

FIGURES | DETROIT OFFICE | Q3 2026

Class B Asset Absorption Supports Sustained Market Fundamentals

▼ 22.4%

Availability Rate

▼ 19.0%

Vacancy Rate

▼ 68.7

KSF Net Absorption

► 438.2

KSF Under Construction

▲ \$20.89

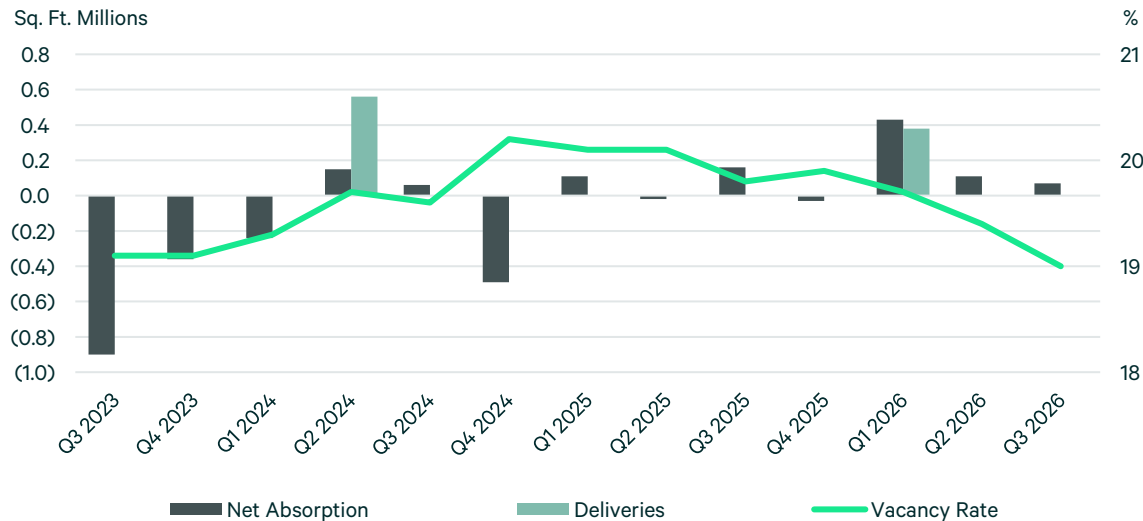
Direct Avg. Asking Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

- Class B product held the bulk of the occupancy gains during Q3 2026, absorbing a total of 179,000 sq. ft.. With this quarter of positive absorption, the year-to-date total has reached 614,000 sq. ft., bolstered by Q1 2026 downtown activity.
- The Detroit office market ended Q3 2026 at a 19% vacancy rate, down 40 bps quarter-over-quarter and 80 bps year-over-year. Over the trailing three-year period from Q3 2023 to Q3 2026, full market vacancy has returned from recent elevated levels as there is a 10 bp difference from the vacancy rate of 19.1% in Q3 2023.
- Leasing activity stabilized in Q3 2026, inclusive of leases 1,000 sq. ft. and larger, the total leasing volume reached 626,000 sq. ft. The activity this quarter brings the year-to-date total to 2.2 million sq. ft. of completed leases.
- In Q3 2026, market-wide office asking rents edged higher, with slight gains quarter-over-quarter and year-over-year. The overall average asking rent was \$20.89 per sq. ft. in Q3 2026, up from 0.8% from Q2 2026 and 1.1% from Q3 2025.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Vacancy

Vacancy in Q3 2026 remained elevated across property classes but generally trended lower compared with Q2 2026. The full market ended Q3 2026 at 19%, down 40 bps quarter-over-quarter and 80 bps year-over-year. Over the trailing three-year period from Q3 2023 to Q3 2026, full market vacancy has returned from recent elevated levels as there is a 10 bp difference from the vacancy rate of 19.1% in Q3 2023.

Vacancy in Class A assets declined 30 bps to 18.5% following the events of the quarter. Class B assets experienced a similar decline in vacancy, decreasing 50 bps to 20.4%.

Of submarkets inclusive of more than 5 million sq. ft. of inventory, Birmingham/Bloomfield maintained the lowest vacancy rate at 12.5%. The highest vacancy rate was recorded in Southfield at 25.6% although 140 bps lower than the previous quarter.

Another contributing factor to the decline in vacancy was the removal of 100 and 200 Galleria Offcentre from the inventory. Both of these properties are slated for a Costco redevelopment project and carried just under 200,000 sq. ft. of vacancy each at the time of removal.

