

FIGURES | DETROIT OFFICE | Q1 2026

Detroit’s Urban Core Welcomes its Newest Trophy Office Addition, a First Since 2024

▼ 19.8%

Vacancy Rate

▲ 429,827

SF Net Absorption

▲ 380,821

SF Construction Delivered

▼ 296,885

SF Under Construction

▲ \$20.88

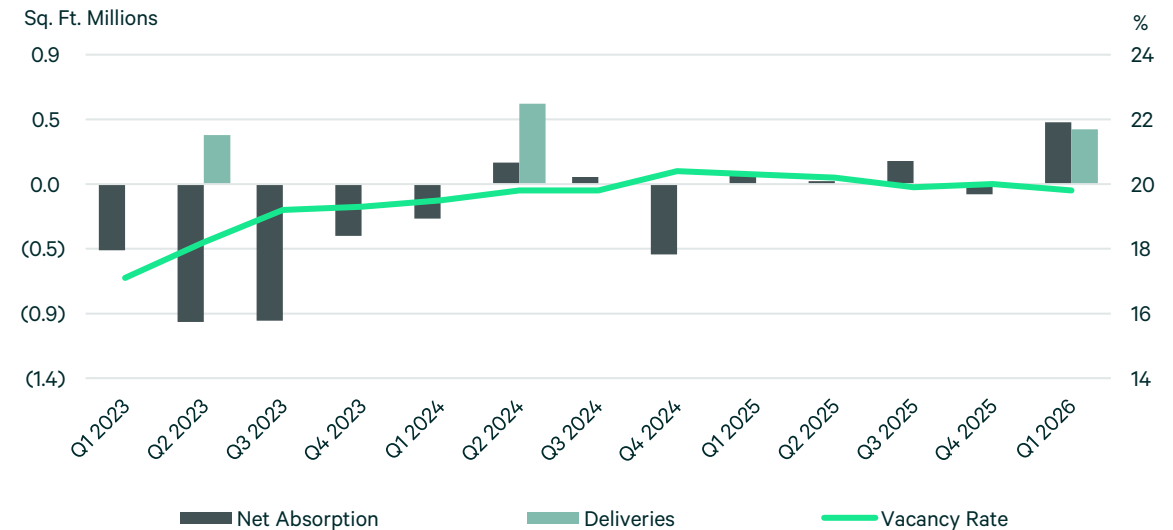
FSG/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

- The Detroit office market recorded 430,000 sq. ft. of positive net absorption in Q1 2026. Over the past four quarters, the market has averaged 135,000 sq. ft. of positive absorption per quarter.
- In Q1 2026, the Detroit office full market vacancy rate decreased by 20 bps to 19.8%, down 60 basis points from the all-time market peak.
- Detroit office leasing activity in Q1 2026 totaled 291,000 sq. ft. inclusive of leases larger than 10,000 sq. ft. Over the trailing four-quarter period ending Q1 2026, leasing reached just over 1.8 million sq. ft.
- Under construction volume declined sharply in Q1 2026 to 297,000 sq. ft. following the delivery of Hudson’s Detroit, a highly anticipated 380,000 sq. ft. trophy office building in the CBD.
- The Detroit office market rents ticked up this quarter reaching \$20.88, an increase of 1% from the previous quarter and 0.6% year-over-year.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy

In Q1 2026, the Detroit office full market vacancy rate decreased by 20 bps to 19.8%, down 60 basis points from the all-time market peak. Vacant sq. ft. decreased by 735k quarter-over-quarter, and by 965k year-over-year.

Notably, vacancy in Class A buildings rose 100 bps quarter-over-quarter in Q1 2026 to 19.4%, while total Class B vacancy declined 140 bps to 21.2% and Class C held flat at 13.1%. The increase in Class A vacancy was largely due to the removal of Towers 1-4 of the Renaissance Center in downtown Detroit. These towers were no longer marketed for viable office use and were removed from the competitive statistical inventory.

In total, there was three million sq. ft. removed from the office inventory this quarter from buildings slated for potential office conversion. In addition to the Renaissance Center, Troy Tower and two buildings from the West 11 complex in Southfield were removed.

The Downtown vacancy rate increased to 19.3%, up 130 basis points from the previous quarter but down 50 basis points from the market average. The suburban vacancy rate dropped 80 basis points from the previous quarter, ending Q1 26 at 19.9%.

