Bifurcation between Prime and Commodity Assets Continues to Diverge

▼ 22.2%
Overall Vacancy Rate

▲ 0.79M
SF Net Absorption

▼ 0.18M
SF Construction Completed

▼ 1.0M
SF Under Construction

▲ $28.87
FSG / Lease Rate

Note: Arrows indicate change from previous quarter.

SUMMARY

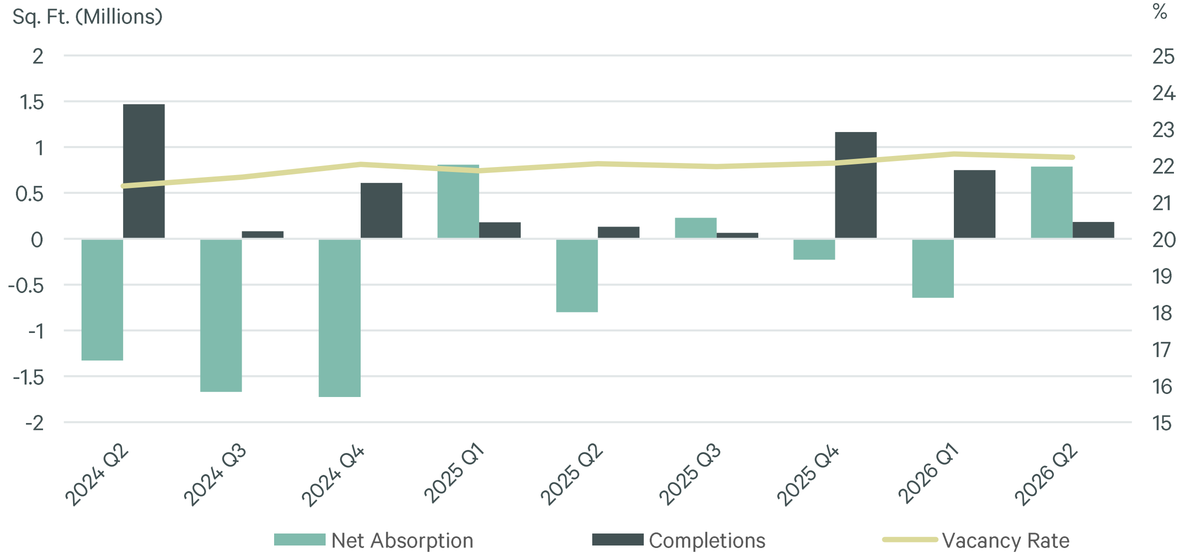
– Quarterly net absorption turned positive in the Midwest, recording 737,613 sq. ft. in Q2. Ten Midwest markets posted positive absorption this quarter and four posted negative absorption (Cincinnati, St. Louis, Cleveland and Louisville). Overall vacancy decreased quarter-over-quarter by 9 basis points (bps) to 22.2%.

– The overall average asking lease rate climbed $0.02 (6 bps) over the prior quarter to $28.87 per sq. ft. in Q2 2026.

– At the close of second quarter the Midwest recorded 1 million sq. ft. of office space under active construction. The limited pipeline signifies the heightened cost of construction and caution by lenders/developers to bring additional product to market.

– The Midwest markets posted 9.16 million sq. ft. of office leasing activity in Q2 2026 a decrease of 2.47 million sq. ft. (21.2%) over Q2 2025.

