Net Absorption Climbs in Tucson Office

▼13.9% Vacancy Rate

▲163,701 SF Net Absorption

▶0 SF Construction Delivered

▶0 SF Under Construction

▼$22.24 FSG/YR Direct Lease Rate

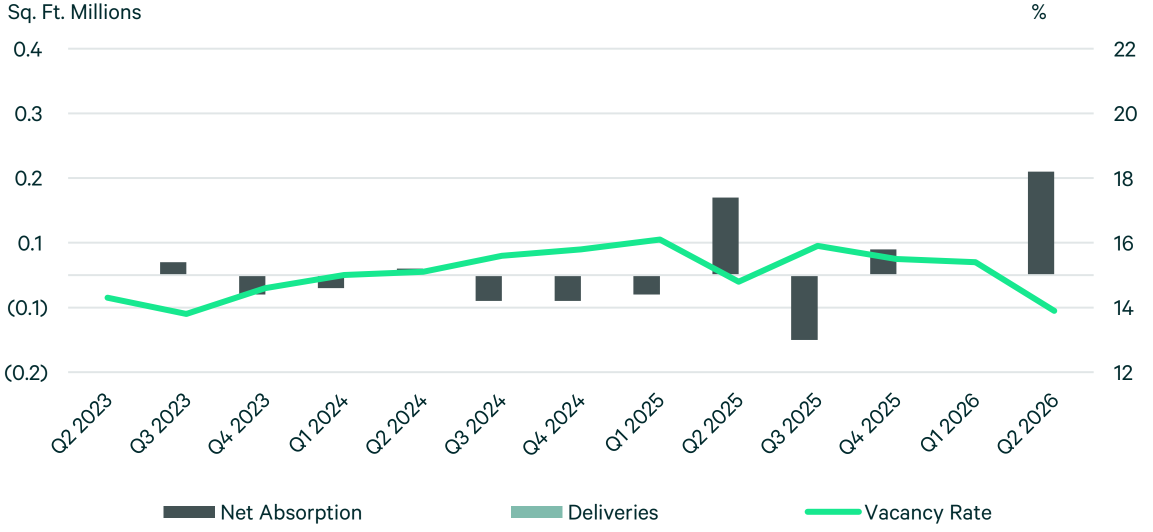
Note: Arrows indicate change from previous quarter.

Market Overview

Throughout Q2 2026, the Tucson market recorded 164,000 sq. ft. of net absorption. This presents an increase quarter-over-quarter by 163,520 sq. ft. following a lighter demand of 480 sq. ft. in Q1 2026. Year-over-year, net absorption increased by 44,000 sq. ft. dating back to Q2 2025. Vacancy in Q2 2026 stood at 13.9%, waning quarter-over-quarter by 150 basis points. Availability in Q2 2026 ended at 14.6%, down by 220 basis points. From Q4 2023 through Q1 2025, numerous quarters of negative net absorption have led to an increase in vacancy and availability.

Asking rents during Q2 averaged $22.24 per sq. ft. sharing a decline quarter-over-quarter by 4.0%. Since Q2 2025, rents have diminished by 8.6%, however, from Q2 2023 to Q2 2026, average asking rents increased by 5.9%. Notable leasing activity included a 116,000 sq. ft. commitment from a Confidential Tenant in the Southeast submarket. Additional activity featured a 10,000 sq. ft. lease by a Federal Government Agency, as well as Sunset Hospice, LLC who agreed upon a 6,000 sq. ft. lease in the North Central submarket. Together, these reported leases totaled 132,000 sq. ft. of space.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

In Q2 2026, overall vacancy stood at 10.4% for Class A, 17.1% for Class B, and 17.3% for Class C, highlighting a clear split by asset quality. Quarter-over-quarter, Class A vacancy fell 380 basis points, Class B increased 80 basis points, and Class C declined 120 basis points. Year-over-year data shows that Class A vacancy reduced 380 basis points, while Class B climbed 180 basis points and Class C progressed 120 basis points. In comparison with Q2 2023, Class A vacancy is 140 basis points lower, Class B is 10 basis points higher, and Class C is up 500 basis points.

At the submarket level of Q2 2026, the Southeast posted the lowest overall vacancy at 2.0%, followed by Downtown at 6.7%. In Contrast, the Southwest had by far the highest vacancy at 90.4%, with 107,000 sq. ft. of direct space available, while East Central, Northwest, and Northeast all carried mid-teens vacancy in the 15.8% to 17.0% range.

Additionally Sublease vacancy in Q2 2026 held at 1.4% in Class A, dropped 20 basis points quarter-over-quarter in Class B to 0.2%, and remained negligible in Class C at 0.0%. Across all submarkets, sublease availability totaled 82,000 sq. ft., concentrated in Northwest, North Central, and Northeast.

