

FIGURES | DETROIT OFFICE | Q2 2026

Detroit Office Market Shows Early Signs of Stabilization in H1 2026

▼ 19.4%

Vacancy Rate

▼ 93,260

SF Net Absorption

▼ 0

SF Construction Delivered

▲ 436,885

SF Under Construction

▼ \$20.68

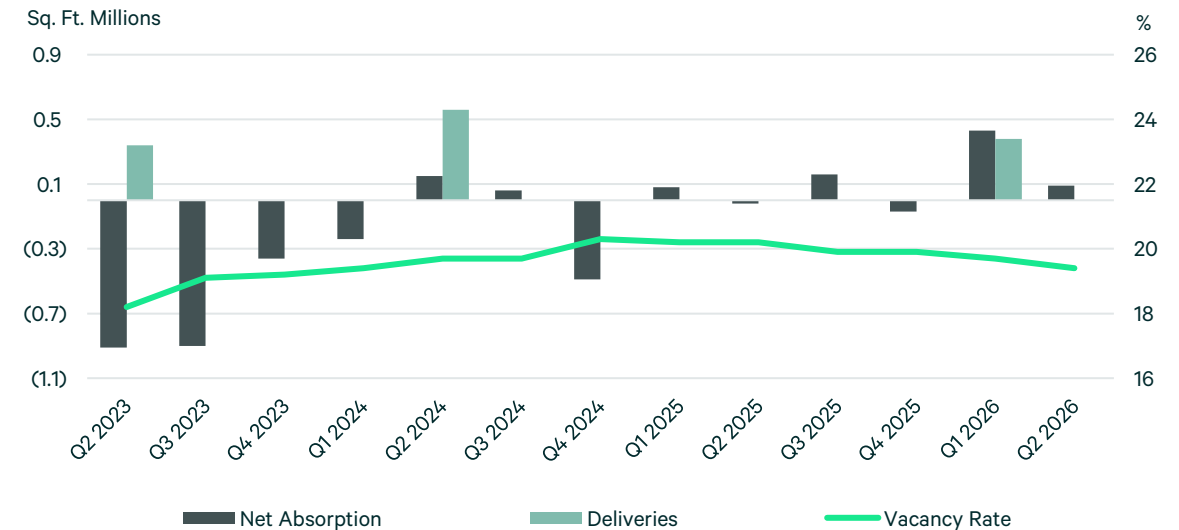
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

- In Q2 2026, the Detroit market recorded a total net absorption of 93,000 sq. ft. across all property classes. Class A assets were responsible for approximately 200,000 sq. ft. of absorption this quarter, with 109,000 sq. ft. concentrated in the downtown market.
- In Q2 2026, the overall vacancy rate for the Detroit office market stood at 19.4%. Vacancy in Class A assets declined 70 bps following the activity during Q2, settling at a rate of 18.8%, 60 bps below the market average.
- Leasing activity in Q2 2026 totaled 546,000 sq. ft., comprised of 225,000 sq. ft. in Class A assets, 316,000 sq. ft. in Class B, and the remainder in Class C assets. This activity brings the year-to-date total leasing volume up to 1.7 million sq. ft.
- In Q2 2026, there was 437,000 sq. ft. under construction across six projects. This construction volume represents a 47.2% quarter-over-quarter increase from 297,000 sq. ft. in Q1 2026.
- The Detroit office market rents decreased this quarter, settling at an average asking rate of \$20.68 per sq. ft. This rate represents a quarter-over-quarter decrease of 1.9% and a year-over-year decrease of 0.5%.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

In Q2 2026, the overall vacancy rate for the Detroit office market stood at 19.4%. This rate is down 30 bps from the previous quarter, and 80 bps year-over-year.