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



Source: CBRE Research, Q2 2026

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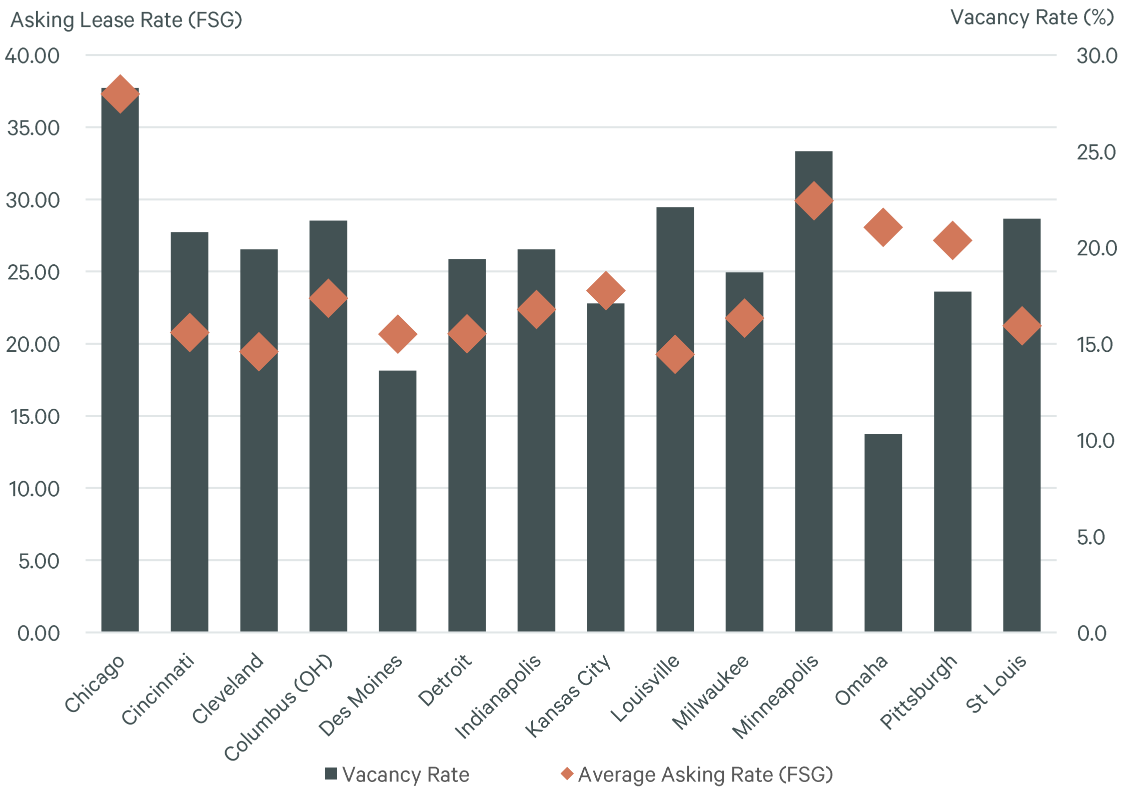
Key Market Statistics

Overall vacancy increased by 9 basis points (bps) over the prior quarter to 22.2%.

The Midwest average asking lease rate climbed quarter-over-quarter $0.02 (6 bps) to $28.87 per sq. ft. this quarter after a long trajectory of downward pressure on rents.

FIGURE 2: Overall Vacancy and Asking Lease Rate



Source: CBRE Research, Q2 2026

FIGURE 3: Overall Market Statistics

Market	Total Rentable Area (MSF)	Availability Rate %	Vacancy Rate %	Q2 2026 Net Absorption (MSF)	Avg. Asking Rate ($ PSF, FS)
Chicago	252.45	30.7	28.3	0.43	37.30
Cincinnati	34.83	25.1	20.8	(0.31)	20.78
Cleveland	34.28	23.7	19.9	(0.05)	19.44
Columbus (OH)	41.38	23.5	21.4	0.09	23.15
Des Moines	22.50	15.3	13.6	0.09	20.66
Detroit	77.41	23.2	19.4	0.09	20.68
Indianapolis	35.99	22.1	19.9	0.25	22.37
Kansas City	53.98	18.8	17.1	0.06	23.69
Louisville	19.44	23.5	22.1	(0.01)	19.27
Milwaukee	44.08	21.4	18.7	0.14	21.77
Minneapolis/St Paul	75.33	29.0	25.0	0.19	29.91
Omaha	24.90	14.5	10.3	0.07	28.07
Pittsburgh	71.98	20.0	17.7	0.02	27.16
St Louis	51.31	22.9	21.5	(0.21)	21.25
Midwest Total	**839.87**	**24.9**	**22.2**	**0.79**	**28.87**

Source: CBRE Research, Q2 2026, *Des Moines is a NNN market, this represents an estimated Gross Up rate.

