Detroit Office Market Trends

1Q26

U.S. Market Observations

Economy

- The Detroit MSA saw unemployment trend higher in latest January 2026 figures to 5.3% from 4.7% the previous month. However, year over year payroll employment figures show a decline of .20%. Comparatively, US unemployment declined in January to 4.3% from 4.4% the previous month with year over year payroll employment figures up .20%.
- January 2026 data shows employment in Financial Activities rose 0.2% year over year, while Business and Professional Services declined 1.8% and Information fell 3.8%.
- High inflation and interest rates will be a limiting factor if trends persists.

Leasing Market Fundamentals

- The metro Detroit's office market showed mixed results during the first quarter of 2026. The vacancy rate held at 21.5% added only 6,656 SF of additional vacant space.
- Leasing activity in the current quarter totaled 757,000 SF across 173 deals, falling well short of the 25-year quarterly averages of 1.67 million SF and 327 transactions.
- During the first quarter of 2026, the suburban office market posted 24,993 SF of positive absorption, though the vacancy rate remained at 22.2%. Southfield led the market in absorption as the submarket saw a return of large block users.

Major Transactions

- LA Insurance purchased 600 Wilshire Drive, a 115,036 SF building, in Troy.
- Detroit Central City Community Mental Health, Inc. signed a 38,569 SF lease at 613 Abbott St in Detroit.
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- Elia & Ponto leased 22,517 SF at 26300 Northwestern Hwy in Southfield.
- Clarity Debt Resolution, Inc. leased 16,454 SF at 900 Wilshire Dr in Troy.

Outlook

- Despite elevated asking rates, tenants will see increasingly competitive offers from landlords in the form of rent concessions and tenant improvement allowances.
- Higher occupancy office buildings will continue to see the most leasing demand as tenants are favoring active office facilities.
- The market remains favorable for tenants looking to purchase office buildings for owner-occupancy, as properties with low occupancy are struggling to attract leasing tenants. The market has seen a notable increase in user sales that is likely to continue in the coming quarters.

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Economy

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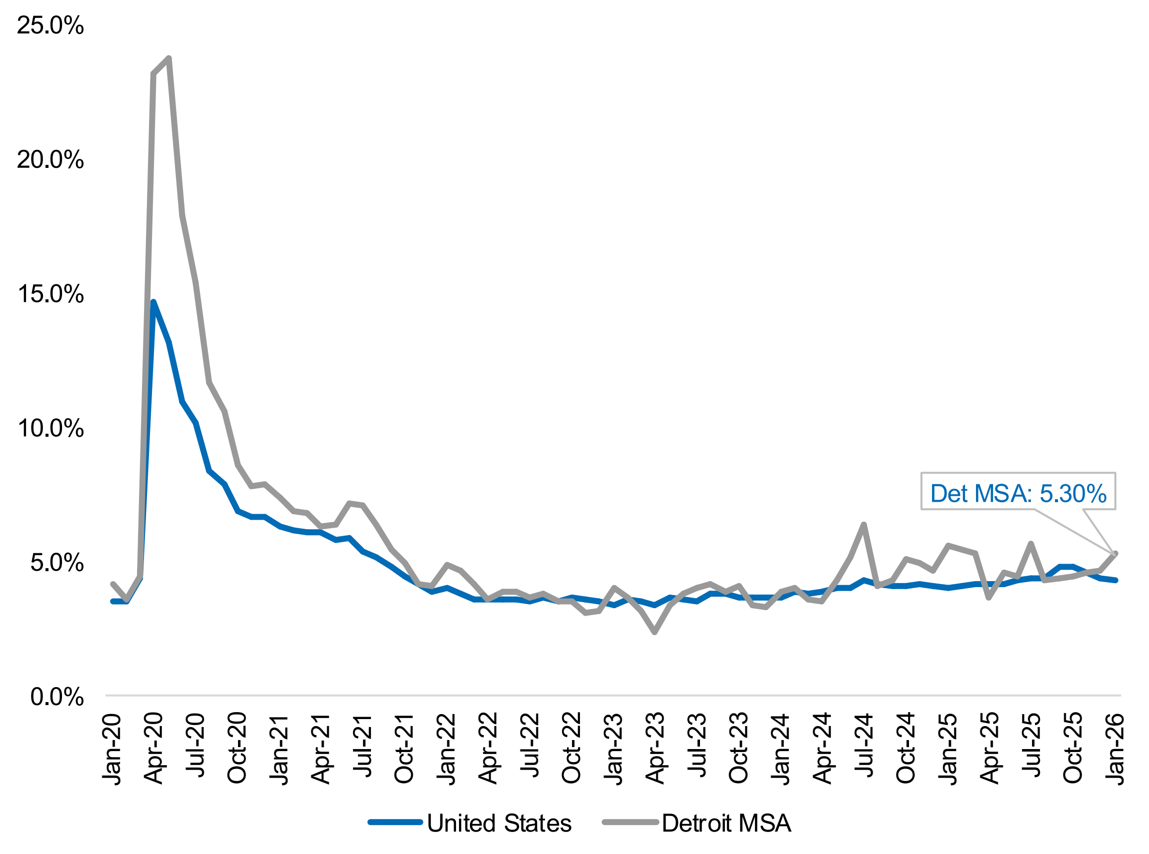
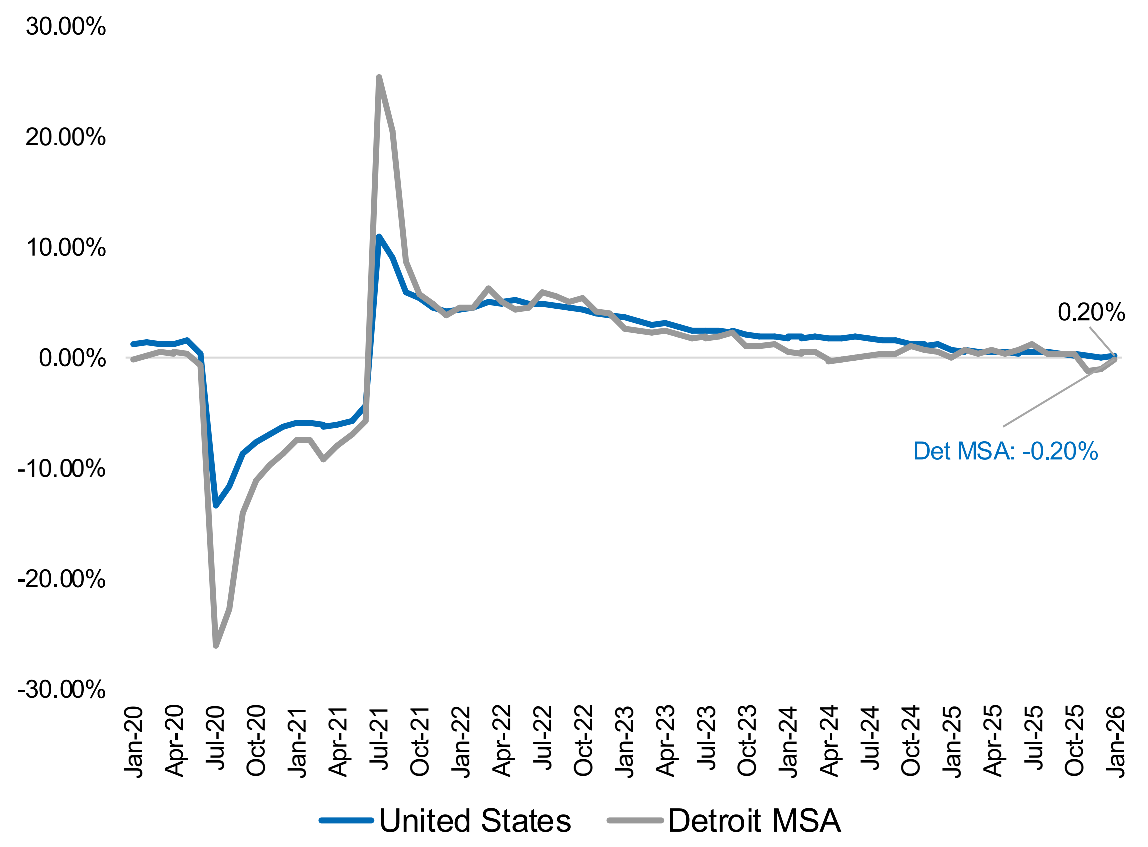
Metro Detroit Employment Trends Show Limited Job Growth

The Detroit MSA saw unemployment trended higher in latest January 2026 figures to 5.3% from 4.7% the previous month. However, year over year payroll employment figures show a decline of .20%. Comparatively, US unemployment declined in January to 4.3% from 4.4% the previous month with year over year payroll employment figures up .20%.