Vacancy in Class A assets declined 70 bps following the activity during Q2, settling at a rate of 18.8%, 60 bps below the market average. Class B vacancy remained stagnant at 21.1%, largely due to the demolition of 28333 Telegraph Rd which offset the impact of the negative absorption experienced by Class B assets this quarter. Class A vacancy has decreased 10 bps year-over-year, while Class B vacancy has decreased 150 bps year-over-year.

In Q2 2026, the downtown Detroit market ended at an 18.9% vacancy rate. This rate is a 40 bp decline from the previous quarter and 50 bps below the overall market. The suburban submarkets vacancy rate decreased by 30 bps, reaching 19.6% at the end of Q2. Q2 marks the first quarter of downtown vacancy rate decline over the trailing four-quarter period.

Of submarkets inclusive of more than 5 million sq. ft. of inventory, Birmingham/Bloomfield maintained the lowest vacancy rate in Q2. The submarket decreased 40 bps from Q1 reaching 13.1%. Excluding the Southfield submarket, which recorded the highest vacancy rate at 27% in Q2, other submarkets posted vacancy rates within the 15% to 18% range.

Asking Rent

The Detroit office market rents decreased this quarter, settling at an average asking rate of \$20.68 per sq. ft. This rate represents a quarter-over-quarter decrease of 1.9% and a year-over-year decrease of 0.5%. Since the three-year low in Q2 2023 the average rate has increased by 4.9%.

Class A space is currently priced at \$22.43 per sq. ft. in Q2 2026, down 5.5% quarter-over-quarter and 4.8% year-over-year. There is currently a \$2.95 average pricing gap between Class A and Class B market-wide.

In Q2 2026, Detroit and Ann Arbor post the highest combined average asking rents across property classes, at \$27.07 and \$24.52 per sq. ft., respectively. Birmingham/Bloomfield at \$24.21 per sq. ft. and Troy at \$18.65 per sq. ft. also sit at the upper end of the range, while Dearborn records the lowest combined average at \$16.23 per sq. ft., with the Macomb submarket close behind at \$17.08 per sq. ft.

The highest Class A rents were observed in Detroit, Ann Arbor, and Birmingham/Bloomfield, these assets posted \$30.84, \$29.57, and \$26.94, respectively.

The Farmington Hills/West Bloomfield submarket rent appreciated by the largest degree, increasing 8.2% to \$18.37 in Q2. The Auburn Hills submarket rent depreciated by 13.8%, ending Q2 at \$18.34

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

Net Absorption

In Q2 2026, the Detroit market recorded a total net absorption of 93,000 sq. ft. across all property classes. This total absorption volume was a 78.1% decrease from the 430,000 sq. ft. achieved in Q1 2026, indicating lower net absorption quarter-over-quarter. During the first half of 2026, the office market has absorbed 523,000 sq. ft. This figure is 685% larger than the absorption volume in the first half of 2025.

The increase is largely attributable to recent downtown Detroit activity, including the completion of Hudson’s Detroit last quarter and tenant move-ins by Urban Science at One Campus Martius and KPMG at Michigan Central during Q2. Class A assets were responsible for approximately 200,000 sq. ft. of absorption in Q2. In total, 109,000 sq. ft. of the Class A absorption was concentrated in the downtown Detroit market. Another large absorption event contributing to the total Class A performance was U of M’s occupancy at 2301 Commonwealth in Ann Arbor.

Among submarkets, Detroit posted the highest positive net absorption in Q2 2026 at 119,000 sq. ft., followed by Ann Arbor at 67,000 sq. ft. Conversely, Southfield and Farmington Hills/West Bloomfield registered the lowest net absorption, at negative (91,000) sq. ft. and negative (39,000) sq. ft., respectively.

The suburban submarkets recorded a total of negative (25,000) sq. ft. of absorption compared to the positive 119,000 sq. ft. in the downtown market. Over the trailing four-quarter period ending Q2 2026 (Q3 25 – Q2 26), cumulative net absorption has totaled 613,000 sq. ft. in the Detroit office market.

