

FIGURES | TUCSON OFFICE | Q3 2026

Tucson Office vacancy eased for a third consecutive quarter



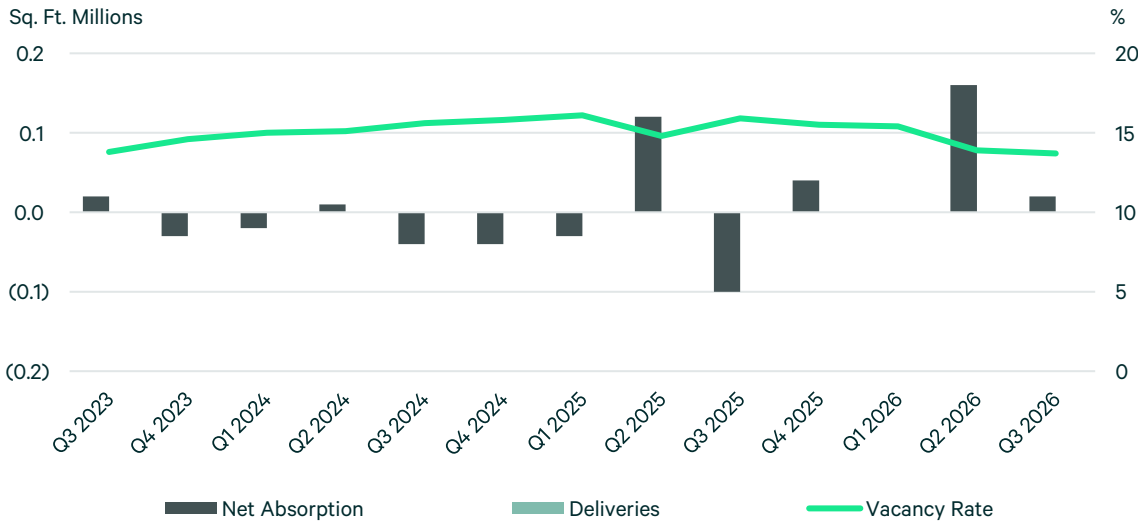
Note: Arrows indicate change from previous quarter.

Market Overview

Market conditions improved in Q3 2026 as occupancy strengthened. Vacancy and availability both declined quarter-over-quarter and year-over-year, while net absorption totaled 7,600 sq. ft. for the quarter and 172,000 sq. ft. year-to-date. Average asking rents edged up 0.9% but remain below their prior peak. No space is under construction and no new deliveries occurred during Q3 2026.

The third quarter showed signs of building momentum after a prolonged soft stretch. Net absorption was positive, which pulled vacancy and availability lower and gave landlords modest room to push rents. With no new product under construction, conditions are positioned to keep improving.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Vacancy

Overall vacancy declined to 13.6% in Q3 2026, edging down from the previous quarter as market conditions stabilized. Vacancy tightened in Class A and Class C space, while Class B remained relatively unchanged. Class A vacancy fell to 10.3%, down 420 basis points year-over-year, while Class C recorded the strongest improvement, declining to 11.3%.

Vacancy varied across submarkets, with the Southeast posting the lowest rate at 2.0%, followed by Downtown at 6.1%. Northwest recorded a higher vacancy rate of 16.5%, presenting additional lease-up opportunities.