Unemployment Rate, Seasonally Adjusted



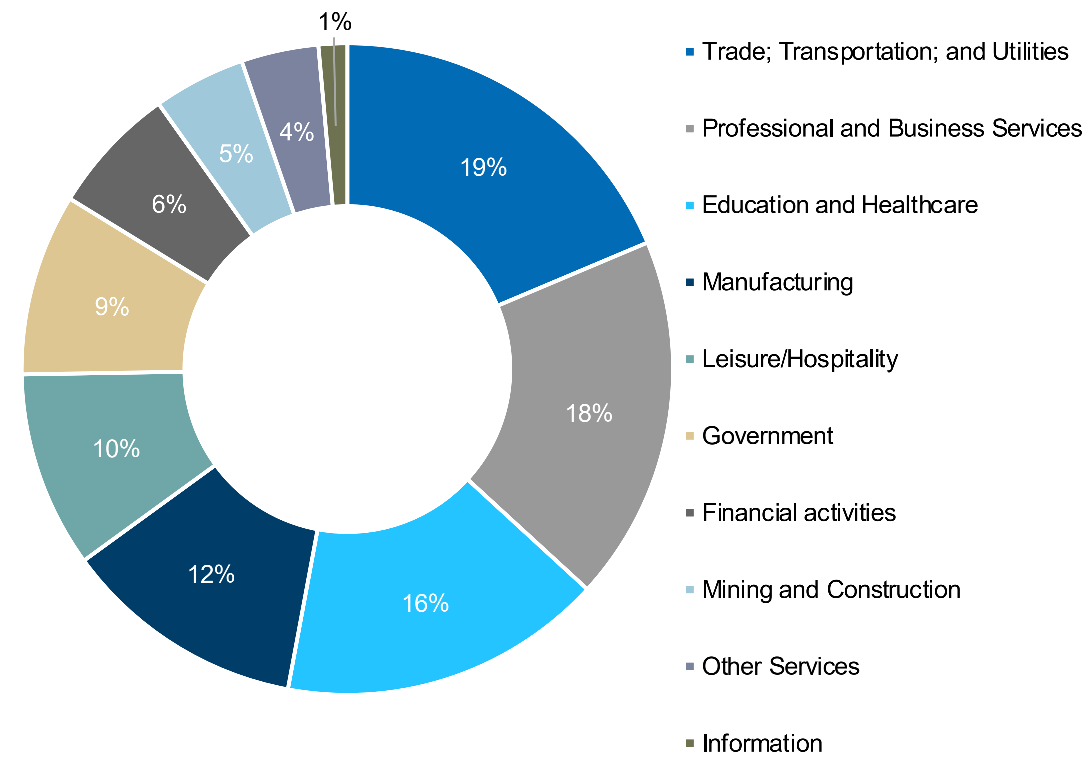
Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change



Office Using Employment Mostly Down YOY

January 2026 data shows employment in Financial Activities rose 0.2% year over year, while Business and Professional Services declined 1.8% and Information fell 3.8%. Year-over-year job growth was strongest in Manufacturing, Education and Health Services, and Construction.

Employment by Industry, January 2026



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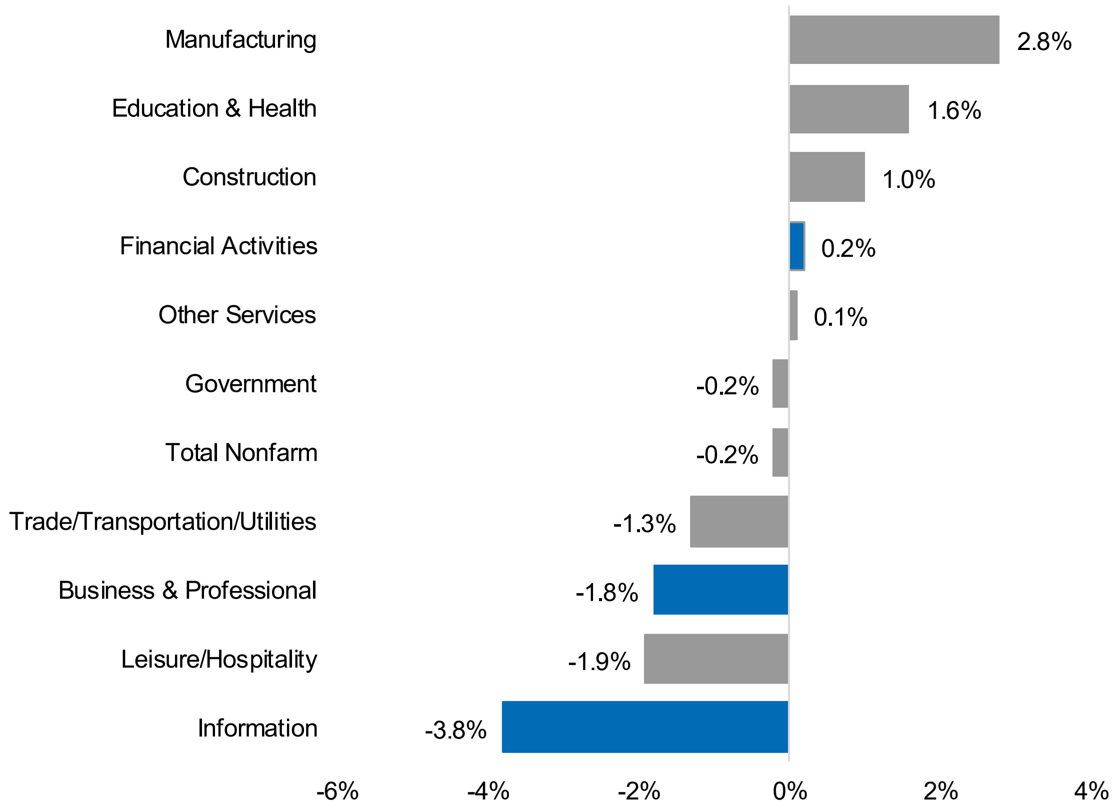
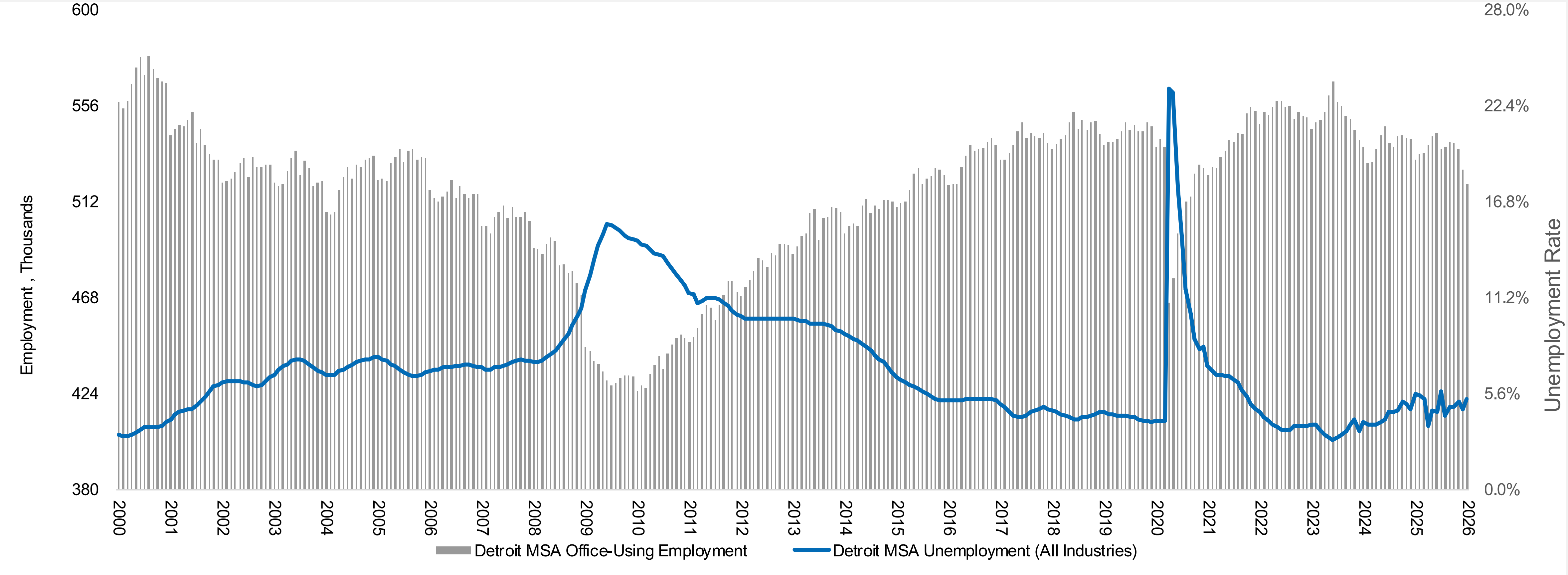