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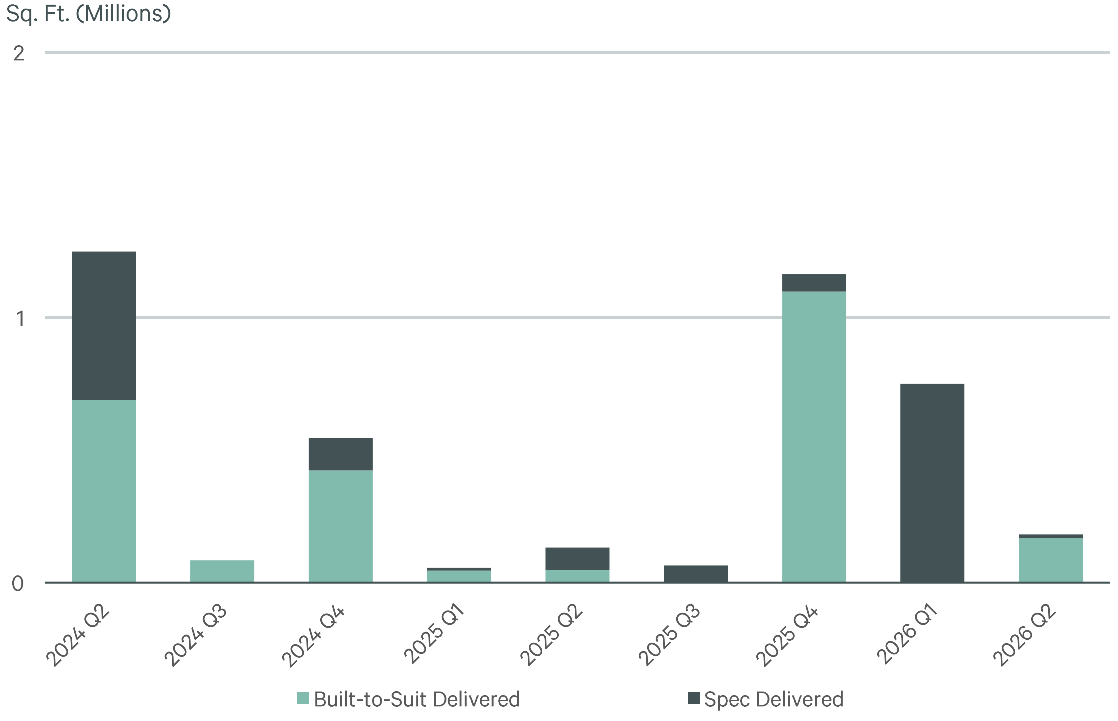
Construction Activity

At the close of the first quarter the Midwest recorded 1 million sq. ft. of office space under active construction following the delivery of 182,000 sq. ft. of new product. The limited pipeline signifies the heightened cost of construction and caution by lenders/developers to bring additional product to market. Just over half of product under construction (58.2%) in the Midwest is pre-leased while 41.8% remains available.