Asking Rent

The Detroit office market rents ticked up this quarter reaching \$20.88, an increase of 1% from the previous quarter and 0.6% year-over-year.

Direct asking rates for Class A product rose by 0.8% to \$23.27 in Q1 2026. This rate is 11.88% higher than the market average. Downtown rents also grew this quarter, settling at \$27.34, a 1% increase from the previous quarter. Suburban rents grew in a smaller increment, ending the quarter at \$19.20.

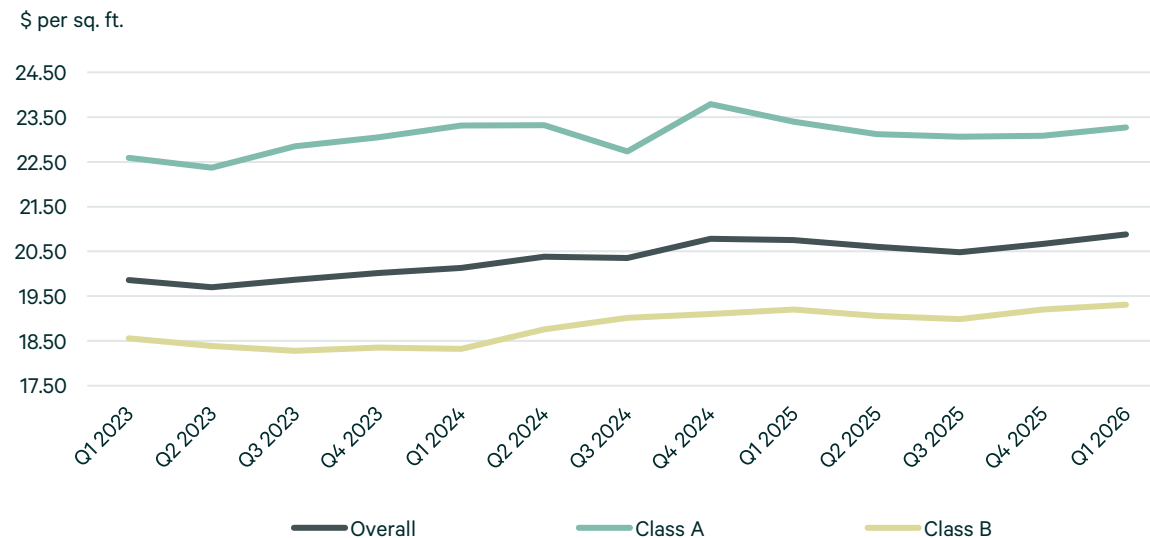
Detroit posts the highest average direct asking rate in Q1 2026 on a combined Class A, B and C basis at \$26.56 per sq. ft.; that figure increases to \$31.90 per sq. ft. when considering only Class A product. Of the suburban markets, Ann Arbor drove the highest direct asking rates, ending Q1 26 at \$24.70. This rate also represents the most significant rate depreciation, decreasing 1.2% from the previous quarter. Following closely behind, Birmingham/Bloomfield posted average rates of \$24.65. Dearborn averaged the lowest rate of the quarter at \$16.17. The submarket with the largest rent growth in Q1 2026 was Rochester, the average direct asking rate increased by 3.9% to \$17.40.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

Net Absorption

The Detroit office market recorded 430,000 sq. ft. of positive net absorption in Q1 2026. Over the past four quarters, the market has averaged 135,000 sq. ft. of positive absorption per quarter. In contrast, over the past three years, the market has recorded an average quarterly absorption of negative (182,000) sq. ft. Of the net absorption this quarter, 325,000 sq. ft. comes from Class A assets while 109,000 sq. ft. was concentrated in Class B.

The Detroit submarket led positive absorption this quarter with 385,000 sq. ft. being absorbed. This absorption is mainly due to large tenants occupying the newly delivered Hudson’s Detroit. Outside of downtown, the highest absorption recorded comes from the Birmingham/Bloomfield submarket which absorbed 48,000 sq. ft. in Q1 2026. The Troy submarket posted negative (66,000) sq. ft. of net absorption this quarter.