Source: BSA

Overall Office-Using Employment Trending Downward

Office-using employment in the Detroit MSA trended downward over the past four months, falling from 539.4 in September 2025 to 520.5 in January. The unemployment rate across all industries is slightly elevated compared to the 2023–2024.

Office-Using Employment* and Unemployment Across All Industries



Source: BSA

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Leasing Market Fundamentals

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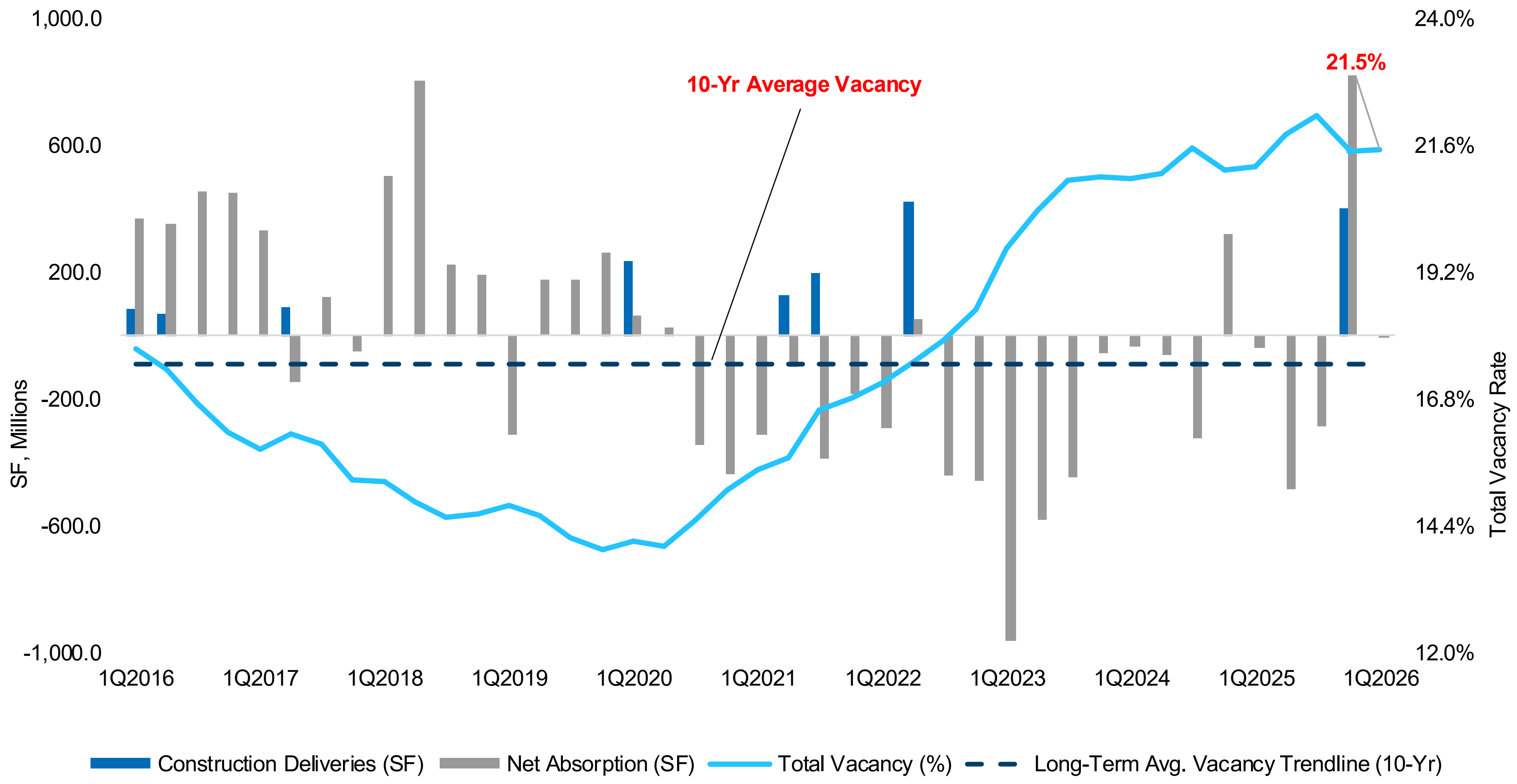
Metro Detroit Office Market Vacancy Rate Leveling Off

Historical Construction Deliveries, Net Absorption, and Vacancy



The metro Detroit's office market showed mixed results during the first quarter of 2026. The vacancy rate held at 21.5% added 6,656 SF of additional vacant space.

During the previous quarter, the market saw a spike in absorption as GM, Urban Science, JP Morgan Chase and Ven Johnson law firm moved into the newly completed Hudson Tower in the Detroit CBD.