FIGURE 4: Construction Completions by Quarter



Source: CBRE Research, Q2 2026

FIGURE 5: Q2 2026 Construction Underway

Market	Under Construction (MSF)	Available Space (MSF)	Available Space (%)	Pre-Leased (MSF)	Pre-Leased (%)
Chicago	-	-	-	-	-
Cincinnati	-	-	-	-	-
Cleveland	0.05	-	0.0	0.06	100.0
Columbus (OH)	0.06	0.05	79.9	0.01	20.1
Des Moines	-	-	-	-	-
Detroit	0.44	0.08	19.4	0.35	80.6
Indianapolis	0.05	0.05	100.0	-	0.0
Kansas City	-	-	-	-	-
Louisville	-	-	-	-	-
Milwaukee	-	-	-	-	-
Minneapolis/St Paul	0.34	0.13	38.7	0.21	61.3
Omaha	0.15	0.14	94.0	0.09	6.0
Pittsburgh	-	-	-	-	-
St Louis	-	-	-	-	-
Total	**1.09**	**0.46**	**41.8**	**0.64**	**58.2**

Source: CBRE Research, Q2 2026

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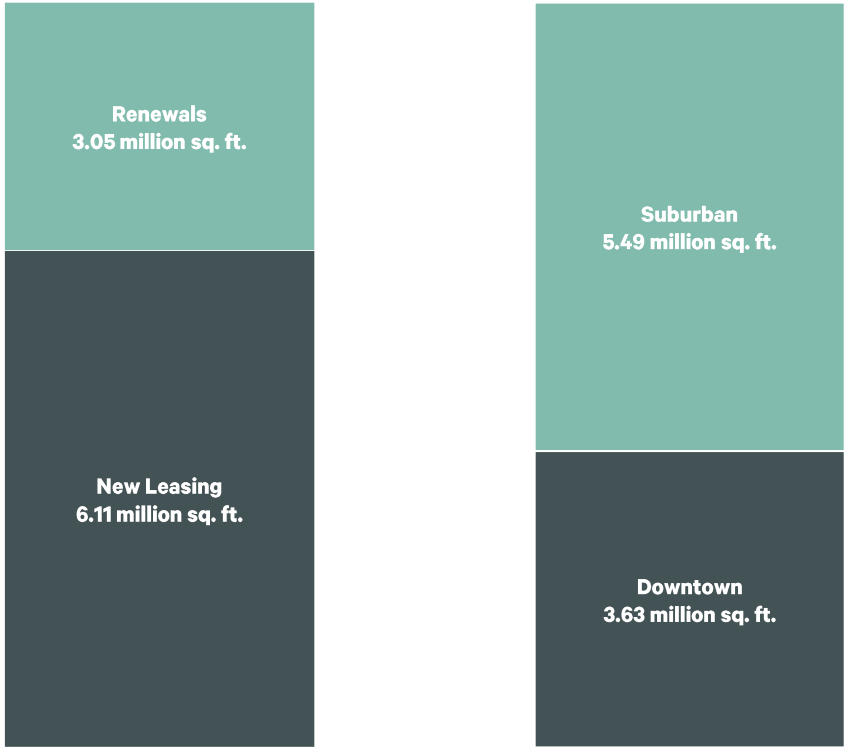
Transaction Activity