Asking Rent

In Q3 2026, market-wide office asking rents edged higher, with slight gains quarter-over-quarter and year-over-year. The overall average asking rent was \$20.89 per sq. ft. in Q3 2026, up 0.8% from Q2 2026 and 1.1% from Q3 2025. Over the three-year period from Q3 2023 through Q3 2026, the overall average asking rent rose from \$19.88 per sq. ft. to \$20.89 per sq. ft.

The average asking rents of Class A product rose to \$23.05 per sq. ft in Q3 2026., commanding a pricing premium of \$3.68 compared to Class B product. This change represents a 24.7% increase in the pricing gap from the previous quarter.

Across submarkets, rent levels varied widely by location and building class during Q3 2026. The Detroit, Birmingham/Bloomfield, and Ann Arbor submarkets posted the highest average asking rates across all property classes, ending at \$27.66, \$24.07, and \$23.14 per sq. ft. respectively. Mid-priced submarkets ranged from the I-275 Corridor at \$19.08 to Southfield at \$17.96. The I-275 Corridor submarket rent appreciated to the largest degree, increasing by 3.5%. While the Auburn Hills submarket depreciated by 9.9% to \$16.53.

The highest Class A rates were observed in the Detroit, Ann Arbor, and Birmingham/Bloomfield submarkets. These submarkets posted Class A rates of \$31.00, \$28.97, and \$26.66 per sq. ft. respectively.

Figure 2: Vacancy Rates by Class



CBRE Research

Figure 3: Average Direct Asking Rate by Class



CBRE Research

Net Absorption

Net absorption in Q3 2026 was modest but still proved positive occupancy gains across the market at 69,000 sq. ft. total net absorption throughout all property classes. This absorption performance is a decrease of 39.1% quarter-over-quarter and down 56.8% year-over-year. With this quarter of positive absorption, the year-to-date total has reached 614,000 sq. ft., bolstered by Q1 2026 downtown activity.

Class B product held the bulk of the occupancy gains during Q3 2026, absorbing a total of 179,000 sq. ft. Significant contributing events include the Flood Law occupancy of 201 W Fort, Nations Mortgage at 300 E Big Beaver, and Elia & Ponto at 26300 Northwestern Hwy. Class A product posted significant negative absorption, driven by the vacancy of a large downtown tenant and a variety of mid-sized suburban office tenants.

At the submarket level Southfield and Troy posted the highest occupancy gains with 47,000 sq. ft. and 45,000 sq. ft., respectively. These submarkets were followed closely by Ann Arbor which posted 27,000 of positive absorption in Q3 2026. Conversely, the I-275 corridor and Auburn Hills recorded the lowest net absorption throughout the quarter, ending at negative (40,000) sq. ft. and (22,000) sq. ft., respectively.

In Q3 2026, the suburban submarkets outperformed the downtown core. There was 66,000 sq. ft. in suburban occupancy gains compared to the net 3,000 sq. ft. recorded downtown.

Construction Activity

In Q3 2026, the Detroit office construction pipeline remained stagnant with 438,000 sq. ft. under construction across 6 projects. There were no new deliveries this quarter leaving the year-to-date delivery volume at 381,000 sq. ft. Year-over-year, there was a 44.3% decrease in total construction volume, further emphasizing the importance of new supply additions being strategic and measured.

The majority of the construction volume remains focused in the Detroit submarket at 290,000 sq. ft. under construction across 2 projects. Those projects being the U of M Innovation center and the Gratiot Life Sciences building which has 30,000 sq. ft. of availability left. Both projects are set to deliver in the first half of 2027. The rest of the construction volume is concentrated in the Birmingham/Bloomfield, 148,175 sq. ft. across 4 projects. Of these projects, only the Maple Office Park II is set to deliver in Q4 2026, the rest have been pushed back to the first half of 2027.