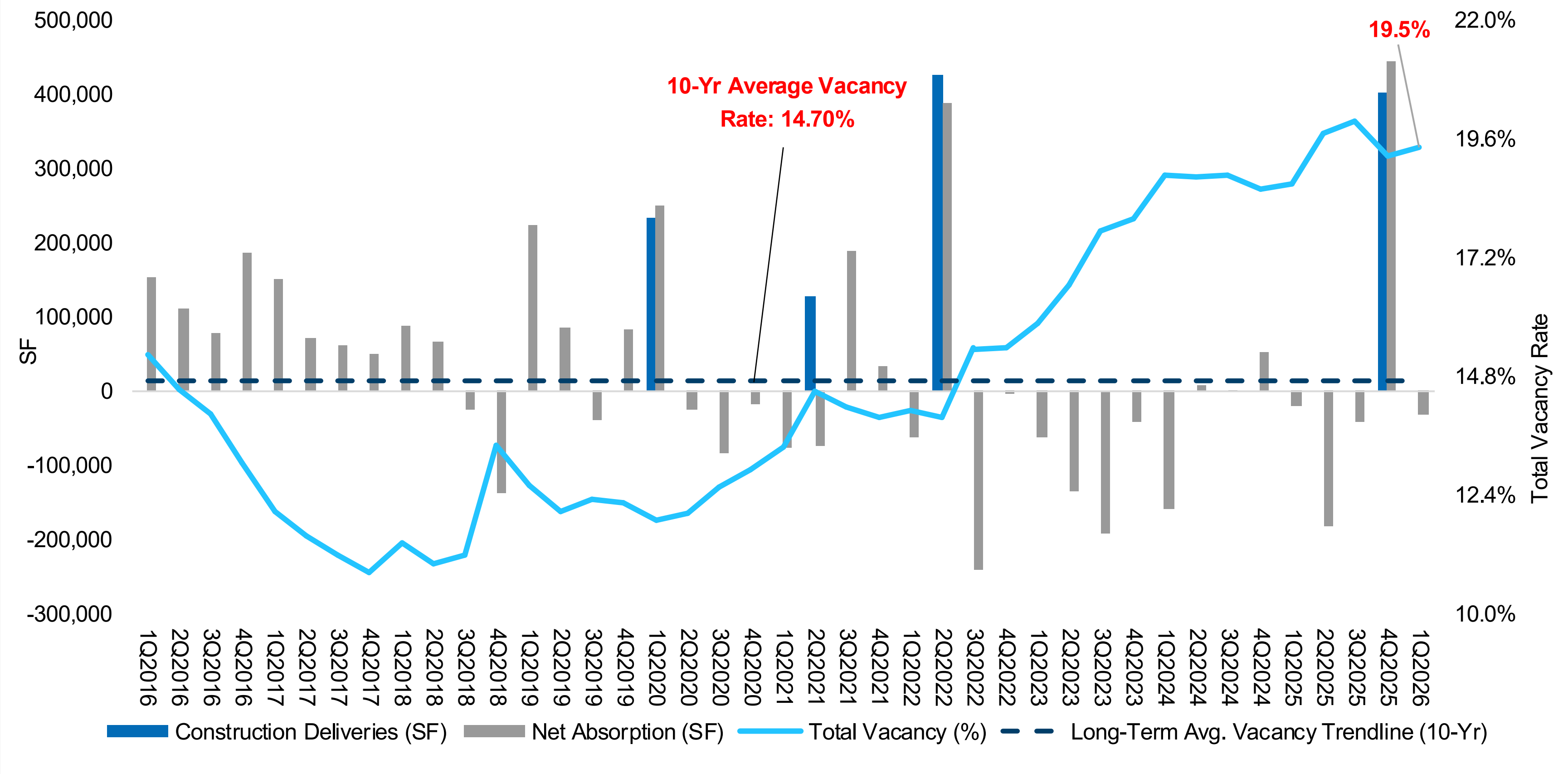
Southfield led the market in absorption as the submarket saw a return of large block users.

Source: Newmark, Costar

Detroit CBD Seeing Significant Reshuffling

Detroit's office landscape recently underwent significant reshuffling. With the completion of the Hudson Tower, the building has welcomed General Motors, Urban Science, Ven Johnson Law PLC, Accenture, and JPMorgan Chase—many relocating from the Renaissance Center, the Buhl Building, 1001 Woodward, and Chase Tower. The Consulate of Japan is also moving from the Renaissance Center to One Campus Martius. Current plans call for demolishing two towers at the Renaissance Center, with the remainder of the complex slated for conversion to residential use.