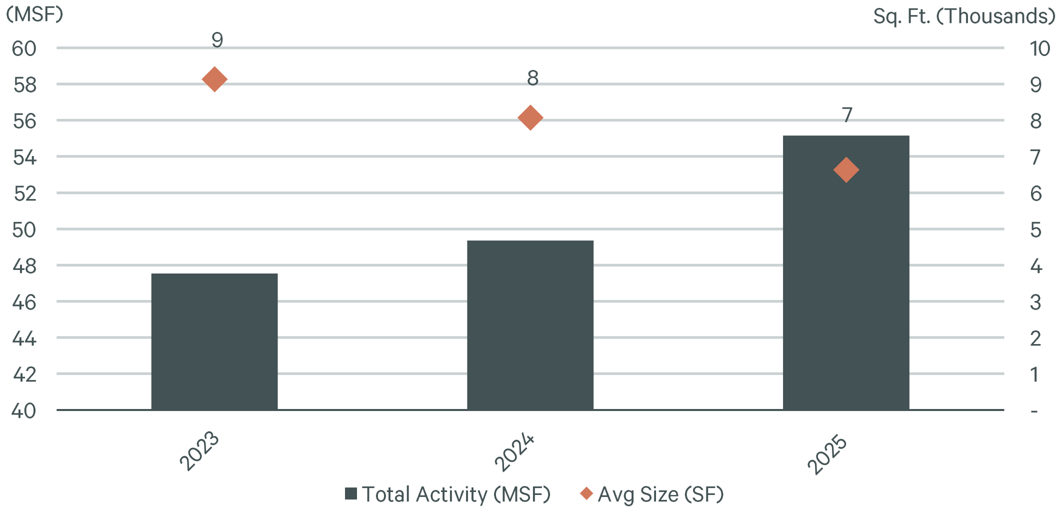
The Midwest markets posted 9.16 million sq. ft. of office leasing activity in Q2 2026, 67% of which was new leasing activity. Leasing activity across the Midwest favored suburban locations with 60% of transactions occurring in suburban markets while Downtown leasing activity made up 40%.