As previously noted, Downtown outperformed the suburban submarkets, posting 385,000 sq. ft. of positive absorption. However, suburban submarkets also performed well, recording a combined 45,000 sq. ft. of positive absorption. Cumulative net absorption in the Detroit office market totals negative (2.6) million sq. ft. since the start of 2023.

Construction Activity

Under construction volume declined sharply in Q1 2026 to 297,000 sq. ft. following the delivery of Hudson’s Detroit, a highly anticipated 380,000 sq. ft. trophy office building in the CBD. General Motors began occupying space in January, while Accenture and Ven Johnson Law commenced occupancy in late 2025. Total construction volume declined 56.2% from 678,000 sq. ft., where the pipeline remained steady in Q1 2025 through Q4 2025. Total construction volume is well below the 1.1 million sq. ft. active volume in Q1 2024 and the 1.2 million sq. ft. in Q1 2023, underscoring a multi-year pullback in new office starts.

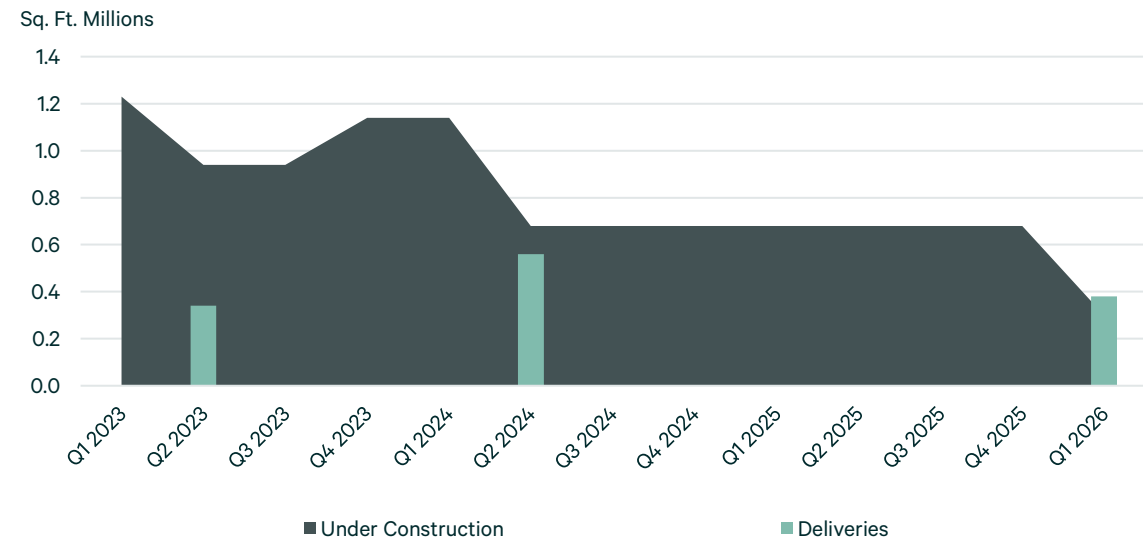
Within the active pipeline, Detroit holds the highest under construction total at 200,000 sq. ft., entirely concentrated in the U of M Innovation Center, which is currently expected to be delivered in Q2 of 2027. Birmingham/Bloomfield follows with 96,000 sq. ft. across three general office projects, which are collectively 43% pre-leased. No other submarkets currently report positive under construction activity, highlighting how new development is tightly focused in these two nodes.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