Construction Activity

In Q2 2026, there was 437,000 sq. ft. under construction across six projects. This construction volume represents a 47.2% quarter-over-quarter increase from 297,000 sq. ft. in Q1 2026 and a negative 35.5% year-over-year change from 678,000 sq. ft. in Q2 2025. Construction deliveries have been sporadic, with 564,000 sq. ft. completing in Q2 2024 before falling to zero until 381,000 sq. ft. in the previous quarter.

There were two new projects started in Q2 2026. The largest being the Gratiot Life Sciences Building in Detroit. This project is 90,000 sq. ft. with 30,000 sq. ft. of remaining availability and is expected to deliver in Q1 2027. The second project is the former post office expansion at 320 Martin totaling 50,000 sq. ft. and expected for delivery in Q3 27.

Among the projects tracked in Q2 2026, Detroit has the highest under construction volume at 290,000 sq. ft., led by the 200,000 sq. ft. U of M Innovation Center and the 90,000 sq. ft. Gratiot Life Sciences Building, while Birmingham/Bloomfield follows with 147,000 sq. ft. across four smaller office developments. Together, these two nodes have served as the primary centers of office development in recent years. Throughout all six construction projects 80.6% of rentable space is preleased.

Figure 4: Net Absorption Trend

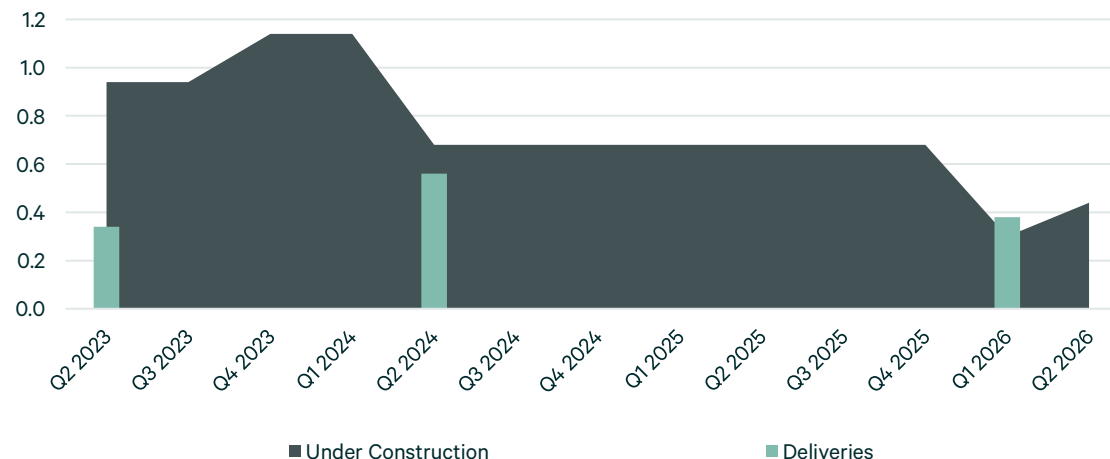
Sq. Ft. Millions



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity

Sq. Ft. Millions



Source: CBRE Research, Q2 2026

Leasing Activity

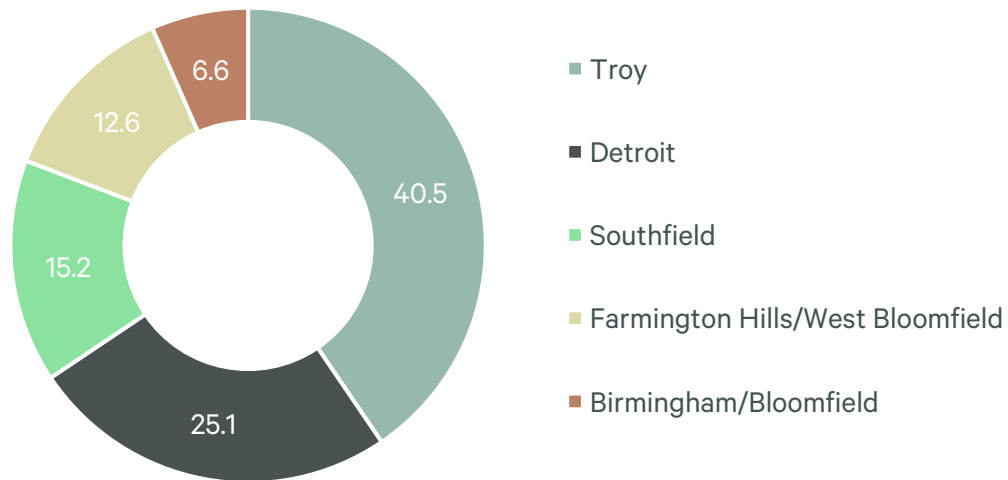
