago	329,367	217,365	65.9	112,002	34.0
Cincinnati	65,000	25,000	38.4	40,000	61.5
Cleveland	1,040,000	-	-	1,040,000	100.0
Columbus (OH)	192,873	71,028	36.8	121,845	63.1
Des Moines	71,000	-	-	71,000	100
Detroit	477,706	54,565	11.4	423,141	88.5
Indianapolis	84,951	-	-	84,951	100.0
Kansas City	-	-	-	-	-
Louisville	65,000	20,432	31.4	44,568	68.5
Milwaukee	-	-	-	-	-
Minneapolis/St Paul	137,998	56,067	40.6	81,931	59.3
Omaha	87,000	29,000	33.3	58,000	66.6
Pittsburgh	-	-	-	-	-
St Louis	-	-	-	-	-
<b>Total</b>	<b>2,550,895</b>	<b>473,457</b>	<b>18.56%</b>	<b>2,077,438</b>	<b>81.44%</b>

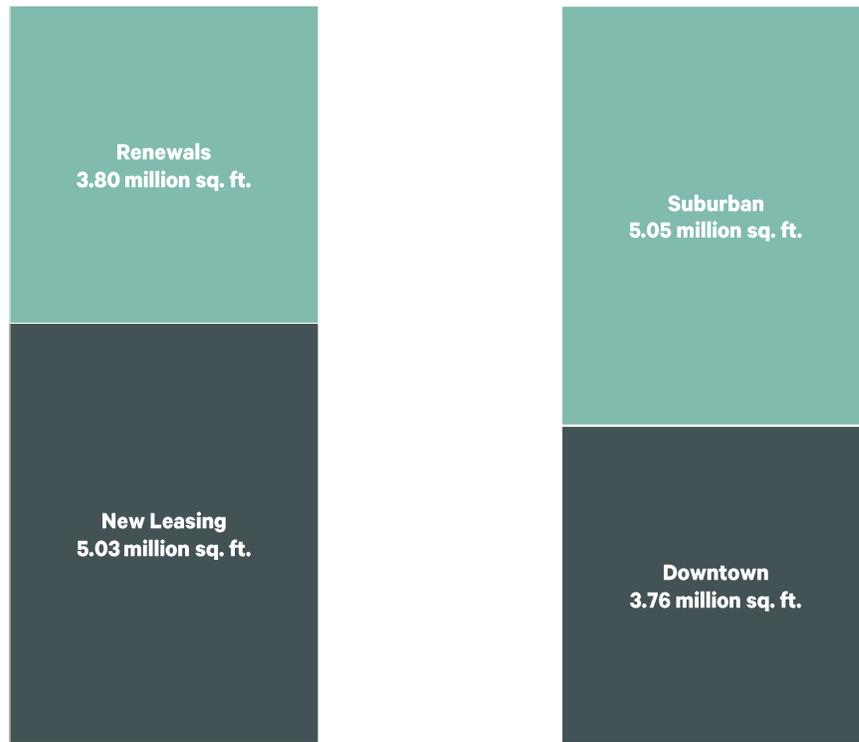
Source: CBRE Research, Q2 2025

## Transaction Activity

The Midwest markets posted 8.83 million sq. ft. of office leasing activity in Q2 2025, 56.9% of which was new leasing activity. Suburban leasing continued to make up the majority of leasing activity across the Midwest, making up 57.3% of total leases signed, conversely downtown leasing accounted for 42.7% of total leases signed.