Figure 2: Vacancy Rates by Class

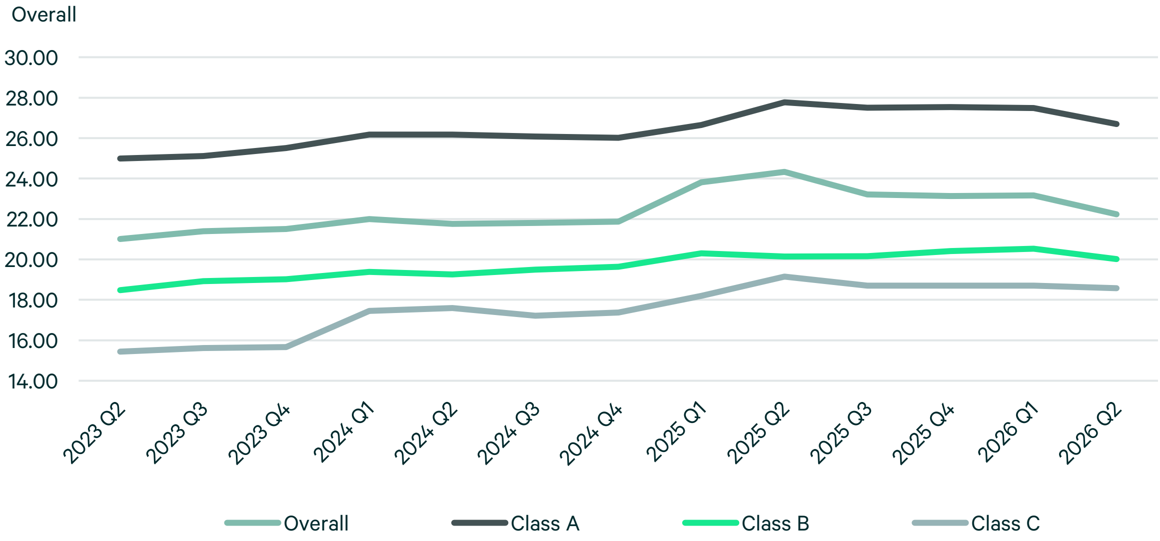
Source: CBRE Research, Q2 2026

Asking Rent

By Q2 2026, the overall asking rent averages $22.24. This trends down for quarter-over-quarter by 4.0% from $23.17 in Q1 2026 year-over-year by 8.6% from $24.33 in Q2 2025. Regardless of this pullback, overall rents persist 5.9% above Q2 2023 levels, when the market averaged $21.01, directing net growth over the full series. Class A space is priced at $26.69 in Q2 2026, marking a 2.9% wane quarter-over-quarter and a 3.9% decrease year-over-year. However, Class A prices remain 6.8% above its Q2 2023 level of $24.99, maintaining a clear premium over the broader market.

The Downtown and North Central post the highest Class A asking rents at $35.00 and $30.93, respectively, with Downtown also recording Class B and Class C rents of $22.00 and $19.50. West Central and Northwest follow with Class A rents of $29.10 and $22.07 along with relatively elevated Class B rents of $23.41 and $22.78. In contrast, East Central, Northeast and Southwest offer more cost-conscious Class B options between $18.68 and $19.51 as well as lower-cost Class C space in Northeast, Northwest and West Central ranging from $17.00 to $17.81.

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q2 2026

Net Absorption

Total net absorption reached 164,000 sq. ft. across all property classes in Q2 2026, indicating a material expansion in occupied space. Quarter-over-quarter, a significant rise in positive absorption following 480 sq. ft from Q1 2026 amounts to 163,520 sq. ft. throughout Q2 2026. Year-over-year, Q2 2026 net absorption of 164,000 sq. ft. exceeds the 121,000 sq. ft. recorded in Q2 2025 by 43,000 sq. ft. The latest quarter was driven by 195,000 sq. ft. of Class A move-ins, partially offset by negative 37,000 sq. ft. in Class B and 6,000 sq. ft. of net absorption in Class C.

During Q2, the Southeast recorded the highest positive net absorption at 152,000 sq. ft., followed by the Northwest at 26,000 sq. ft. Among the remaining growth areas, North Central posted 19,000 sq. ft. of positive net absorption, while other submarkets saw more modest gains. On the downside, East Central recorded the most negative net absorption at negative 55,000 sq. ft., with Northeast also contracting by negative 3,000 sq. ft.