Leasing activity in Q2 2026 totaled 546,000 sq. ft., comprised of 225,000 sq. ft. in Class A assets, 316,000 sq. ft. in Class B, and the remainder in Class C assets. This activity brings the year-to-date total leasing volume up to 1.7 million sq. ft., with leasing on Class A assets accounted for 41.3% of first-half volume, and new leases made up 72.5% of first-half volume. Over the trailing four-quarter period ending Q2 2026, leasing activity has reached 2.8 Million sq. ft.

Of Q2 2026 leasing volume, inclusive of all size ranges, leases that were between 10,000 sq. ft. and 20,000 sq. ft. and larger were the primary demand driver in Q2 2026. These leases accounted for 27.8% of total volume, followed by leases 20,000 sq. ft. to 50,000 sq. ft. at 25.6% of total volume. The average lease size in Q2 2026 was 6,132 sq. ft., while the average term was 51.5 months.

Troy and Detroit were the most active submarkets in Q2 2026, with 209,000 sq. ft. and 95,000 sq. ft. of leasing, respectively. Troy's total was dominated by 173,000 sq. ft. of Class B space, while Detroit's activity was majority focused on Class A assets.

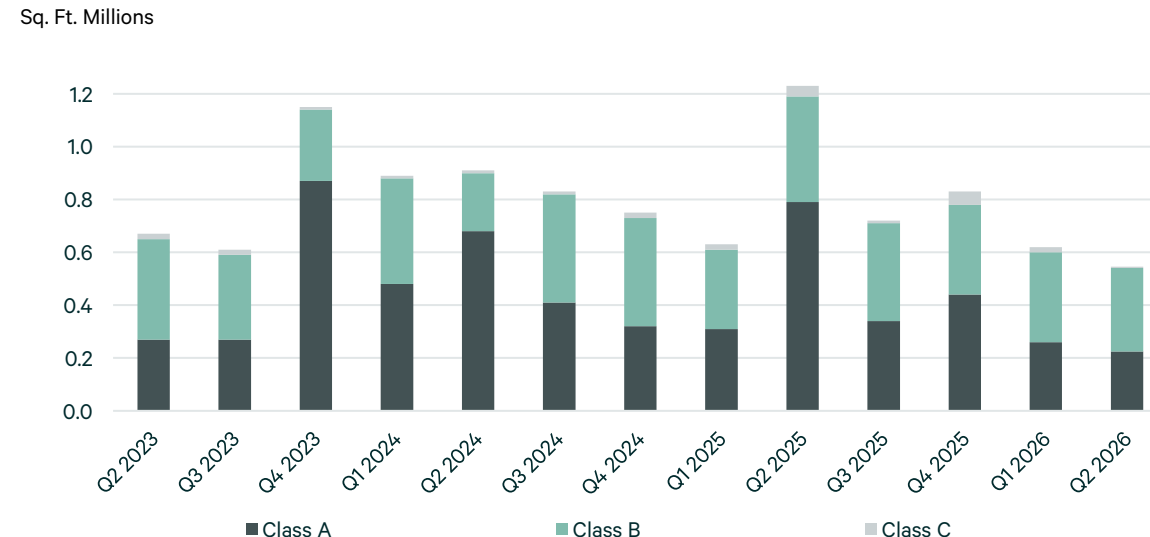
Detroit had the largest lease of the quarter being KPMG at Michigan Central, followed by Champion Home Builders renewal in Troy and Dentsu International's renewal in Southfield. Positive but more modest leasing volumes were recorded in Southfield at 91,000 sq. ft., Farmington Hills/West Bloomfield at 58,000 sq. ft., and Birmingham/Bloomfield at 38,000 sq. ft.