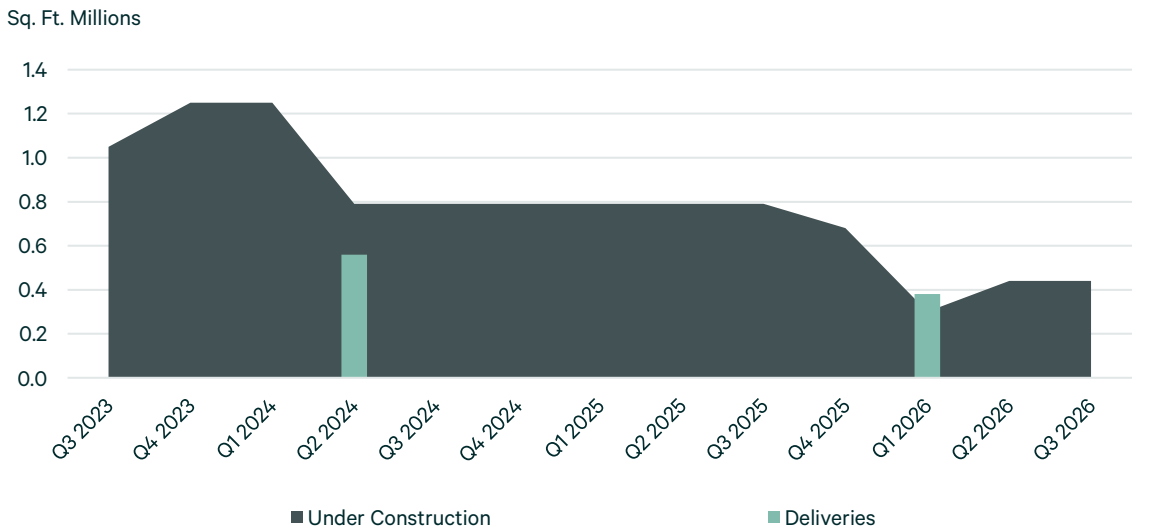
Out of total active construction, 80.3% is preleased, equating to just under 90,000 sq. ft. of availability.

Figure 4: Net Absorption Trend



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Figure 5: Construction Activity



CBRE Research

Leasing Activity

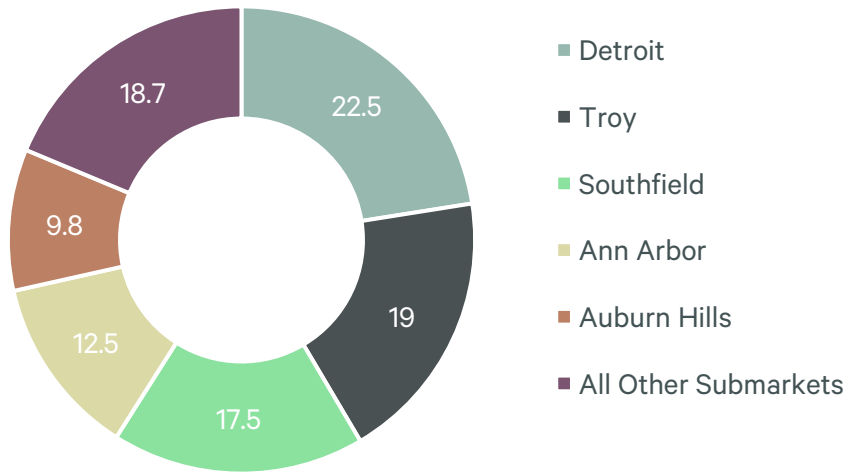
Leasing activity stabilized in Q3 2026, inclusive of leases 1,000 sq. ft. and larger, the total leasing volume reached 626,000 sq. ft. Of that total, 53.6% were from Class A properties. The activity this quarter brings the year-to-date total to 2.2 million sq. ft. of completed leases. The Q3 2026 total is 35.9% lower than the previous quarter and down 17.7% year-over-year.

During the quarter, Detroit and Troy recorded the highest leasing volumes, with 141,000 sq. ft. and 119,000 sq. ft. of space leased, respectively, highlighting continued stronger demand in these submarkets. Southfield (109,000 sq. ft.), Ann Arbor (78,000 sq. ft.), and Auburn Hills (62,000 sq. ft.) also posted significant leasing activity, underscoring a broad but varied distribution of deals across the metro.

The largest commitment was from a confidential tenant (60,751 sq. ft.) in the Farmington Hills/West Bloomfield submarket. Followed by the renewal by Sedgwick Claims Management (60,488 sq. ft.) at 300 Galleria. Another notable transaction was the commitment of a confidential tenant to roughly 60,000 sq. ft. at 1 Campus Martius, the largest Q3 transaction in the Detroit submarket.