Figure 4: Net Absorption Trend

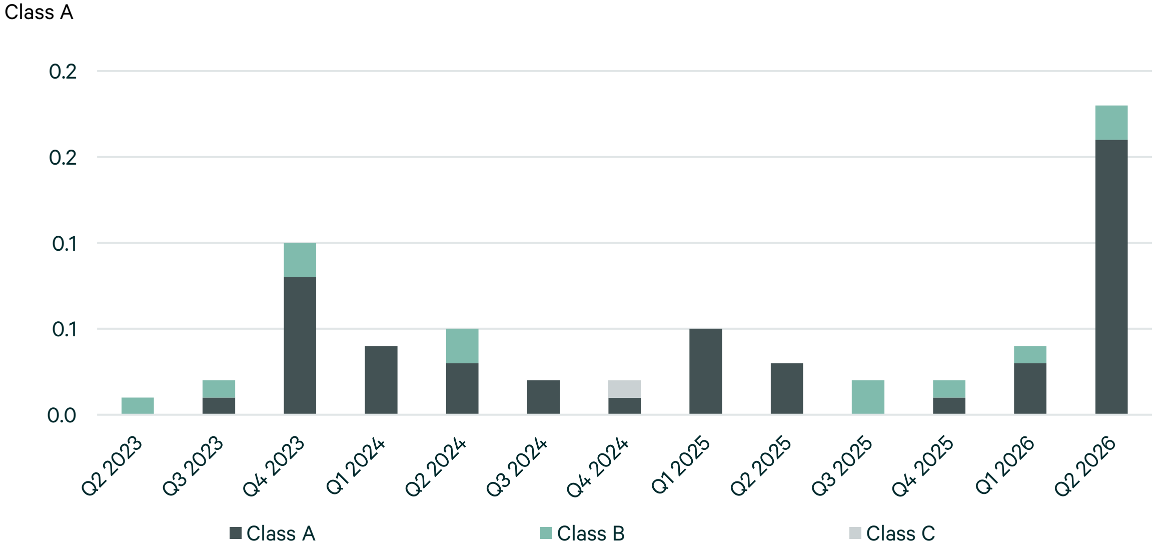
Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity surged in Q2 2026, with total volume reaching 177,000 sq. ft., up from 31,000 sq. ft. in Q1 2026 and 28,000 sq. ft. in Q2 2025. This translates into a 471.0% quarter-over-quarter and 532.1% year-over-year increase in quarterly take-up, sustaining Q2 2026 as the highest preforming quarter in the data set. On a year-to-date basis, 2026 leasing has reached 208,000 sq. ft. up from 77,000 sq. ft. over the same period in 2025, marking a positive growth cycle.

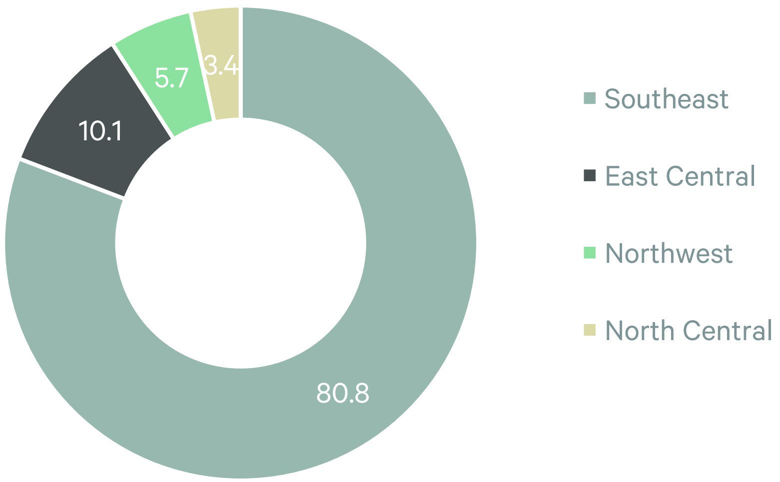
Q2 highlights the Southeast submarket, recording the highest positive leasing activity at 143,000 sq. ft., and accounting for 80.8% of quarterly volume. These statistics are followed by East Central at 18,000 sq. ft. or 10.2%. Staying positive, more confined volumes were recorded in Northwest and North Central, at 10,000 sq. ft. (5.6%) and 6,000 sq. ft. (3.4%) respectively.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

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



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	116,000	New Lease	9072 S Rita Rd	Southeast
Confidential Tenant	27,000	New Lease	9070 S Rita Rd	Southeast
Confidential Tenant	12,000	New Lease	5255-5285 E Williams Cir	East Central
United States of America	10,000	New Lease	4720 N Oracle Rd	Northwest
SUNSET HOSPICE, LLC, Tucson, AZ 85705	6,000	New Lease	800 E Wetmore Rd	North Central
Confidential Tenant	6,000	New Lease	5210 E Williams Cir	East Central

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)
Class A	5,090,000	10.4	11.5	9.9	1.6	26.69	195,000	193,000	-
Class B	4,960,000	17.1	17.5	17.3	0.3	20.01	(37,000)	(35,000)	-
Class C	549,000	17.3	17.3	17.3	-	18.58	6,000	6,000	-
Total	**10,590,000**	**13.9**	**14.6**	**13.7**	**0.9**	**22.24**	**164,000**	**164,000**	**-**