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



Source: CBRE Research, Q2 2026

Figure 6: Leasing Activity Trend (inclusive of leases 1,000 sq. ft. and larger)



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
KPMG	45,000	New Lease	2001 15th St	Detroit
Champion Home Builders	39,000	Renewal	755 W Big Beaver Rd	Troy
Dentsu International	34,000	Renewal	3000 Town Center	Southfield
Renasas	22,000	Renewal	34705 W 12 Mile Rd	Farmington Hills/West Bloomfield
SAE International	19,000	New Lease	755 W Big Beaver Rd	Troy
Confidential Tenant	19,000	Renewal	2600 Telegraph Rd	Birmingham/Bloomfield
Morgan & Morgan	18,000	Renewal	150 W Jefferson Ave	Detroit
Taikisha, USA	15,000	New Lease	901 Tower Dr	Troy

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	30.57M	18.8	24.7	22.2	2.5	22.43	200,000	525,000	-	437,000
Class B	39.34M	21.1	23.8	22.5	1.3	19.48	(113,000)	(5,000)	-	-
Class C	7.50M	13.0	13.9	13.7	0.2	18.49	7,000	3,000	-	-
Total	77.41M	19.4	23.2	21.5	1.7	20.68	93,000	523,000	-	437,000

Source: CBRE Research, Q2 2026

Market Statistics

Figure 10: Suburban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	22.36M	19.3	26.8	23.8	3.0	20.15	91,000	61,000	-	147,000
Class B	32.10M	21.2	23.9	22.5	1.4	18.26	(104,000)	(13,000)	-	-
Class C	5.20M	11.3	11.8	11.7	0.1	16.08	(12,000)	(28,000)	-	-
Total	59.66M	19.6	24.0	22.0	1.9	18.96	(25,000)	20,000	-	147,000

Source: CBRE Research, Q2 2026

Figure 11: Downtown Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	8.22M	17.4	19.0	17.8	1.2	30.84	109,000	464,000	-	290,000
Class B	7.24M	21.1	23.2	22.6	0.5	24.82	(9,000)	8,000	-	-
Class C	2.29M	16.9	18.5	18.2	0.3	21.97	19,000	30,000	-	-
Total	17.75M	18.9	20.7	19.8	0.8	27.07	119,000	503,000	-	290,000

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	Class A Asking Rent (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Ann Arbor	5.80M	15.3	18.2	13.2	5.0	24.52	29.57	67,000	96,000	-	-
Auburn Hills	2.15M	28.2	44.1	38.2	5.9	18.34	16.50	16,000	(2,000)	-	-
Birmingham/Bloomfield	5.90M	13.1	15.4	14.5	0.9	24.21	26.94	13,000	61,000	-	147,000
Dearborn	3.02M	18.2	19.1	19.1	-	16.23	18.70	10,000	21,000	-	-
Detroit	17.75M	18.9	20.7	19.8	0.8	27.07	30.84	119,000	503,000	-	290,000
Farmington Hills/West Bloomfield	6.60M	16.4	21.1	20.1	1.0	18.37	18.99	(39,000)	(6,000)	-	-
I-275 Corridor	5.64M	16.6	25.2	21.3	3.9	18.43	18.46	11,000	6,000	-	-
Macomb	1.32M	9.2	9.8	9.1	0.7	17.08	20.60	5,000	9,000	-	-
Rochester	537,000	4.3	4.6	4.6	-	17.36	19.50	3,000	4,000	-	-
Southfield	16.16M	27.0	29.7	28.3	1.4	17.90	19.83	(91,000)	(82,000)	-	-
Troy	12.54M	18.8	24.2	22.9	1.3	18.65	22.67	(20,000)	(86,000)	-	-
Total	77.41M	19.4	23.2	21.5	1.7	20.68	22.43	93,000	523,000	-	437,000

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.