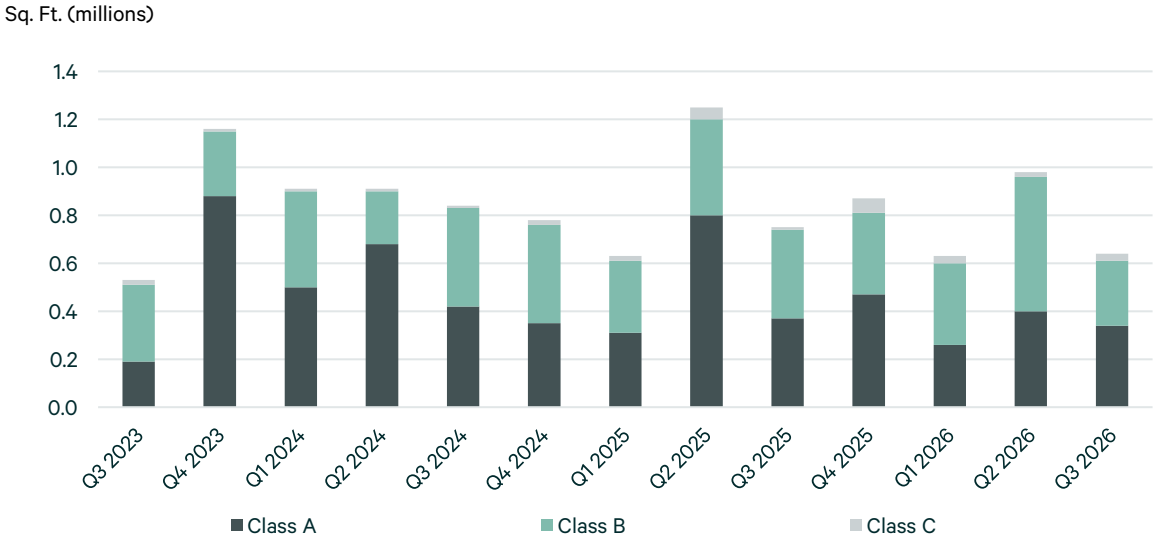
Of the leasing activity in Q3 2026, 27.5% comes from renewals while the other 72.5% are from new leases. The average area leased increased to 8,469 sq. ft while the average term dropped to 42.5 months underscoring an adjustment to tenant needs and overall market confidence.

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



CBRE Research

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



CBRE Research

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	60,751	New Lease	27500 Drake Rd	Farmington Hills/West Bloomfield
Sedgwick Claims Management	60,488	Renewal	300 Galleria	Southfield
Confidential Tenant	60,000	New Lease	1 Campus Martius	Detroit
Phinia	54,474	Renewal	3000 University Drive	Auburn Hills
Hyundai America Technical Center	44,927	New Lease	100 Phoenix	Ann Arbor
MortgagePros	41,875	New Lease	3155 W Big Beaver Rd	Troy
Stoneridge	24,437	Renewal/Contraction	39675 Mackenzie Dr	I-275 Corridor
Charles Schwab	23,849	Renewal/Contraction	201 S Division St	Ann Arbor

Source: CBRE Research, Q3 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	29.98M	18.5	23.7	21.3	2.4	23.05	(117,000)	421,000	-	438,000
Class B	39.41M	20.4	22.9	22.3	0.6	19.37	179,000	165,000	-	-
Class C	7.45M	13.8	14.1	14.1	0.1	19.22	7,000	27,000	-	-
Total	76.83M	19.0	22.4	21.1	1.2	20.89	69,000	614,000	-	438,000

Source: CBRE Research, Q3 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	21.86M	18.6	25.0	22.1	2.9	20.54	(70,000)	5,000	-	148,000
Class B	32.17M	20.4	22.9	22.3	0.6	17.93	146,000	124,000	-	-
Class C	5.13M	11.3	11.1	11.0	0.1	15.52	(11,000)	(29,000)	-	-
Total	59.17M	19.0	22.6	21.2	1.4	18.89	66,000	99,000	-	148,000

Source: CBRE Research, Q3 2026

Figure 11: Urban 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	8.12M	18.2	20.3	19.1	1.2	31.00	(47,000)	417,000	-	290,000
Class B	7.24M	20.6	23.0	22.7	0.3	25.58	33,000	41,000	-	-
Class C	2.31M	19.3	20.8	20.8	-	23.33	18,000	57,000	-	-
Total	17.67M	19.4	21.5	20.8	0.7	27.66	3,000	515,000	-	290,000