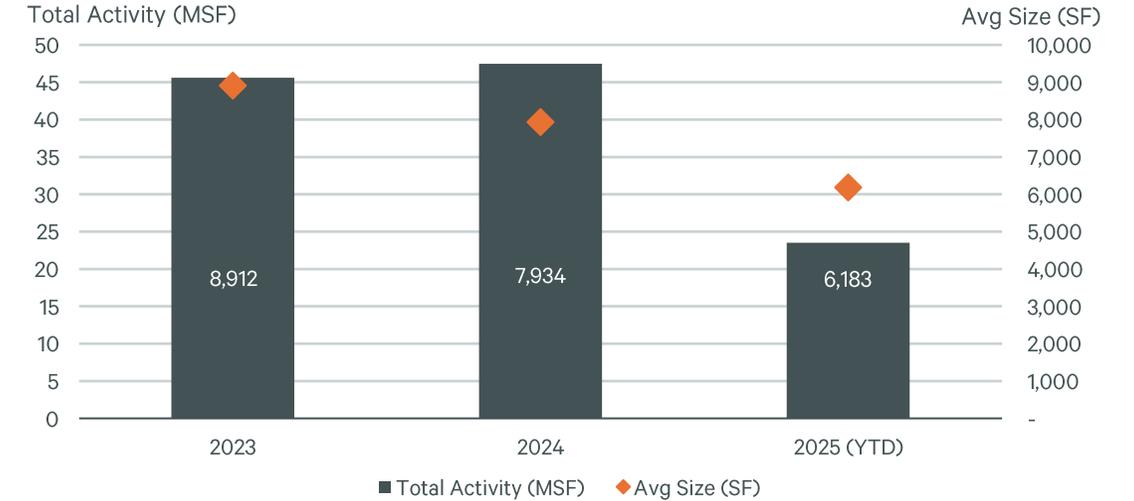
Preliminary Q2 sale volume decreased by 28.8% in Q2 2025 to \$6.6 Billion according to Real Capital Analytics.

FIGURE 6: Q2 2025 Leasing Activity – Leases 5,000 sq. ft. and greater



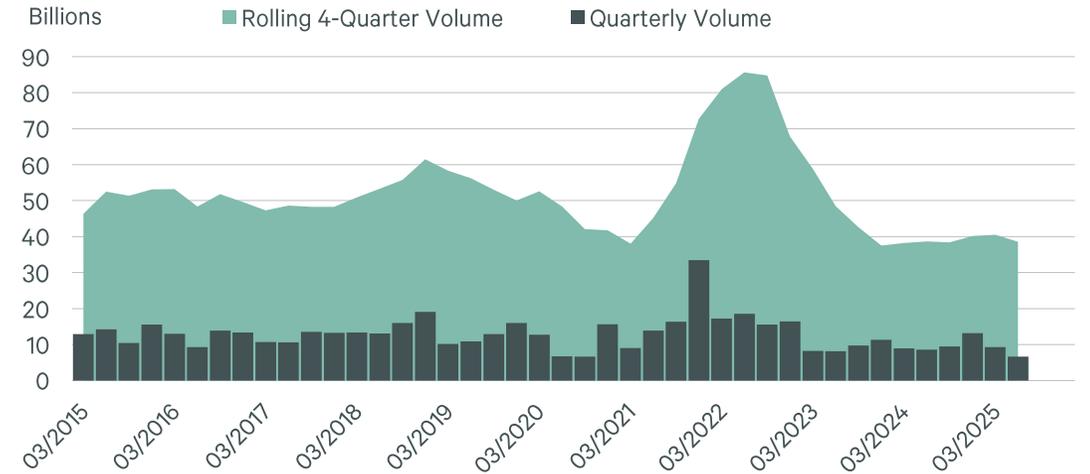
Source: CBRE Research, Q2 2025

FIGURE 7: Historic Leasing Activity



Source: CBRE Research, Q2 2025

FIGURE 8: Investment Activity (Des Moines and Omaha unreported)