Leasing Activity

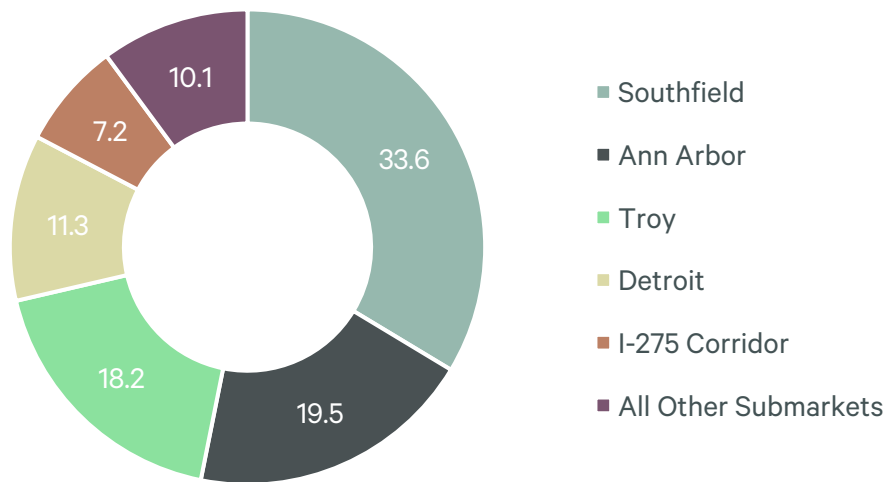
Detroit office leasing activity in Q1 2026 totaled 291,000 sq. ft. inclusive of leases larger than 10,000 sq. ft. Of all leasing activity completed this quarter, 68.1% of the activity was from new leases. Over the trailing four-quarter period ending Q1 2026, leasing reached just over 1.8 million sq. ft., with leasing Class A assets accounting for just under 1.1 million sq. ft. and approximately 61% of this activity.

Of leases over 10,000 sq. ft, leases ranging from 20,000 to 50,000 sq. ft. were the primary demand driver this quarter, accounting for 84.9% of total activity. This activity contributed to an average lease size of 26,432 sq. ft., while the average lease term was 62.8 months.

Southfield posted the highest quarterly leasing volume in Q1 2026 at 98,000 sq. ft., the majority of the volume coming from Lucid’s lease at 26555 Evergreen. Troy and Ann Arbor were the next most active submarkets, each recording over 50,000 sq. ft. of leasing activity. The second and third largest deals completed were by E Mortgage in Troy and HDR, Inc. in Ann Arbor, respectively. Leasing was also active in Detroit (33,000 sq. ft.), the I-275 Corridor (21,000 sq. ft.), and Birmingham/Bloomfield (16,000 sq. ft.).

Class A demand was strongest in Ann Arbor, which captured 57,000 sq. ft. of Class A leasing, whereas Southfield’s 98,000 sq. ft. total was mainly driven by all other classes.

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



Source: CBRE Research, Q1 2026

Figure 6: Leasing Activity Trend – 10,000 sq. ft. and up
Sq. Ft. Millions



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Lucid USA	89,000	New Lease	26555 Evergreen Rd	Southfield
E Mortgage	32,285	New Lease	300 E Big Beaver Rd	Troy
HDR, Inc	29,102	Renewal	1000 Oakbrook	Ann Arbor
Black & Veatch	27,716	New Lease	2500-2600 Green Rd	Ann Arbor
Coherix	25,000	New Lease	1138 Oak Valley Dr	Ann Arbor
Utility Supply & Construction	21,000	New Lease	21333 Haggerty Rd	I-275 Corridor
Confidential Tenant	21,000	New Lease	201 W Big Beaver Rd	Troy

Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	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	22.36	19.9	25.7	22.5	3.2	21.13	(30,000)	(30,000)	-	97,000
Class B	32.30	21.3	24.1	22.6	1.4	18.05	91,000	91,000	-	-
Class C	5.20	11.1	11.2	11.1	0.1	15.48	(16,000)	(16,000)	-	-
Total	59.87	19.9	23.5	21.6	2.0	19.20	45,000	45,000	-	97,000

Source: CBRE Research, Q1 2026

Figure 10: Urban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	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	8.22	18.3	18.0	16.4	1.6	31.90	356,000	356,000	381,000	200,000
Prime	2.27	16.4	13.7	13.7	-	38.53	340,000	340,000	381,000	-
Other Class A	5.94	19.0	19.6	17.4	2.2	29.47	15,000	15,000	-	200,000
Class B	7.24	21.0	23.1	22.6	0.5	24.86	17,000	17,000	-	-
Class C	2.29	17.8	20.2	19.9	0.4	22.91	12,000	12,000	-	-
Total	17.75	19.3	20.4	19.4	1.0	27.34	385,000	385,000	381,000	200,000

Source: CBRE Research, Q1 2026

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	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	30.57	19.4	23.6	20.9	2.7	23.27	325,000	325,000	381,000	297,000
Prime	2.27	16.4	13.7	13.7	-	38.53	340,000	340,000	381,000	-
Other Class A	28.30	19.7	24.4	21.4	3.0	22.41	(15,000)	(15,000)	-	297,000
Class B	39.54	21.2	23.9	22.6	1.3	19.31	109,000	109,000	-	-
Class C	7.50	13.1	14.0	13.8	0.2	18.79	(4,000)	(4,000)	-	-
Total	77.61	19.8	22.8	21.1	1.7	20.88	430,000	430,000	381,000	297,000