Source: CBRE Research, Q3 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	14.8	17.8	14.6	3.2	23.14	28.97	27,000	123,000	-	-
Auburn Hills	2.15M	28.6	43.2	37.9	5.3	16.53	16.63	(22,000)	(10,000)	-	-
Birmingham/Bloomfield	5.90M	12.5	14.0	13.7	0.2	24.07	26.66	23,000	84,000	-	148,000
Dearborn	3.02M	18.2	18.1	18.1	-	15.64	18.43	-	21,000	-	-
Detroit	17.67M	19.4	21.5	20.8	0.7	27.66	31.00	3,000	515,000	-	290,000
Farmington Hills/West Bloomfield	6.66M	16.3	21.1	20.1	1.0	18.44	19.09	(5,000)	-	-	-
I-275 Corridor	5.58M	16.4	24.8	22.5	2.3	19.08	18.40	(40,000)	(44,000)	-	-
Macomb	1.32M	9.7	11.4	11.3	0.1	17.44	20.19	(6,000)	3,000	-	-
Rochester	537,000	5.1	3.7	3.7	-	16.01	19.50	(4,000)	(1,000)	-	-
Southfield	15.66M	25.6	26.6	25.1	1.5	17.96	20.75	47,000	(35,000)	-	-
Troy	12.54M	18.2	23.5	22.7	0.7	18.76	22.82	45,000	(41,000)	-	-
Total	76.83M	19.0	22.4	21.1	1.2	20.89	23.05	69,000	614,000	-	438,000

Source: CBRE Research, Q3 2026

National Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.



Detroit Employment Update

▼ 5.7%
Unemployment Rate

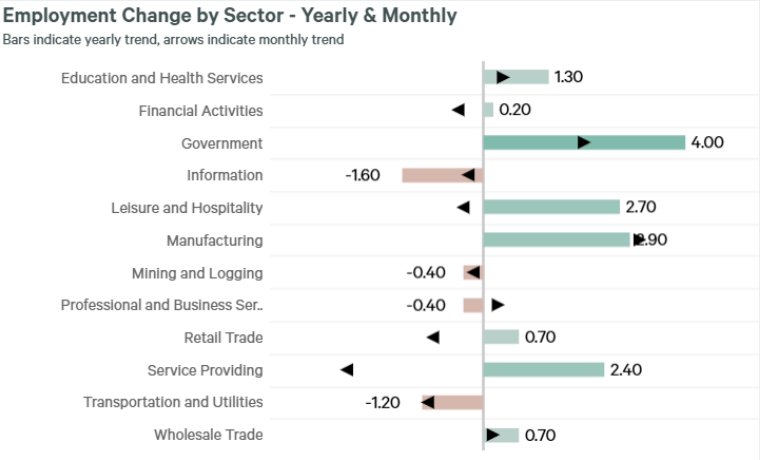
▼ 2.2M
Labor Force

▼ 529.3k
Office Using Jobs

▲ 1,174k
Industrial Using Jobs

▼ 281.9k
Retail Using Jobs

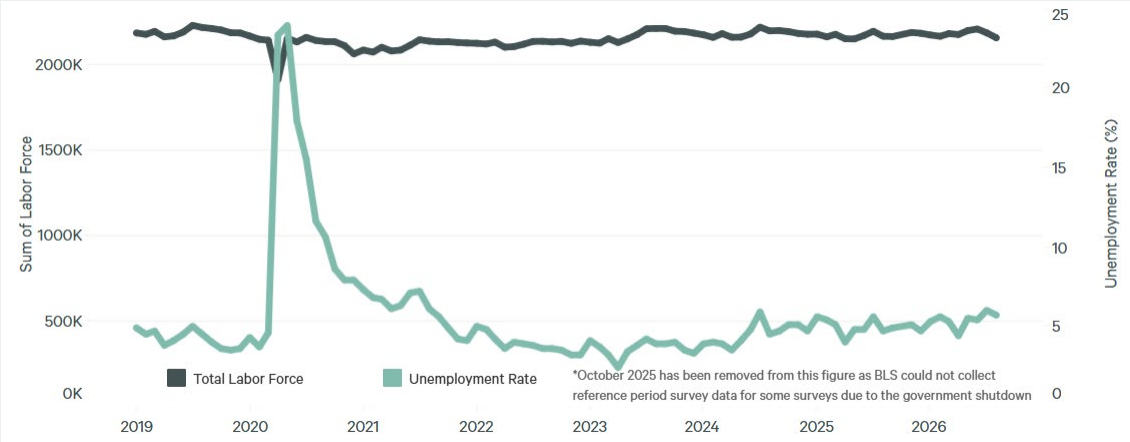
Employment Change by Sector – Yearly + Monthly
Bars indicate yearly trend, arrows indicate monthly trend



Note: Arrows indicate month-over-month change.