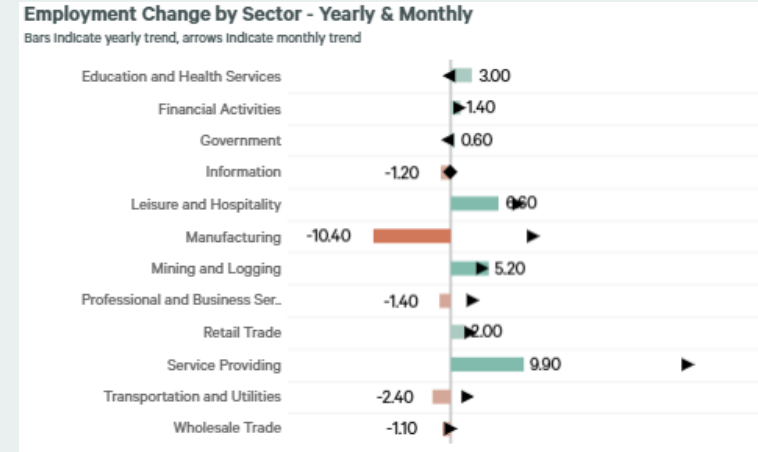
The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices 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

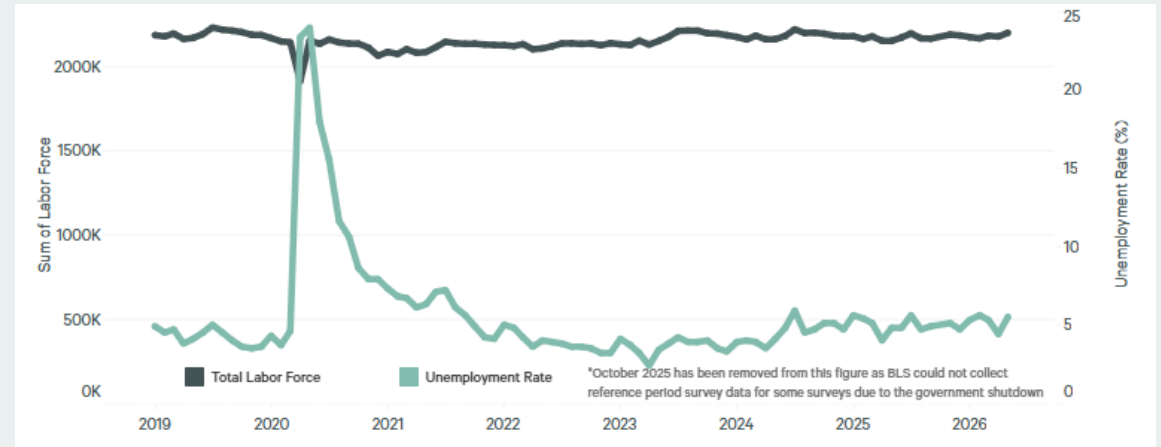
Bars indicate yearly trend, arrows indicate monthly trend



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

Includes all office buildings 10,000 sq. ft. and greater in size. Buildings which have begun construction as evidenced by site excavation or foundation work.

Contacts

Adam Stapleton

Field Research Analyst
CBRE | Michigan
adam.stapleton@cbre.com

Maggie Parra

Research Manager
CBRE | North Midwest
maggie.parra@cbre.com

Paul Van Devender

Managing Director
CBRE | Michigan
paul.vandevender@cbre.com