Source: CBRE Research, Q2 2026

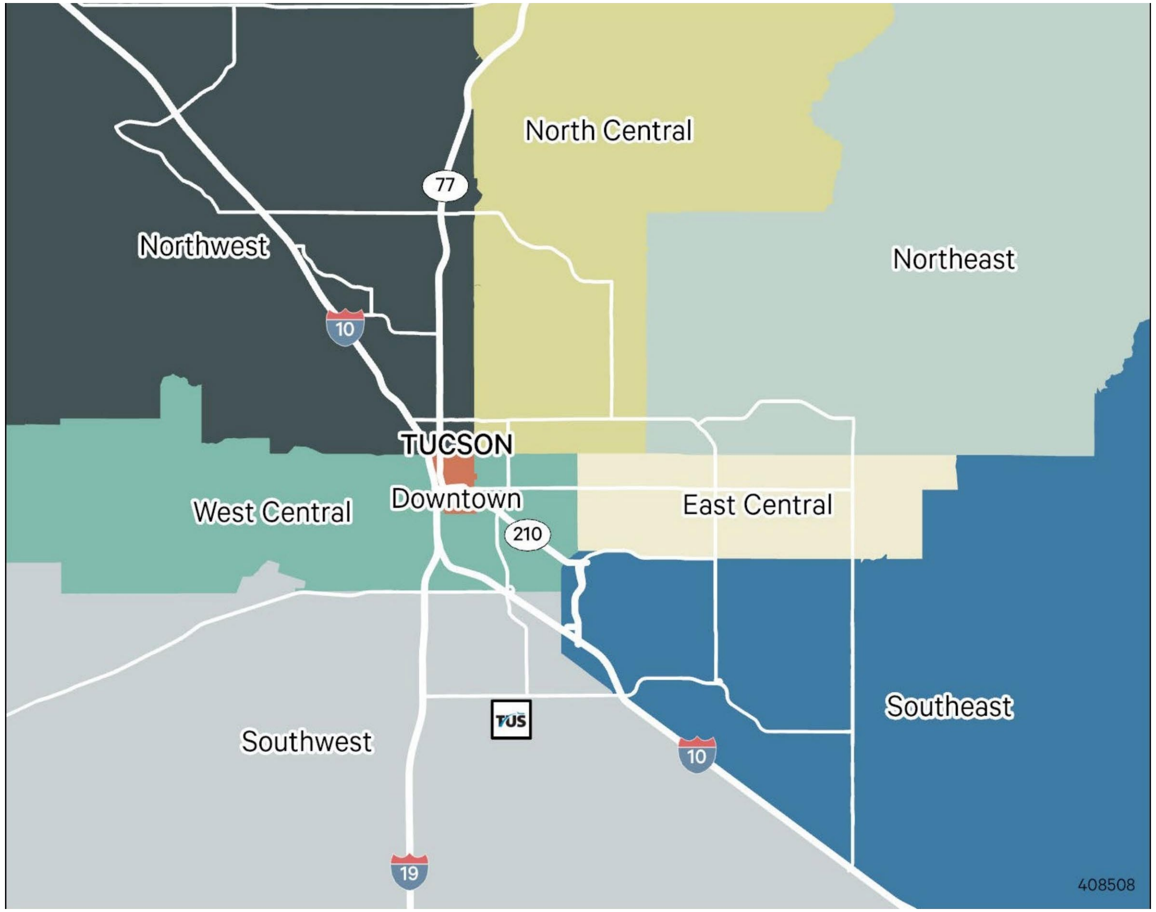
Market Statistics by Submarket

Figure 10

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 Construc (SF)
Downtown	836,000	6.7	7.3	7.3	-	21.39	35.00	-	4,000	-	-
East Central	2,920,000	17.0	18.3	18.3	-	23.13	26.19	(35,000)	(11,000)	-	-
North Central	2,140,000	7.7	8.1	7.5	0.6	25.71	30.93	20,000	18,000	-	-
Northeast	995,000	15.8	17.0	16.7	0.3	18.69	21.80	(3,000)	(13,000)	-	-
Northwest	2,420,000	16.8	17.6	14.3	3.2	21.46	22.07	30,000	16,000	-	-
Southeast	235,000	2.0	2.0	2.0	-	-	-	152,000	152,000	-	-
Southwest	118,000	90.4	90.4	90.4	-	19.00	-	-	-	-	-
West Central	926,000	8.1	8.1	8.1	-	27.43	29.10	-	(2,000)	-	-
Total	**10,590,000**	**13.9**	**14.6**	**13.7**	**0.9**	**22.24**	**26.69**	**164,000**	**164,000**	**-**	**-**

Source: CBRE Research, Q2 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. in Tucson Metro Buildings which have begun construction as evidenced by site excavation or foundation work.

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