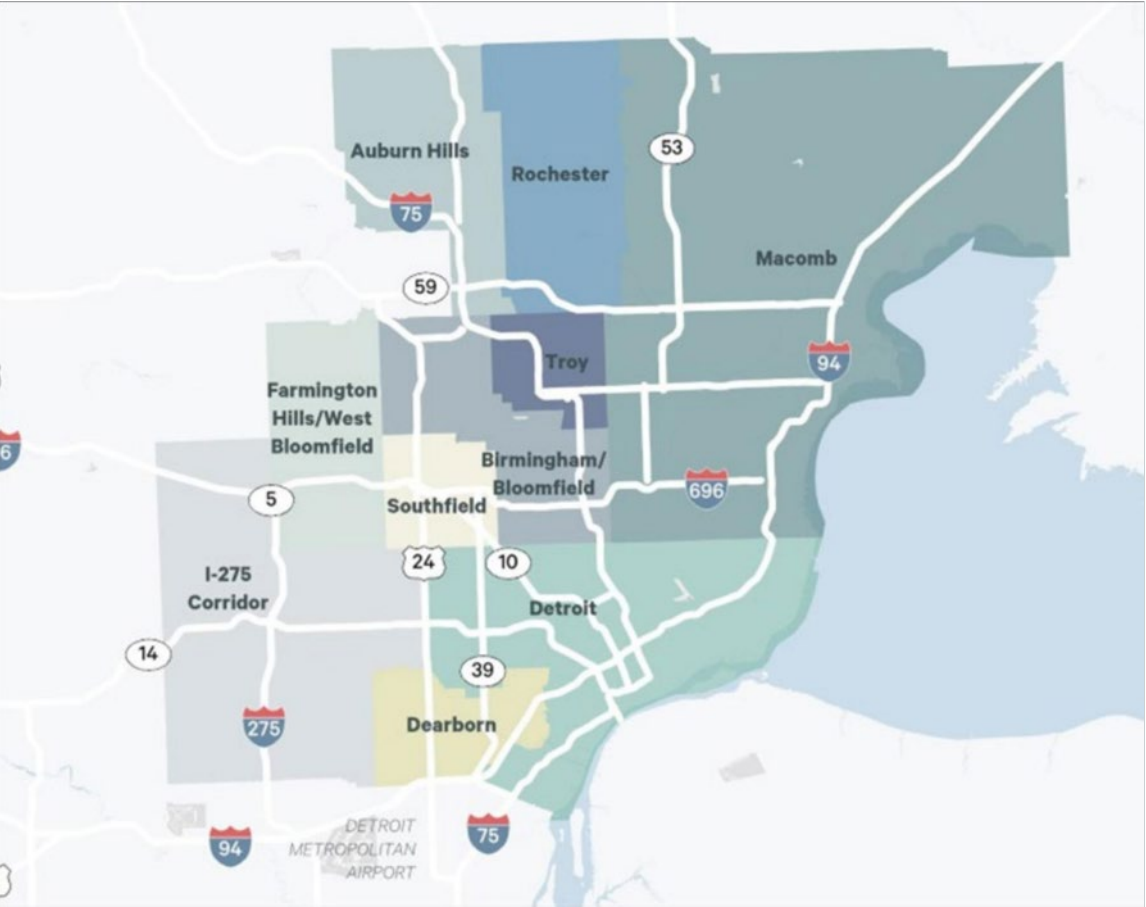
Source: US BLS, September 2026

Detroit Unemployment Rate and Labor Force Trends



Source: US BLS, September 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.

Survey Criteria

Includes multitenant office buildings 10,000 sq. ft. and greater in size in the Detroit market, excluding single-tenant owner-occupied buildings, government-owned and –occupied buildings, and medical buildings. Buildings which have begun construction as evidenced by site excavation or foundation work.

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