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	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)
Ann Arbor	5.80	16.5	19.1	14.1	5.0	24.70	28,000	28,000	-	-
Auburn Hills	2.15	29.0	29.1	23.7	5.4	21.27	(18,000)	(18,000)	-	-
Birmingham/Bloomfield	5.90	13.5	15.1	14.3	0.8	24.65	48,000	48,000	-	97,000
Dearborn	3.02	18.5	19.5	19.5	-	16.19	12,000	12,000	-	-
Detroit	17.75	19.3	20.4	19.4	1.0	27.34	385,000	385,000	381,000	200,000
Farmington Hills/West Bloomfield	6.60	15.8	20.8	19.8	1.0	16.97	33,000	33,000	-	-
I-275 Corridor	5.60	16.9	23.7	21.6	2.1	18.29	(5,000)	(5,000)	-	-
Macomb	1.32	9.6	10.7	9.5	1.2	16.98	4,000	4,000	-	-
Rochester	0.54	4.9	6.0	5.7	0.3	17.40	1,000	1,000	-	-
Southfield	16.40	27.1	30.0	28.1	1.8	18.49	8,000	8,000	-	-
Troy	12.54	19.0	24.6	22.9	1.7	18.66	(66,000)	(66,000)	-	-
Total	77.61	19.8	22.8	21.1	1.7	20.88	430,000	430,000	381,000	297,000

Source: CBRE Research, Q1 2026

National Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

Detroit Employment Update

▼ 4.7%
Unemployment Rate

▲ 2.2M
Labor Force

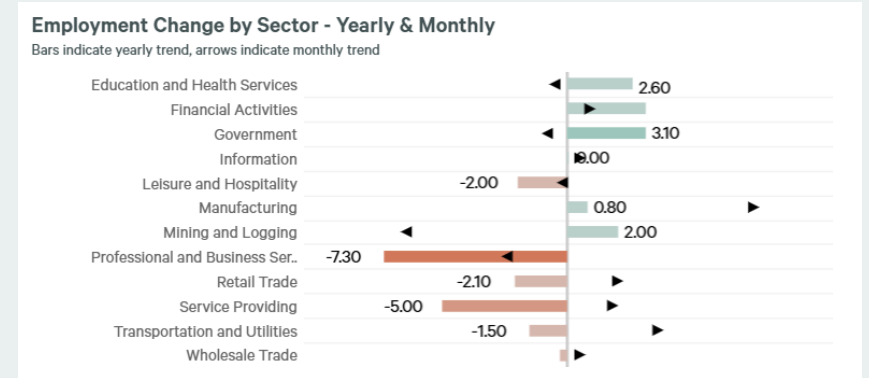
▼ 536.4k
Office Using Jobs

▲ 646.5k
Industrial Using Jobs

▲ 288.0k
Retail Using Jobs

Employment Change by Sector – Yearly + Monthly

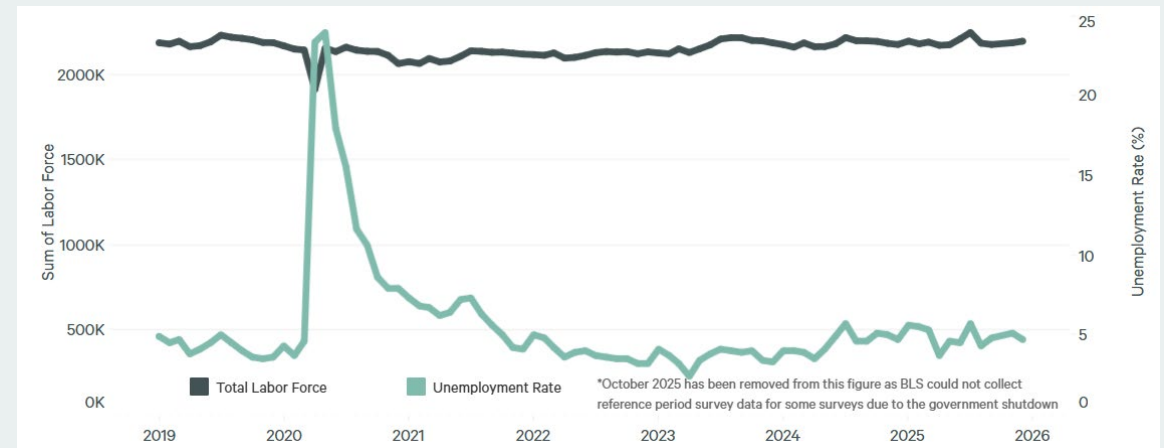
Bars indicate yearly trend, arrows indicate monthly trend