FIGURE 6: Q2 2026 Leasing Activity – Leases 5,000 sq. ft. and greater



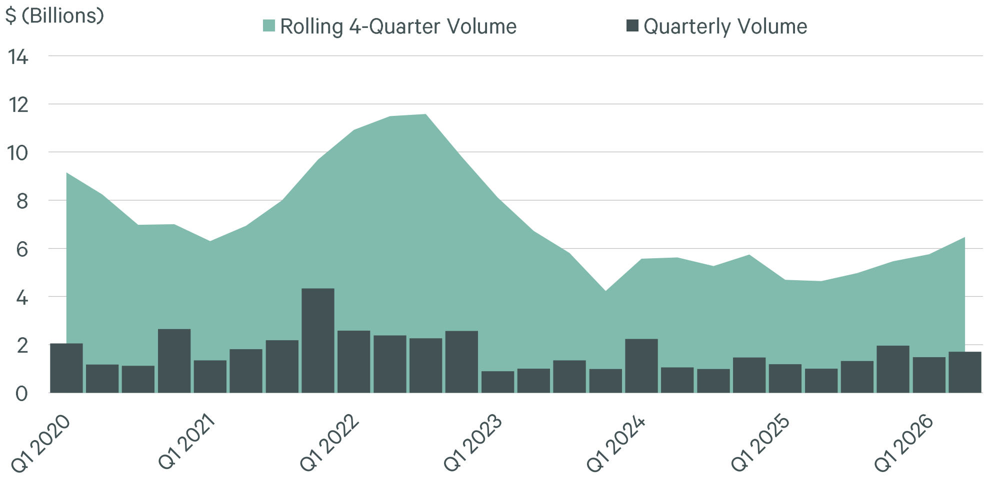
Source: CBRE Research, Q2 2026

FIGURE 7: Historic Leasing Activity



Source: CBRE Research, Q2 2026

FIGURE 8: Investment Activity



Source: Real Capital Analytics Q2 2026

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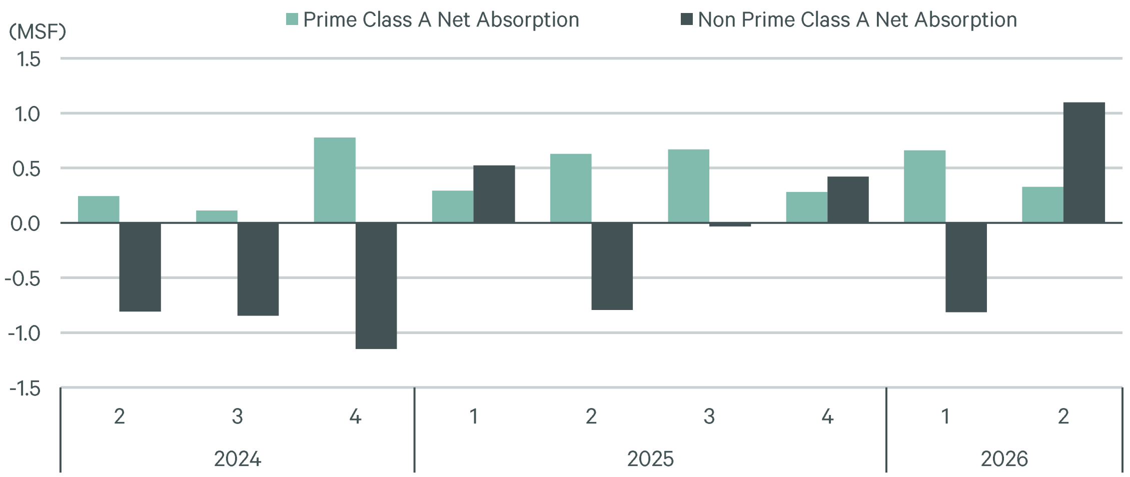
Prime Midwest Office Space

Prime Class A office space continues to outperform the Non-Prime Class A peer buildings by a wide margin in the Midwest. In Q2 2026 Non-Prime Class A vacancy experienced a slight contraction in vacancy by 32 bps to 23.5% while Prime Class A vacancy decreased by 203 bps to 12.3%, indicating continued strong demand for those “amenitized” and well-located assets.

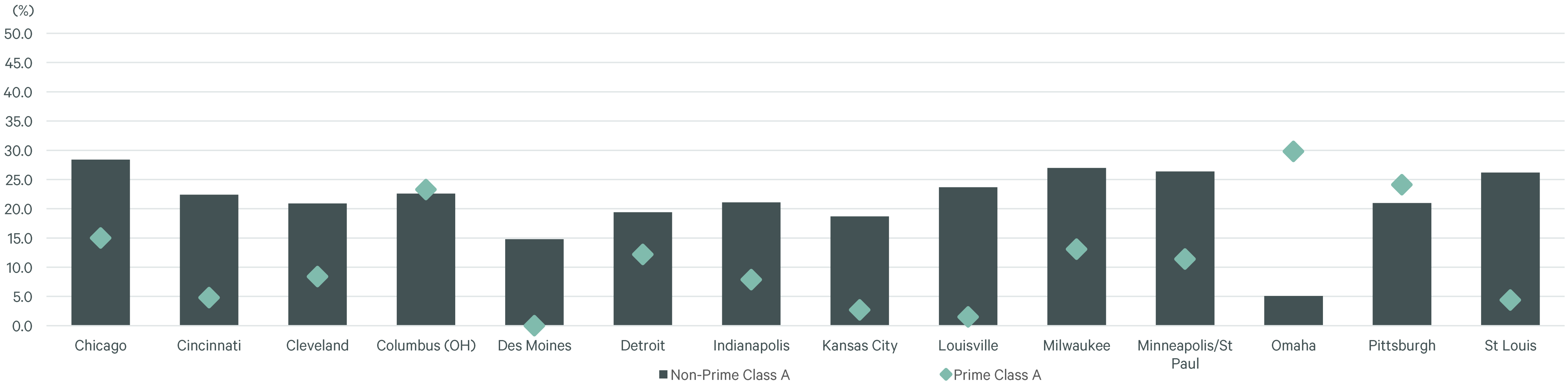
Absorption for Prime Class A assets was outperformed by Non-prime counterparts in the second quarter. Prime Class A recorded 329,000 sq. ft. of positive absorption in Q2 2026 in contrast to the 1.1 million sq. ft. for Non-Prime Class A assets. Outperformance of Non-Prime assets is attributed to the historically tight vacancy rate in the Prime segment leading to spill-over into near prime class A assets.

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



Source: CBRE Research, Q2 2026

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 2026

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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.

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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