Detroit CBD: Historical Construction Deliveries, Net Absorption, and Vacancy



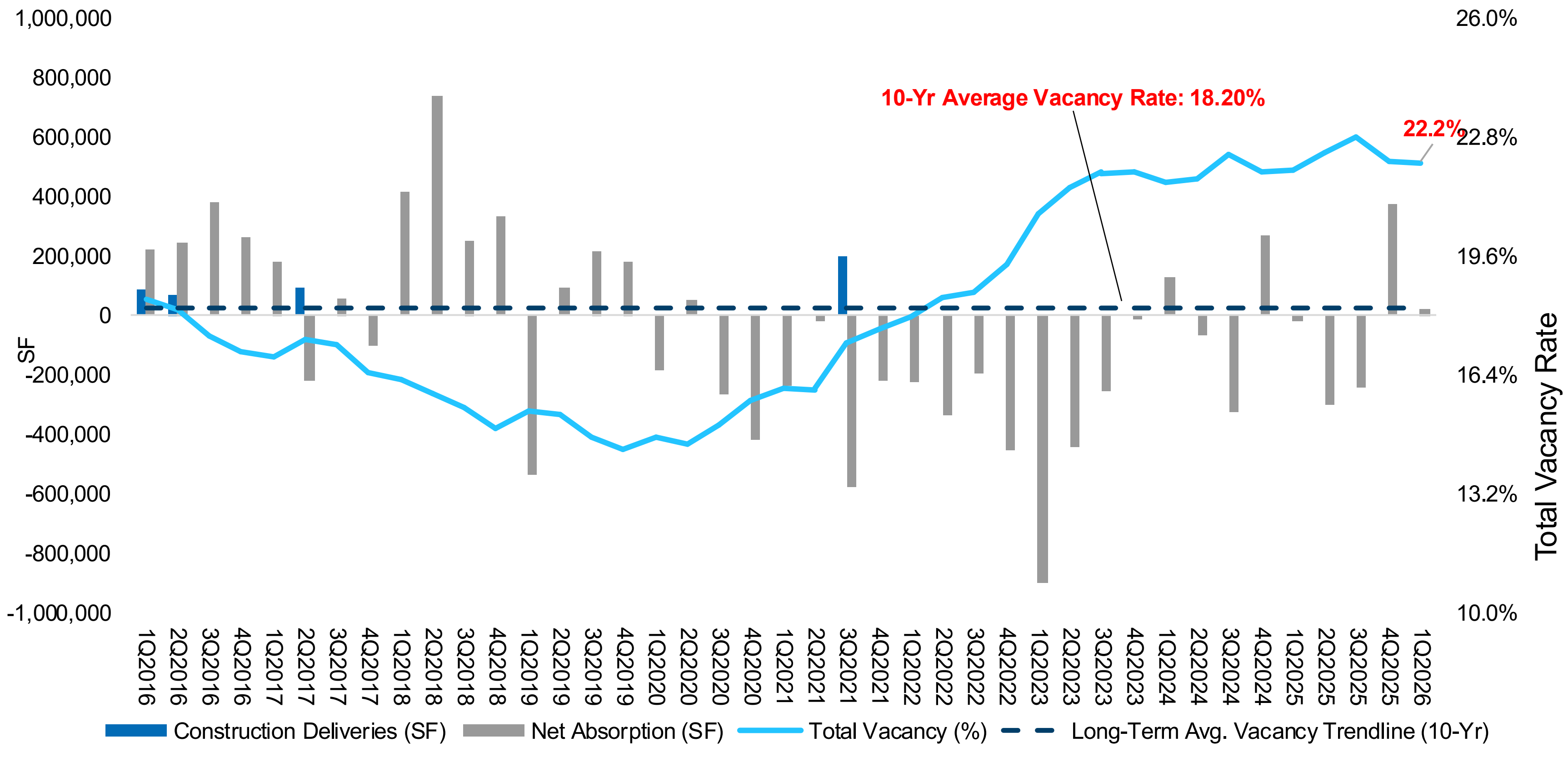
Hudson Tower. Source: Wikimedia

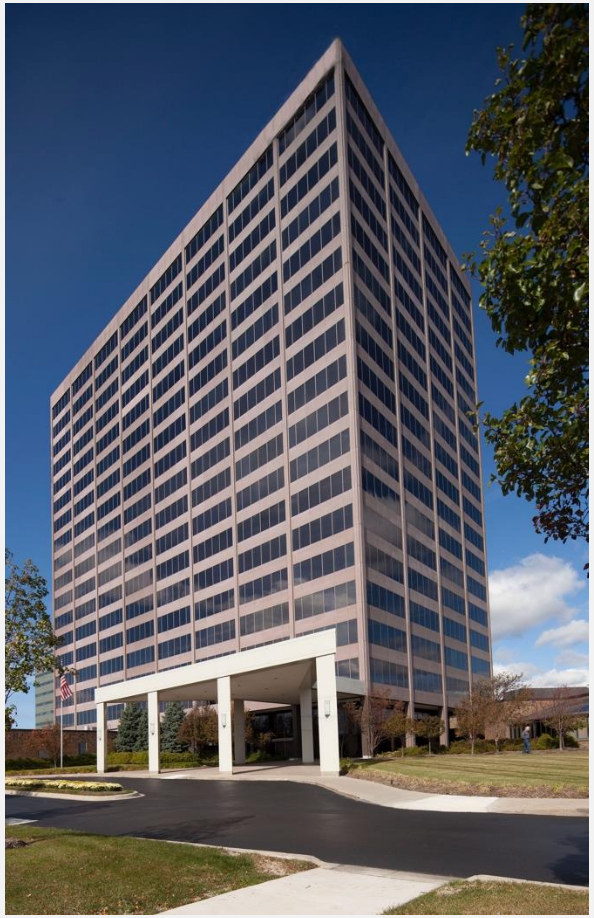
Source: Newmark, Costar

Suburban Office Market Posts Second Consecutive Quarter of Positive Absorption

During the first quarter of 2026, the suburban office market posted 24,993 SF of positive absorption, though the vacancy rate remained at 22.2%. This marked the second consecutive quarter of positive absorption. Southfield led the way, recording 150,159 SF of positive absorption. Most leasing activity occurred at Travelers Tower I, which absorbed 50,000 SF, and at 2000 Town Center, which absorbed 21,000 SF. Ann Arbor, Birmingham, Farmington Hills also posted positive figures. Brose North America Inc.'s 100,000 SF sublease in Auburn Hills was the largest new space to hit the market.

Suburban Market: Historical Construction Deliveries, Net Absorption, and Vacancy





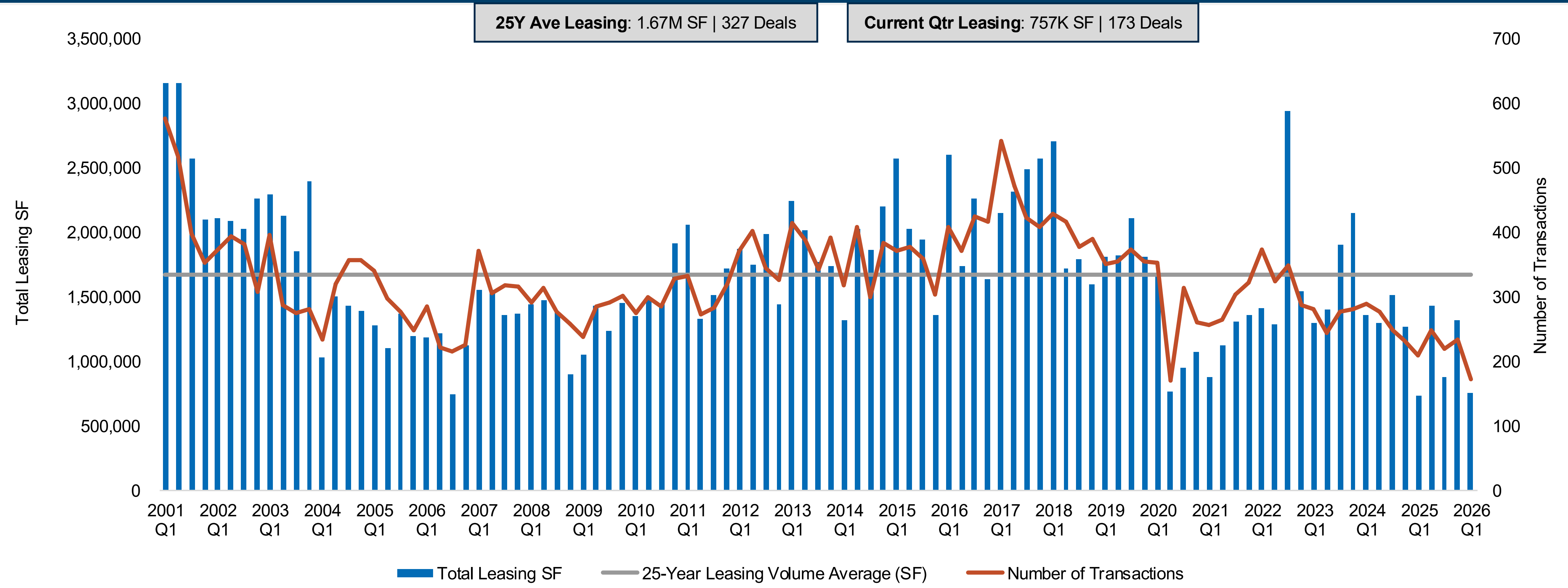
Travelers Tower I

Source: Newmark, Costar

Office Leasing Activity Remains Well Below 25-Year Average

Leasing activity in the current quarter totaled 757,000 SF across 173 deals, falling well short of the 25-year quarterly averages of 1.67 million SF and 327 transactions. Both square footage and deal count have trended downward since the post-pandemic surge that peaked in early 2023, when a single quarter briefly surpassed 2.9 million SF. Positive absorption alongside this suppressed leasing volume suggests that the deals being completed tend to involve larger blocks of space, with fewer tenants driving the bulk of occupancy gains.