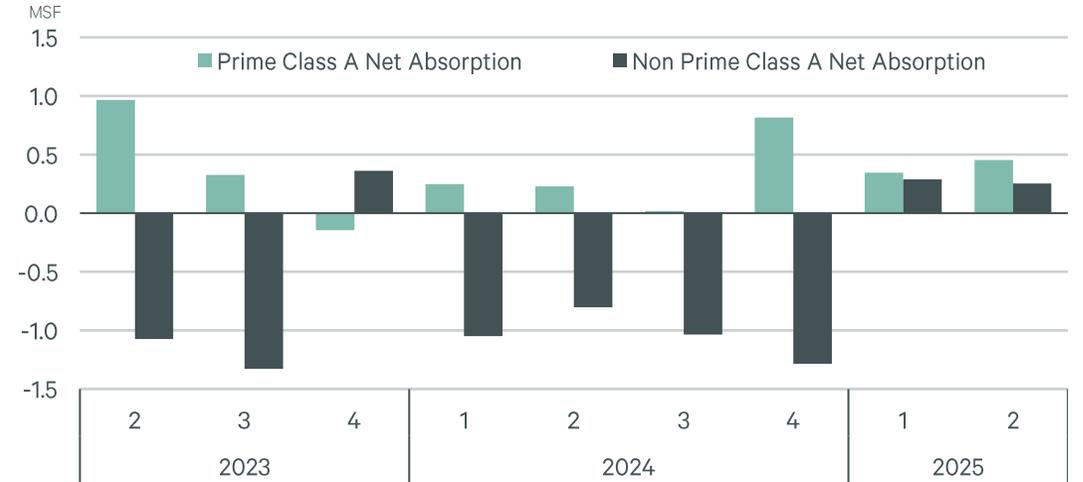
Source: Real Capital Analytics Q2 2025

## Prime Midwest Office Space

Prime Class A office space continues to outperform the Non-Prime Class A peer buildings by a wide margin in the Midwest. Class A vacancy was 23.2% while Prime Class A vacancy was 17.3% indicating continued strong demand for those “amenitized” and well-located assets.

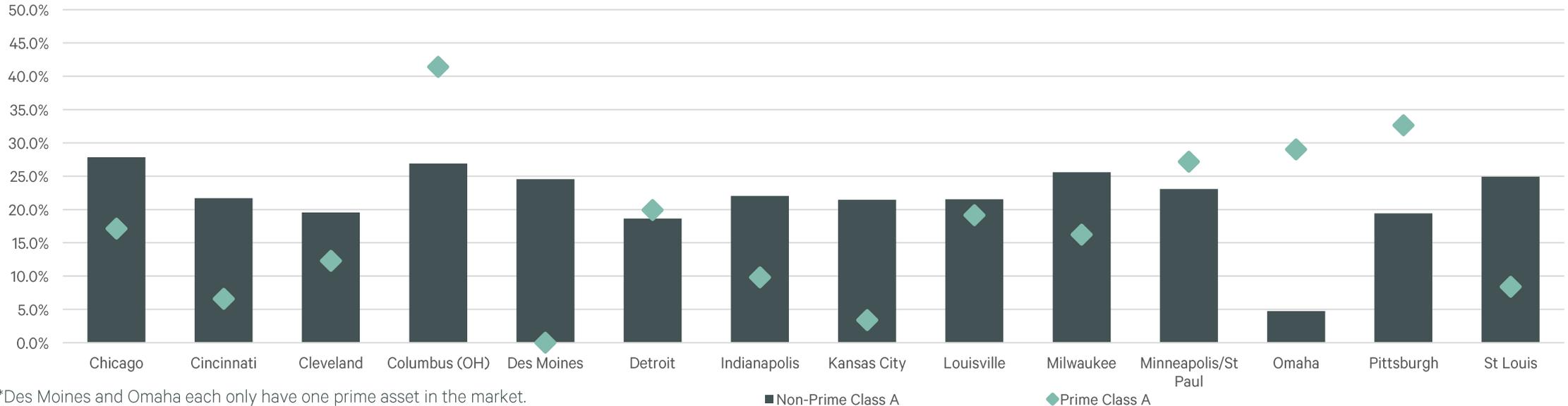
Absorption for both Prime Class A (452,207 sq. ft.) and Non-Prime Class A (251,909 sq. ft.) assets were positive this quarter totaling 704,116 sq. ft. of Class A net absorption. Prime assets have experienced positive absorption in eight out of the last nine quarters, conversely, Non-Prime Class A assets have only recorded three quarters of positive absorption in the same period. Non-Prime assets could continue to see positive absorption as landlords have begun to invest in aging product to remain competitive.

FIGURE 9: Prime vs. Non-Prime Class-A Absorption 2023 – Present



Source: CBRE Research, Q2 2025

FIGURE 10: Non-Prime Class A vs Prime Class A Vacancy



\*Des Moines and Omaha each only have one prime asset in the market.

Source: CBRE Research, Q2 2025

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**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.

**Definitions**

Includes all competitive office buildings 10,000 sq. ft. and greater in size. Buildings under construction includes buildings which have begun development beyond initial site work.

**Des Moines Data**

Des Moines data is effective Q1 2025 and not reflected in prior quarter data.

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