Note: Arrows indicate month-over-month change.

Source: US BLS, December 2025

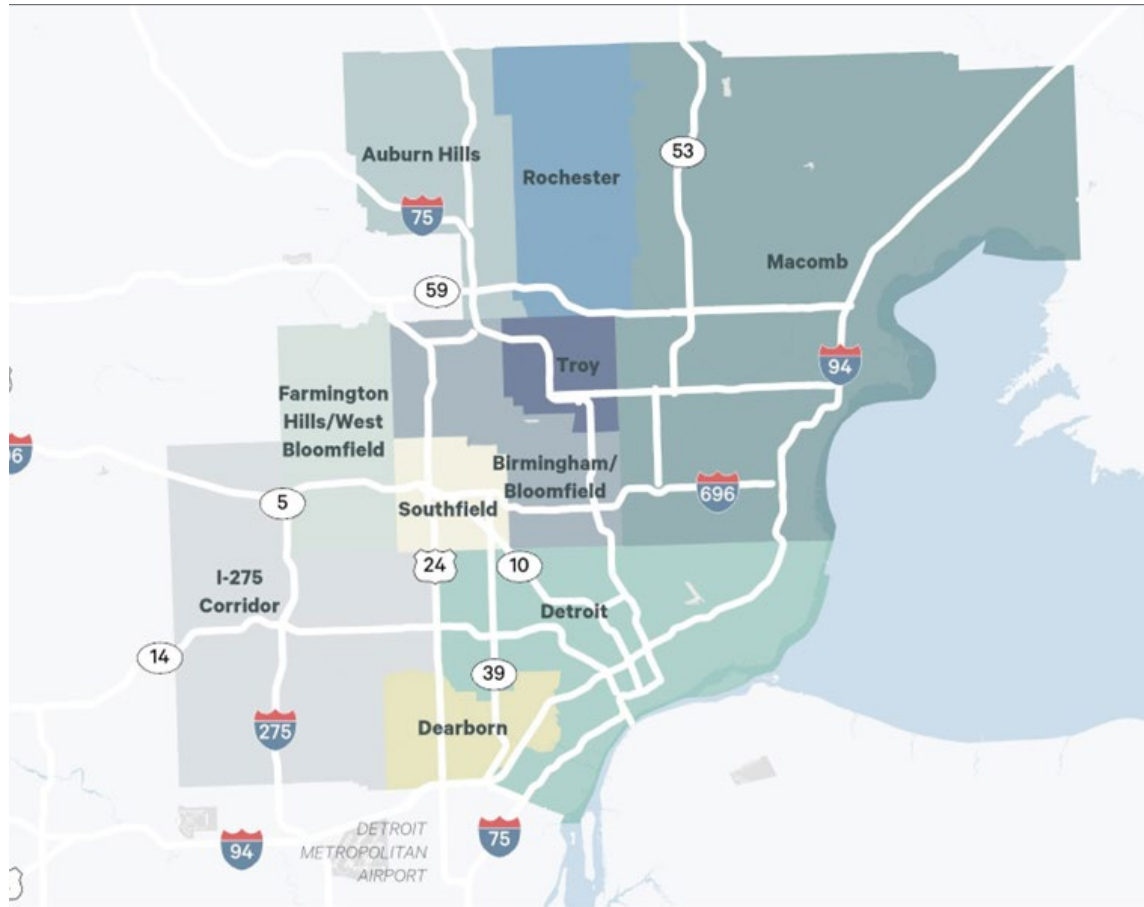
Detroit Unemployment Rate and Labor Force Trends



Source: US BLS, December 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 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.

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