Metro Detroit Total Office Leasing Activity



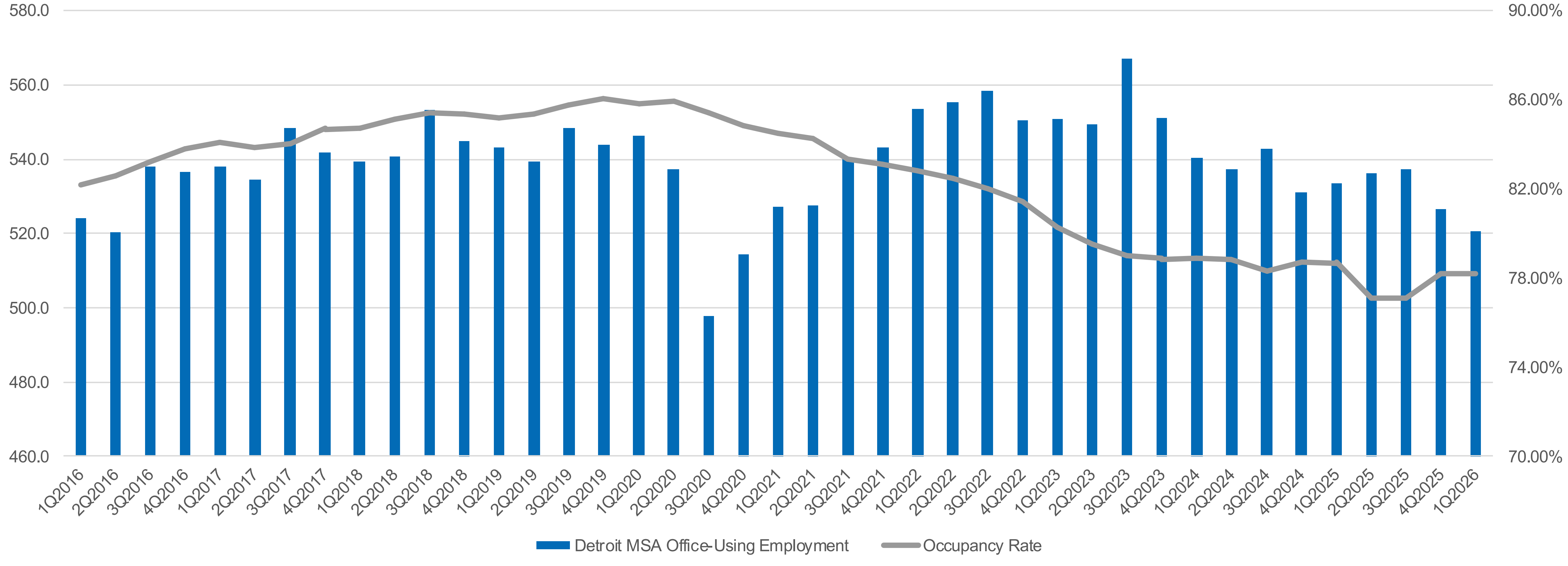
Source: Costar

*Multi-Tenant Buildings Over 15,000 SF

Overall Office-Using Employment Declines

Office-using employment in the Detroit MSA trended downward over the past four months, falling from 539.4 thousand in September 2025 to 520.5 thousand in January, which may create near-term headwinds for leasing demand. However, this decline is consistent with typical seasonal patterns, as office-using employment tends to trough in winter months and rebound mid-year, suggesting employment levels are likely to improve in the coming quarters.

Office-Using Employment* and Office Occupancy Levels

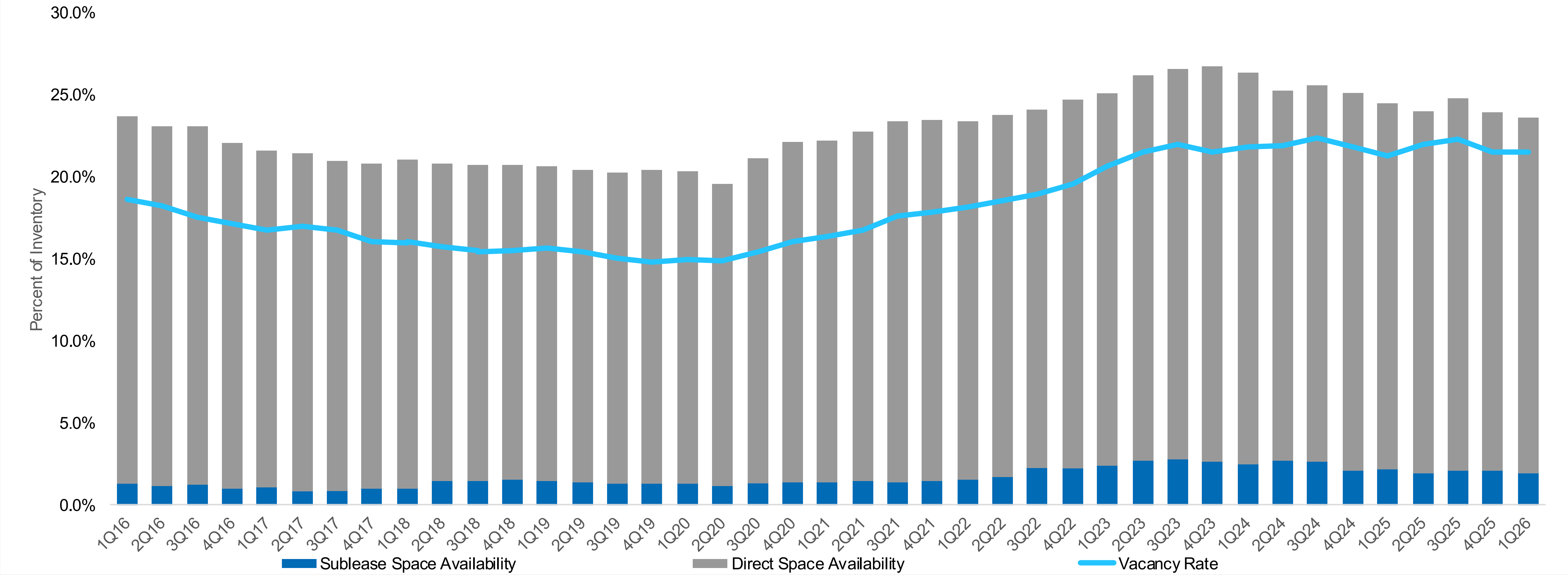


Source: Newmark, Costar, BSA

Available Sublease Space Falls

Available sublease space declined by 74,798 square feet in the first quarter of 2026 to 1.57 million square feet. Sublease availability now represents 1.9% of total inventory, down from 2.1% in the prior quarter. For context, sublease space peaked at 2.25 million square feet (2.8% of inventory) in the third quarter of 2023. Currently, sublease space represents 2.5% of available Class A inventory and 1.8% of available Class B inventory.