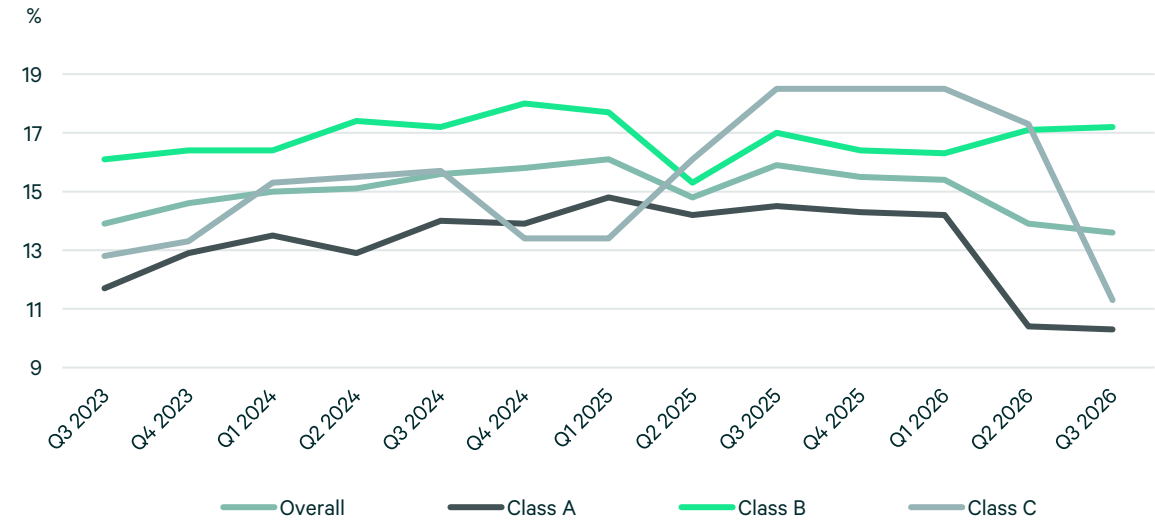
Sublease vacancy remained limited at 76,000 sq. ft. market-wide. Class A sublease availability declined to 1.2%, while Class B held near 0.3%, indicating minimal pressure from shadow space.

Asking Rent

Office asking rents continued to increase in Q3 2026, though growth moderated in recent quarters. Overall asking rents averaged \$22.43 per sq. ft., up 0.9% quarter-over-quarter and 4.9% above Q3 2023 levels. Class A asking rents reached \$26.64 per sq. ft. and maintained a premium over the broader market despite remaining below the 2025 peak.

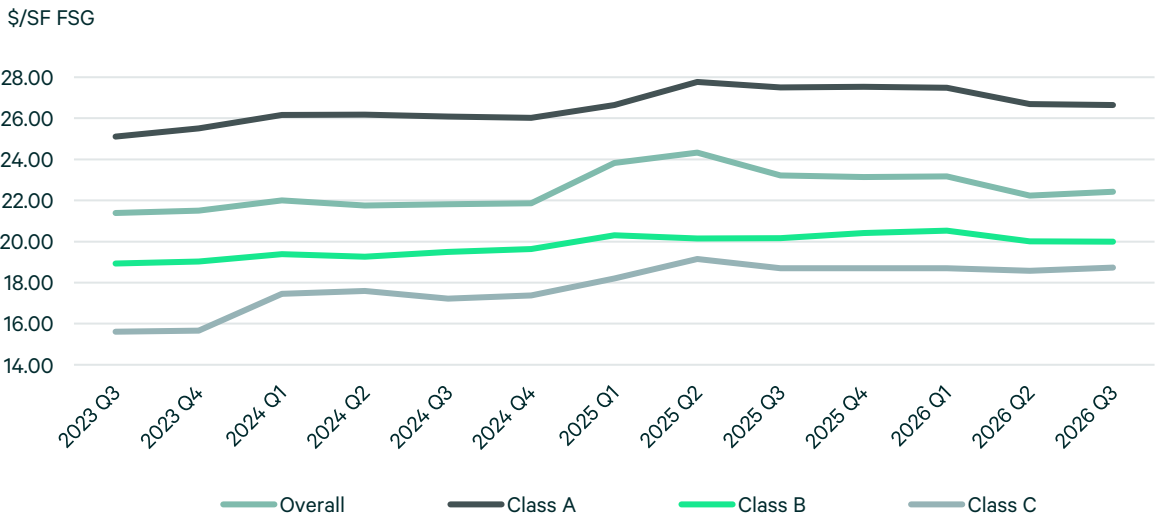
Rent levels varied considerably by submarket, with Downtown posting the highest Class A asking rent at \$35.00 per sq. ft., followed by West Central at \$29.10 per sq. ft. North Central also recorded strong Class A pricing at \$28.33 per sq. ft., while Northeast and Southwest offered some of the market's more affordable options, providing tenants with a wider range of cost-effective alternatives.

Figure 2: Vacancy Rates by Class



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Figure 3: Average Direct Asking Rate by Class



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Net Absorption

In Q3 2026, overall net absorption across all property classes totaled 7,600 sq. ft., below the 164,000 sq. ft. of net absorption recorded in Q2 2026. Still, this exceeded the negative 97,000 sq. ft. posted in Q3 2025 on a year-over-year basis. By property type, Class A contributed 9,400 sq. ft. of positive net absorption, offsetting negative 1,800 sq. ft. in Class B and no net absorption in Class C.

Within the submarkets, North Central registered the strongest positive net absorption this quarter, with 18,100 sq. ft. No additional submarkets recorded positive net absorption above 10,000 sq. ft. this quarter. The Downtown submarket registered a modest 4,800 sq. ft. Meanwhile, the rest of the submarkets recorded negative net absorption or none during the third quarter.

Leasing Activity

Leasing activity in Q3 2026 totaled 20,000 sq. ft., bringing 2026 year-to-date volume to 228,000 sq. ft. across Class A and Class B space. Compared with Q2 2026, leasing activity declined 88.7% from 177,000 sq. ft. Despite the quarterly slowdown, activity largely mirrored Q3 2025 levels, trailing the 21,000 sq. ft. recorded a year earlier.

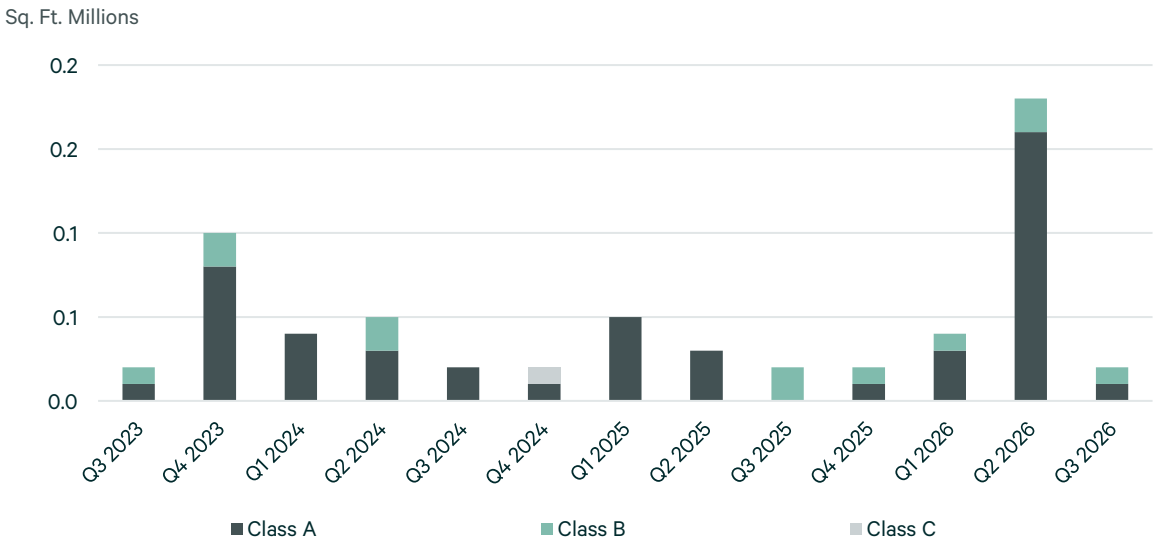
North Central accounted for all 20,000 sq. ft. of leasing activity during the quarter. Within the submarket, tenants leased 7,000 sq. ft. of Class A space and 13,000 sq. ft. of Class B space.

Figure 4: Net Absorption Trend



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Figure 5: Leasing Activity Trend



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Market Statistics by Class

Figure 8: 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	5.08M	10.3	11.5	10.1	1.4	26.64	9,400	202,100	-	-
Class B	4.96M	17.2	17.8	17.4	0.4	20.00	(1,800)	(36,500)	-	-
Class C	549,000	11.3	12.0	12.0	-	18.73	0	6,200	-	-
Total	10.59M	13.6	14.4	13.6	0.8	22.43	7,600	171,800	-	-

Source: CBRE Research, Q3 2026

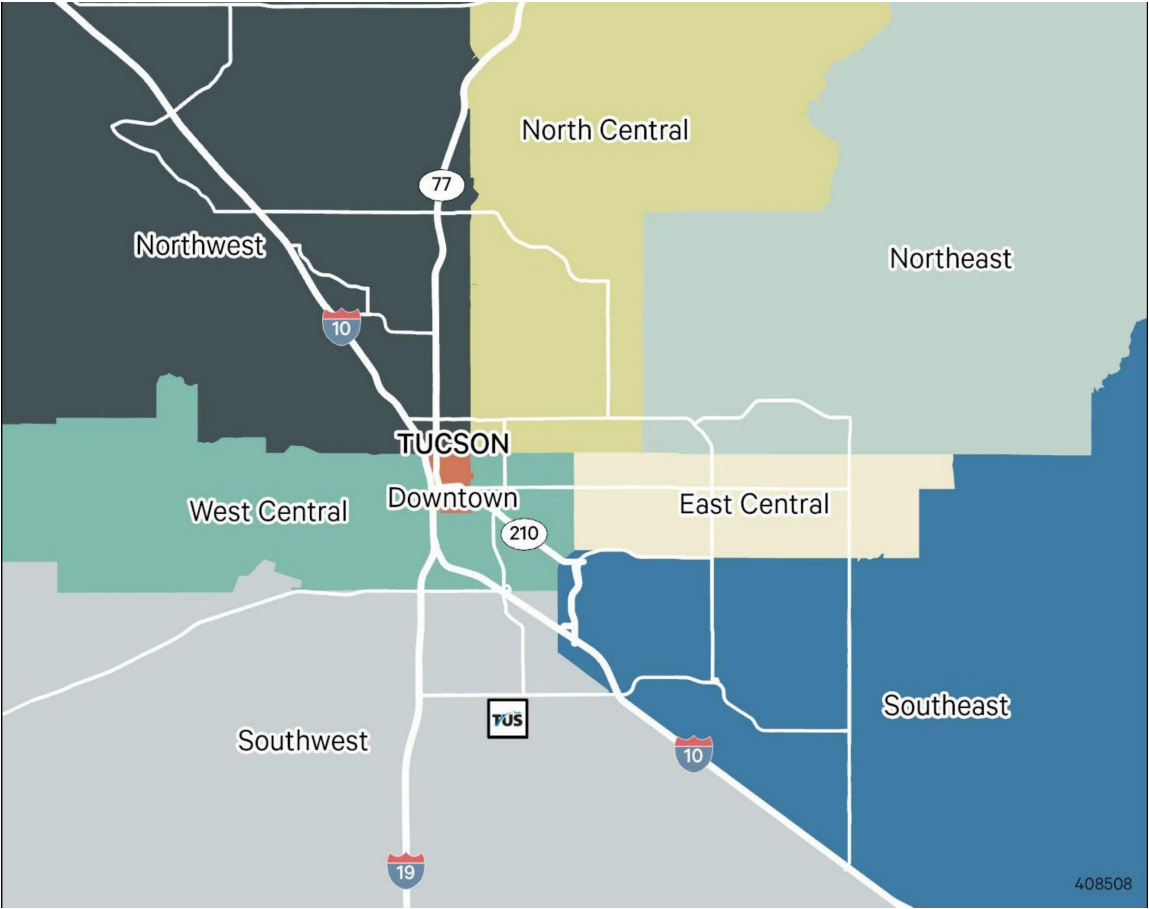
Market Statistics by Submarket

Figure 9

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)
Downtown	836,000	6.1	7.2	6.6	0.6	21.15	35.00	4,800	9,000	-	-
East Central	2.92M	17.2	18.4	18.4	-	23.10	26.23	(3,200)	(14,300)	-	-
North Central	2.14M	6.8	7.3	7.2	0.1	26.01	28.33	18,200	36,100	-	-
Northeast	995,000	15.4	16.7	16.4	0.3	19.02	21.80	(8,700)	(21,200)	-	-
Northwest	2.42M	16.5	17.5	14.3	3.2	22.81	23.49	(7,600)	8,300	-	-
Southeast	235,000	2.0	2.0	2.0	-	-	-	-	151,900	-	-
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	4,100	2,000	-	-
Total	10.59M	13.6	14.4	13.6	0.8	22.43	26.64	7,600	171,800	-	-

Source: CBRE Research, Q3 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. 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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