Available Direct & Sublease Space and as Percent of Overall Market

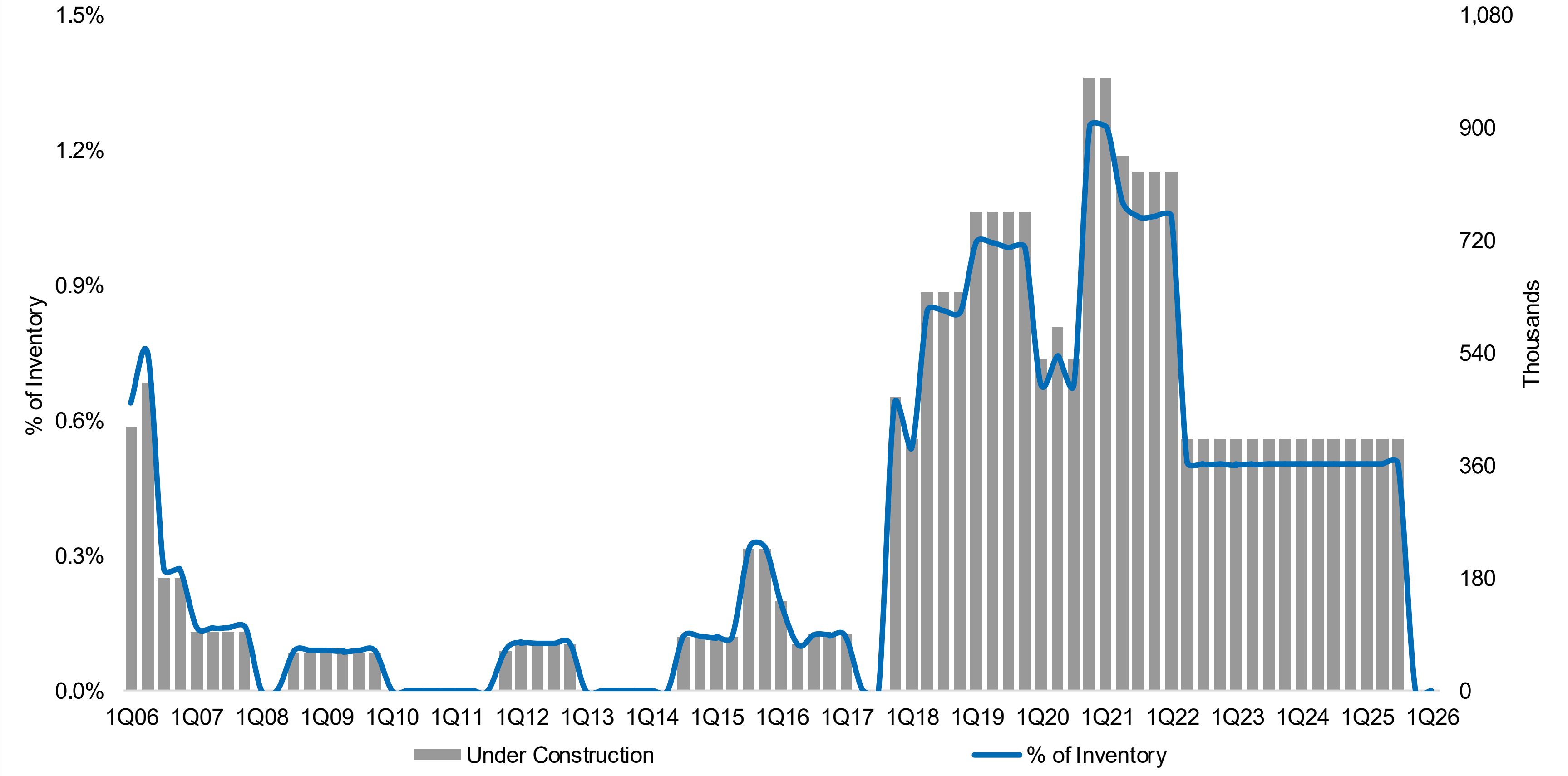


Source: Newmark, Costar

Construction Completed on the City of Detroit's Newest High-Rise

Construction was completed on Hudson Tower, the city of Detroit's newest skyscraper. The 404,000 SF fully leased new tower reshapes the city's skyline and has re-energized the downtown area. The tower follows Little Caesars 234,000 SF owner-occupied headquarters built in 2020, the 127,000 SF multi-tenant 2715 Woodward Ave building built in 2021, and the 427,000 SF Huntington Tower built in 2022.

Office Under Construction and % of Inventory



Hudson Tower, Detroit

Huntington Tower, Detroit

2715 Woodward Ave, Detroit

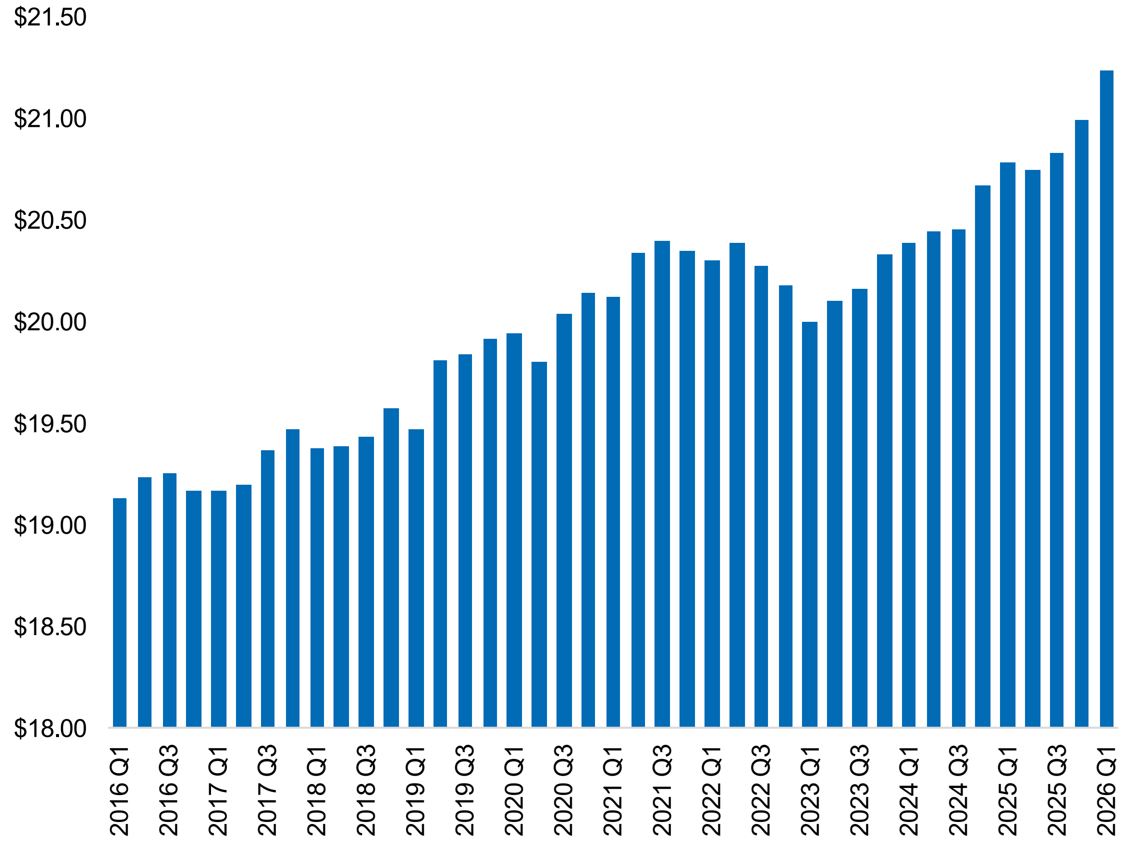
Little Caesars Headquarters

Source: Newmark, Wiki Photos

Average Asking Rent Climbed During The Quarter

After dipping 1.51% in 2023, average asking rent has rebounded to $21.24/SF as of Q1 2026, with growth accelerating each of the past three years to a high of 2.14% in 2026. The increases reflect a combination of inflationary pressure on operating costs and demand consolidating around higher-quality space.

Office Average Asking Rent, $21.24/SF, Gross



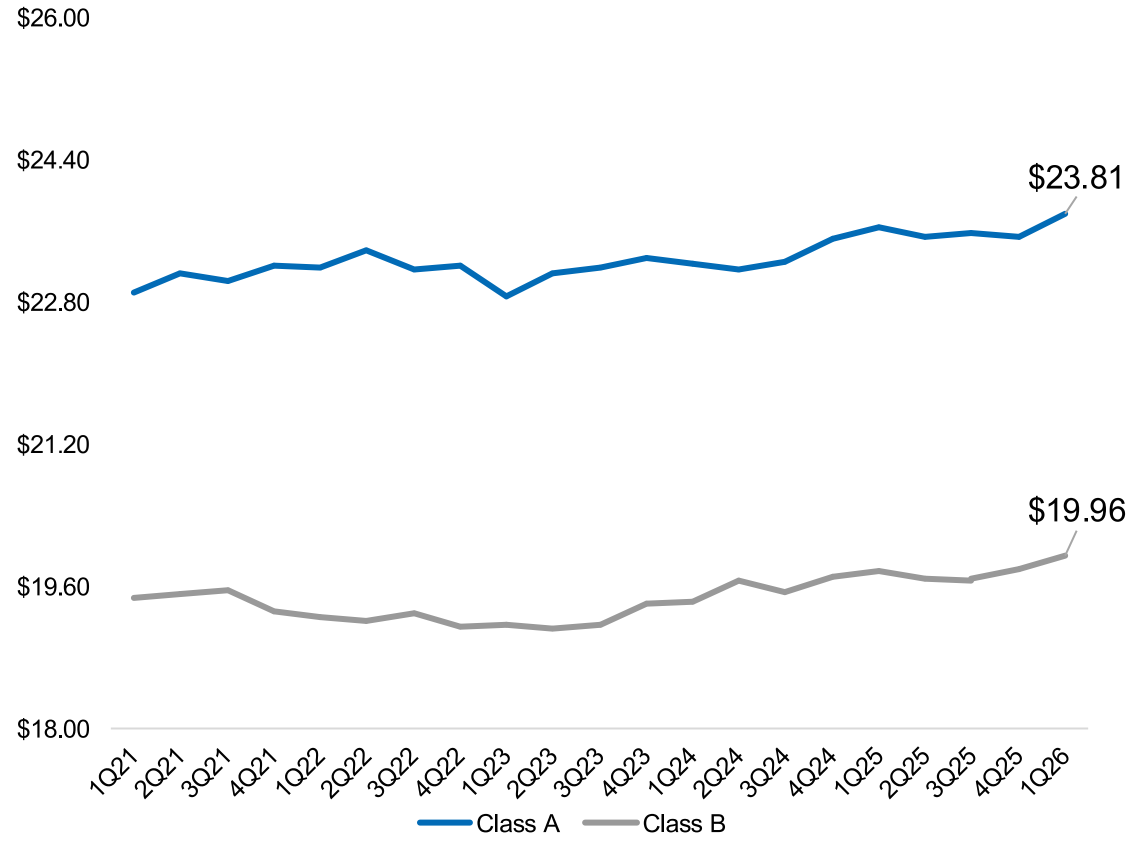
Year-over-Year Asking Rent Growth Rate

Source: Newmark, Costar

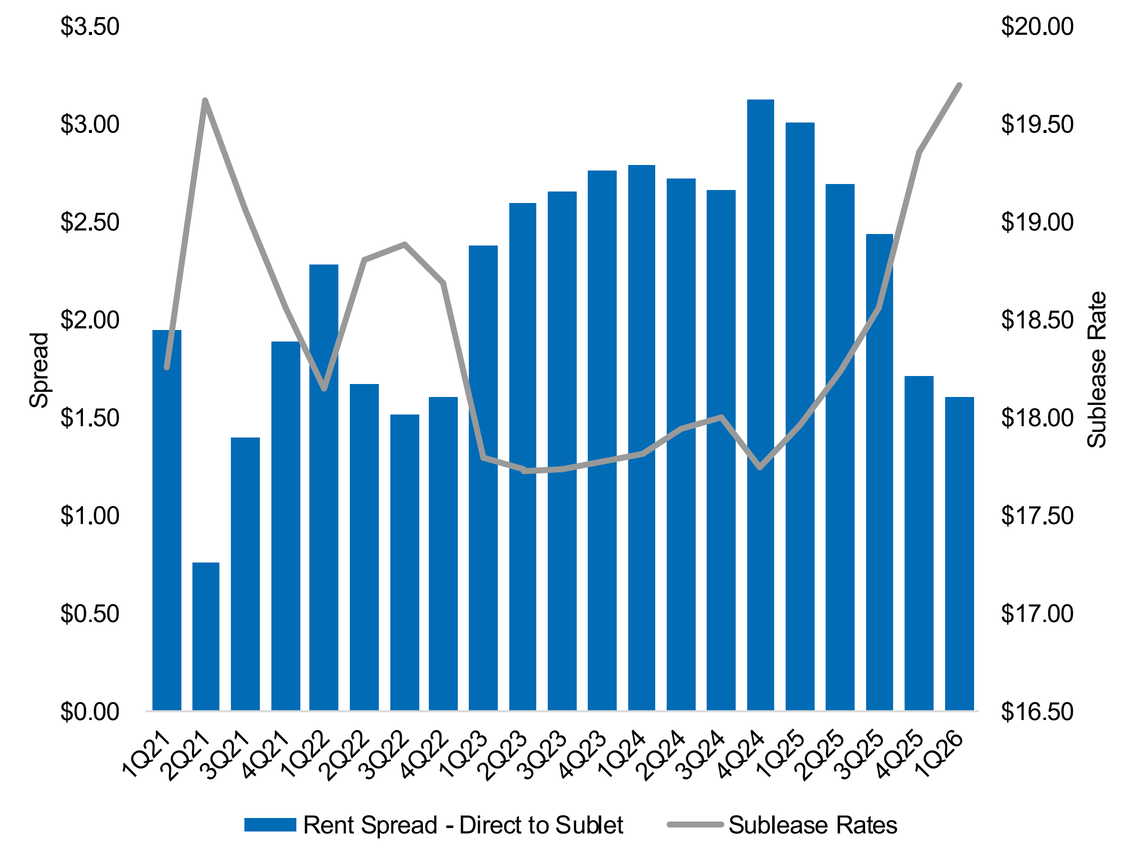
Class A & B Asking Rents Climb During The Quarter

The average Class A asking rent climbed $.27 PSF to $23.81 PSF gross, the Class B average rate climbed $0.17 PSF to $19.96 PSF. Sublease asking rates increased $.34 PSF to $19.70 PSF during the quarter.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark, Costar

Top Transactions

Metro Detroit Top Transactions				
Tenant/Buyer	**Building**	**Submarket**	**Type**	**Square Feet**
LA Insurance	600 Wilshire Drive	Troy	Sale	111,313
Detroit Central City Community Mental Health, Incorporated	613 Abbott St, Detroit	Detroit CBD	Lease Expansion	38,569
Elia & Ponto	*26300 Northwestern Hwy, Southfield*	Southfield	Direct New	22,517
Clarity Debt Resolution, Inc. *Creates strategies and technology solutions help OEMs, dealers and automotive marketers target better, sell more, gain market share, and maximize revenue*	900 Wilshire Dr, Troy	Troy	Direct New	16,454
Ven Johnson Law *Law Firm*	Hudson Tower	Detroit CBD	Direct Lease	22,000

Source: Newmark, Costar

1Q 2026 Overall Metro Detroit Office Market Stats

Historical Construction Deliveries, Net Absorption, and Vacancy

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Average Asking Rent (Price/SF)
CBD	16,253,915	-	19.8 %	-22,216	-22,216	$28.63	$25.17	$26.28
CBD North Central	1,623,604	-	15.5 %	-9,433	-9,433	$30.00	$19.53	$22.63
CBD Total	**17,877,519**	-	**19.50 %**	**-31,649**	**-31,649**	**$28.72**	**$24.51**	**$25.97**
Ann Arbor Briarwood	2,322,823	-	21.9 %	40,674	40,674	$28.17	$21.90	$23.71
Ann Arbor CBD	1,336,823	-	15.6 %	36,735	36,735	$34.10	$28.07	$31.03
Ann Arbor Northeast	2,053,840	-	6.4 %	6	6	$29.05	$22.20	$28.74
Auburn Hills	3,338,657	-	30.6 %	-135,920	-135,920	$20.34	$16.92	$19.19
Birmingham	238,752	-	0.4 %	-	-	-	$37.56	$36.11
Birmingham CBD	1,270,864	-	8.0 %	25,997	25,997	$38.67	$35.98	$36.64
Bloomfield Hills	3,031,190	-	19.0 %	-28,939	-28,939	$23.54	$22.52	$23.07
Dearborn	2,962,871	-	19.7 %	-12,340	-12,340	$21.12	$17.25	$18.61
Farmington Hills	6,728,218	-	20.2 %	70,808	70,808	$19.40	$19.20	$19.26
Livonia	3,250,499	-	26.8 %	12,188	12,188	$18.86	$17.44	$18.55
Novi	1,703,119	-	23.5 %	-9,492	-9,492	$22.51	$19.96	$20.89
Pontiac	2,364,852	-	0.3 %	-5,220	-5,220	-	-	$23.02
Southfield	16,830,451	-	27.8 %	150,159	150,159	$21.71	$17.32	$18.78
Troy	13,366,140	-	23.2 %	-119,663	-119,663	$26.46	$19.27	$20.93
West Bloomfield	546,953	-	6.8 %	-	-	$20.20	$18.68	$19.20
Suburban Total	**61,346,052**	**-**	**22.2 %**	**24,993**	**24,993**	**$22.43**	**$18.91**	**$20.10**
Totals	**79,223,571**	**-**	**21.5 %**	**-6,656**	**-6,656**	**$23.80**	**$19.83**	**$21.24**

Source: Newmark, Costar

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Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights