FRIEDMAN
REAL ESTATE

METRO DETROIT
OFFICE REPORT

2026 MID-YEAR

FRIEDMAN HQ

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MARKET AT A GLANCE (H1 2026)

H1 2026: 205.9MM ▼ FROM H2 2025

H2 2025 - 206.4MM | H1 2025 - 206.4MM

Market Size

H1 2026: $21.63 ▲ FROM H2 2025

H2 2025 - $21.24 | H1 2025 - $21.13

Avg Asking Rental Rate

H1 2026: 87.8% ▼ FROM H2 2025

H2 2025 - 88.5% | H1 2025 - 87.3%

Overall Occupancy

H1 2026: (1.75MM) ▼ FROM H2 2025

H2 2025 - 648K | H1 2025 - (858K)

Half-Year Net Absorption

H1 2026: $350MM ▲ FROM H2 2025

H2 2025 - $216MM | H1 2025 - $203MM

Half Year Sales Volume

H1 2026: 1.08MM ▼ FROM H2 2025

H2 2025 - 1.57MM | H1 2025 - 1.89MM

SF Under Construction

Note: ▲ or ▼ or (yellow) indicates change compared to H2 2025.

Note: H1 = Q1 & Q2 ; H2 = Q3 & Q4

MARKET OVERVIEW (H1 2026)

In the first half of 2026, the Metro Detroit office market remained soft with a return to negative net absorption, sustained high sublease availability, and decreased leasing volume caused by continued hybrid work models and many companies continuing to shrink their overall office footprint.

SUPPLY AND DEMAND: Overall occupancy measured 87.8% in H1 2026 compared to 88.5% in H2 2025. Net absorption totaled -1.75MM SF during the first half of the year, a substantial return to negative compared to H2 2025. Of note, the three submarkets that reported the highest net absorption in H1 2026 were Ann Arbor (260K SF), Southfield (256K SF), and the Southern I-275 Corridor (136K SF). The three submarkets with the lowest net absorption were Dearborn/ Downriver (-1.79MM SF), Auburn Hills (-407K SF), and Downtown Detroit (-360K SF).

Sublease availability decreased to 2.28MM SF from 2.52MM SF at year-end 2025, suggesting occupiers are continuing to right-size their office footprints and that old leases for unneeded space are likely expiring. Overall, owner and tenant decision-making remains cautious and ongoing office-to-residential conversions, demolitions, and redevelopment projects continue to remove obsolete inventory from the market, which will ideally help occupancy in the long run through reduction of market supply.

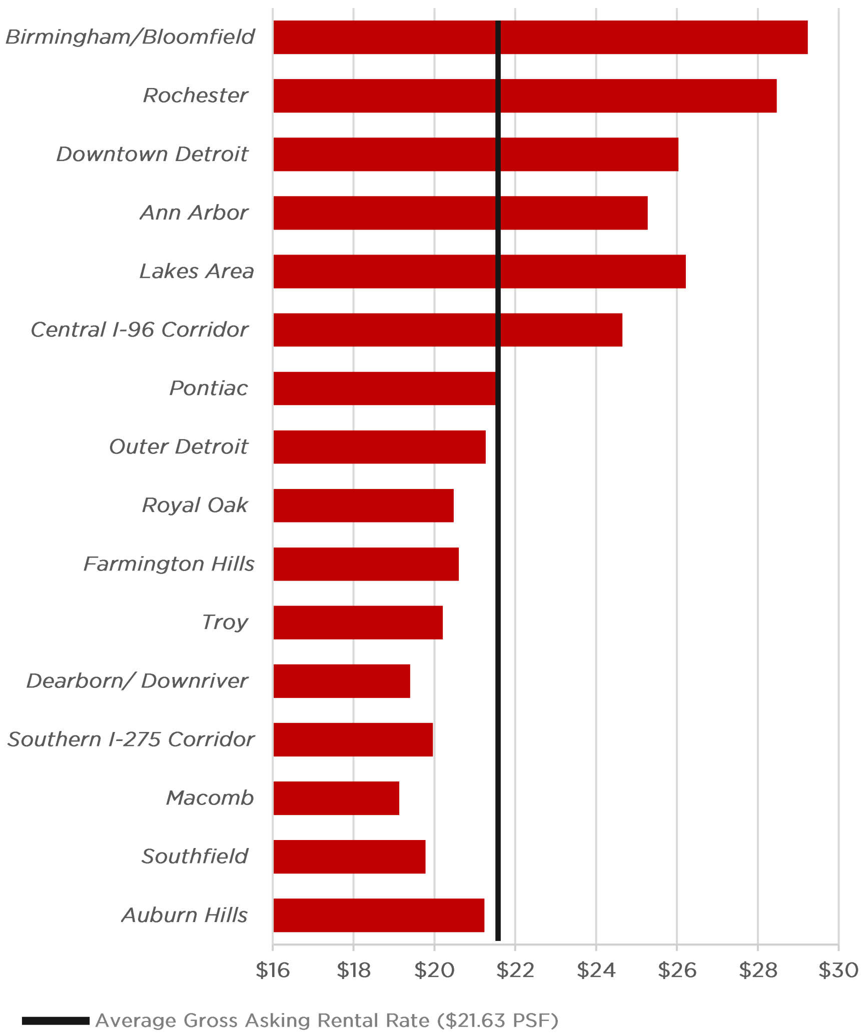
TENANTS BECOMING MORE SELECTIVE: Overall leasing activity in H1 2026 totaled 2.27MM SF, compared to 2.93MM SF in H2 2025. Class A assets generally continued outperforming lower-quality product representing a disproportionate share of leasing activity. Tenants have been prioritizing quality over quantity, focusing on office environments that support employee recruitment and retention efforts. Rather than simply reducing square footage, many companies are pursuing relocations into higher-quality buildings with updated amenities, modern layouts, and walkable access to restaurants, retail, and entertainment. This ongoing "flight to quality" remained one of the defining themes of the office market throughout the first half of 2026.

Overall rental rates during H1 2026 averaged $21.63 PSF, compared to $21.24 PSF at year-end 2025, representing modest positive rent growth. Similar to recent years, rent growth remained strongest among Class A properties as tenants concentrated demand within a relatively limited pool of highly competitive assets. Class A rent growth recorded the highest increase in rent growth of any class at 5.52% YOY from H1 2025 ($22.10 PSF) to H1 2026 ($23.32 PSF). Class B and C properties experienced rent growth of only 0.48% and 1.11%, respectively, in the same period. The widening performance gap between premium and commodity office space remains one of the most significant trends shaping the Metro Detroit office market.

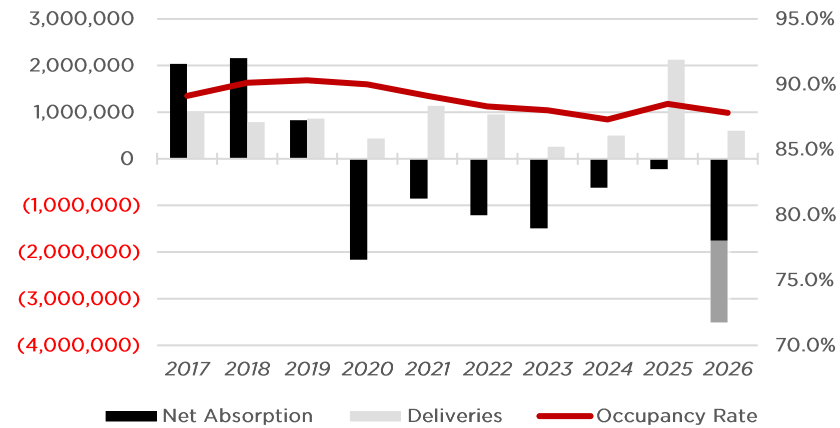
SALES AND INTEREST RATES: Sales volume during H1 2026 totaled $350.3MM, compared to $216MM during in H2 2025, a notable increase in transaction activity. PSF pricing in H1 2026 increased dramatically to $151 PSF, a 76% YOY increase from H1 2025 ($86 PSF). Notably, this figure is skewed significantly by the sale of Huntington Tower in Q1 2026 for $768 PSF. Without this sale, H1 2026 PSF pricing would be more in line with historical figures at $95. While capital markets remain influenced by elevated interest rates and investor caution toward office assets, improving sales volume and increased pricing suggests buyers are identifying attractive acquisition opportunities within the sector. Demand remains strongest for stabilized properties with credit tenancy, modern finishes, and attractive locations, while older assets with significant vacancy are more likely to sit unless they are in a location prime for redevelopment.

LIMITED DEVELOPMENT: The development pipeline remained highly constrained throughout H1 2026, with 1.08MM SF under construction compared to 1.89MM SF during H1 2025. The pipeline has shrunk in the last half primarily due to the delivery of Hudson's Site in Downtown Detroit (560K SF). Other ongoing projects include high profile medical office and research developments with pre-committed tenants such as the Henry Ford Health and MSU Health Sciences Research Center (335K SF), and the Gratiot Life Sciences Building (90K SF), which together account for ±40% of the SF under construction. Meanwhile, many opportunistic investors continued shifting their focus toward redevelopment of outdated assets. As this older inventory continues to be removed from the market through conversion and redevelopment efforts, the overall office inventory base is expected to continue to contract.

AVERAGE GROSS ASKING RENTAL RATE BY SUBMARKET

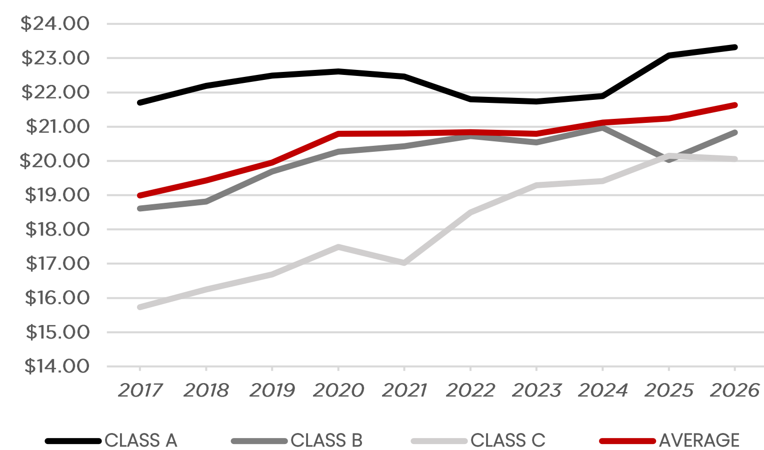


OCCUPANCY AND ABSORPTION



Note: 2026 Absorption is an annualized projection based on half year figures. We expect that net absorption will stabilize closer to the 5-year post-covid historical average by the end of 2026. The estimated/unrealized portion of 2026 net absorption is shaded gray.

AVERAGE ASKING GROSS RENTAL RATE BY CLASS



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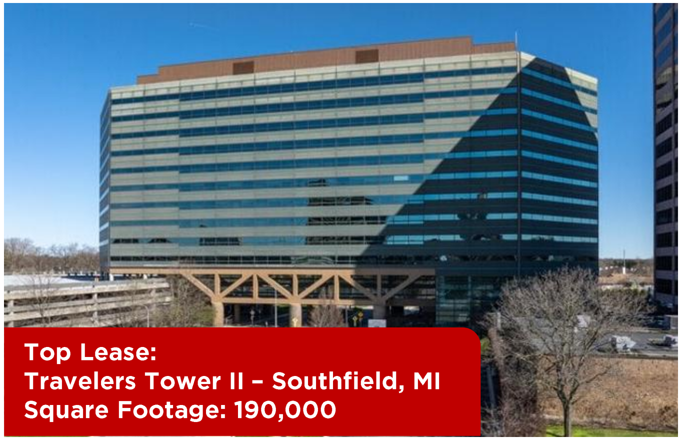
TOP SALE TRANSACTIONS (BASED ON SALES PRICE) (H1 2026)

PROPERTY NAME	CITY	SUBMARKET	SF	SALE PRICE	PRICE/SF	PROPERTY TYPE
Huntington Tower	Detroit	Downtown Detroit	203,171	$156,000,000	$768	Office
Greenleaf Trust Building	Birmingham	Birmingham/ Bloomfield	57,787	$20,000,000	$346	Office
5151 Corporate Dr	Troy	Troy	340,000	$13,350,000	$39	Office
*36800 Woodward Ave	Bloomfield Hills	Birmingham/ Bloomfield	46,678	$11,500,000	$246	Office
600 Wilshire Dr	Troy	Troy	115,036	$10,500,000	$91	Office

TOP LEASE TRANSACTIONS (BASED ON SQUARE FEET) (H1 2026)

TENANT	PROPERTY NAME	CITY	SUBMARKET	SF
AT&T	Travelers Tower II	Southfield	Southfield	190,000
Volkswagen AG	1685 N Opdyke Rd	Auburn Hills	Auburn Hills	107,464
MSX International	Travelers Tower I	Southfield	Southfield	48,886
KPMG LLP	Michigan Central Station	Detroit	Outer Detroit	44,860
Nations Mortgage	PentaCentre- Building A	Troy	Troy	32,285



Note: *Indicates Friedman Transaction

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SUBMARKET	# BLDGS	INVENTORY (SF)	H2 2025 NET ABS. (SF)	SF UNDER CONST	TOTAL VAC. (%)	TOTAL AVAIL. (%)	OVERALL OCC. (%)	AVG ASKING RENT (GROSS)	ASKING RENT (GROSS)			H1 2026 TOTAL SALES VOLUME	H1 2026 SALES PRICE PER SF
									Class A	Class B	Class C		
Ann Arbor	892	14,967,165	260,443	0	7.6%	10.1%	92.4%	$25.28	$31.80	$23.71	$22.95	$19,584,163	$162
Auburn Hills	67	9,352,167	(407,446)	0	11.3%	13.3%	88.7%	$21.24	$17.47	$22.70	-	$247,000	$152
Birmingham/ Bloomfield	381	7,587,729	53,133	112,190	10.5%	14.3%	89.5%	$29.24	$31.10	$28.88	$26.44	$51,350,000	$304
Central I-96 Corridor	348	6,769,147	16,532	54,675	9.8%	13.3%	90.2%	$24.65	$23.22	$25.92	$21.22	$13,038,000	$158
Dearborn/ Downriver	1,256	19,846,003	(1,787,177)	0	16.4%	9.6%	83.6%	$19.40	$19.11	$20.70	$18.02	$2,793,764	$133
Downtown Detroit	265	36,904,665	(360,311)	645,000	9.3%	8.6%	90.7%	$26.04	$26.94	$22.64	$23.48	$158,500,000	$553
Farmington Hills	407	9,883,545	6,845	0	15.5%	24.8%	84.5%	$20.60	$23.39	$19.87	$20.21	$5,853,500	$74
Lakes Area	349	2,475,176	18,712	0	6.9%	7.6%	93.1%	$26.22	$30.07	$25.81	$21.72	$3,624,900	$73
Macomb	1,743	18,441,672	21,069	48,000	7.0%	8.8%	93.0%	$19.13	$20.82	$19.35	$18.41	$15,607,641	$104
Outer Detroit	854	12,012,800	37,326	205,000	10.7%	11.6%	89.3%	$21.27	$24.09	$21.06	$20.44	$600,000	$34
Pontiac	224	6,550,733	66,254	0	7.0%	8.9%	93.0%	$21.53	$22.81	$21.52	$14.46	$5,975,000	$89
Rochester	191	2,894,948	2,726	0	9.9%	10.7%	90.1%	$28.47	$35.92	$24.37	$22.03	$1,720,000	$213
Royal Oak	671	5,995,362	60,029	17,000	10.7%	11.5%	89.3%	$20.48	-	$19.24	$24.91	$3,957,500	$103
Southern I-275 Corridor	1,024	12,369,947	136,101	0	10.8%	15.4%	89.2%	$19.96	$20.13	$19.74	$20.65	$10,613,000	$122
Southfield	576	22,881,516	256,193	0	22.0%	23.8%	78.0%	$19.78	$22.53	$16.98	$18.16	$27,135,000	$46
Troy	338	18,021,777	97,325	0	15.9%	22.2%	84.1%	$20.21	$20.68	$20.08	$16.34	$29,704,315	$55
TOTAL	9,584	205,909,037	(1,754,320)	1,081,865	12.2%	13.7%	87.8%	$21.63	$23.32	$20.83	$20.05	$350,303,783	$151

TOP OFFICE PROPERTIES DELIVERED (H1 2026)

PROPERTY NAME	CITY	SUBMARKET	OFFICE SF	DELIVERY	EST OCCUPANCY	PROPERTY TYPE
Hudson's Detroit	Detroit	Downtown Detroit	560,000	Q1 2026	95%	Office
2070 Biddle Ave	Wyandotte	Dearborn/ Downriver	30,000	Q1 2026	0%	Medical Office
7525 Auburn Rd	Utica	Macomb	10,489	Q2 2026	77%	Office

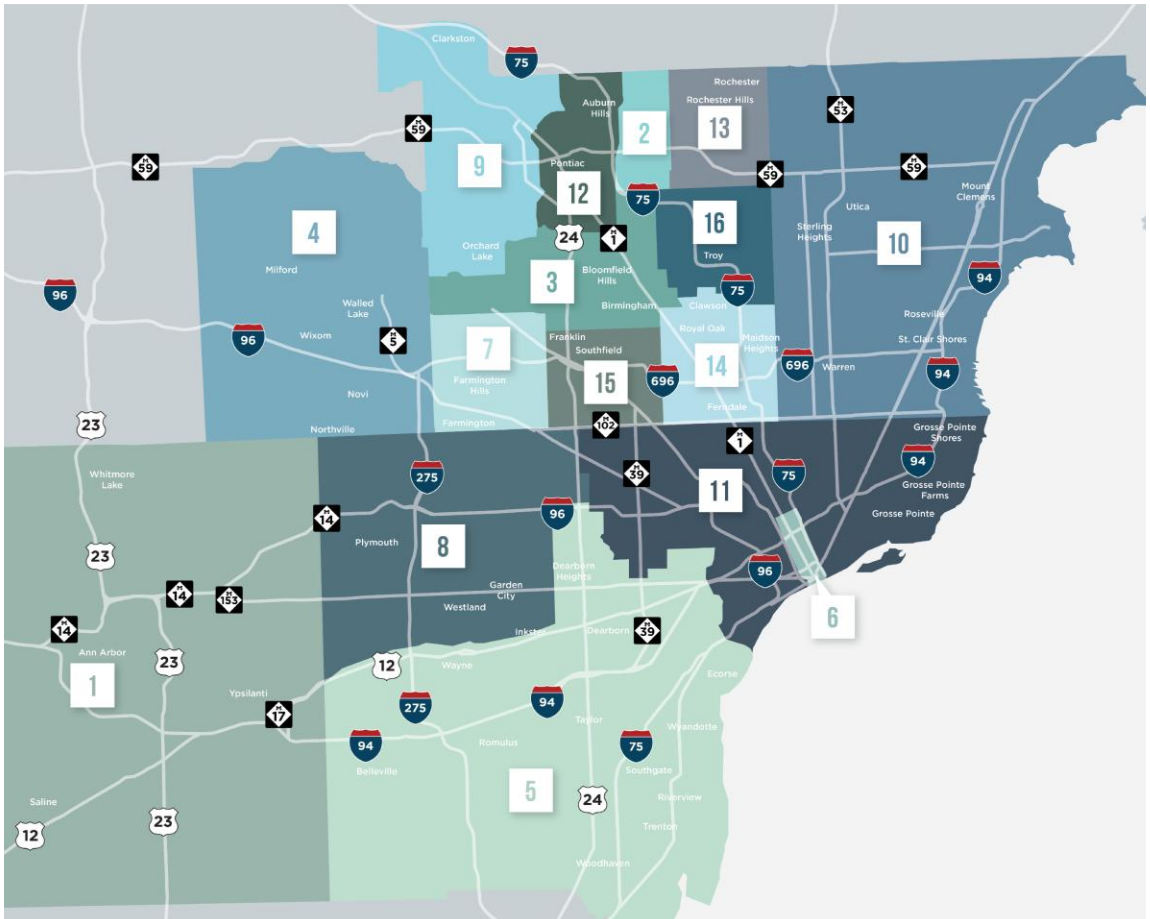
Hudson's Detroit Office – Detroit, MI Total SF: 560,000

TOP OFFICE PROPERTIES UNDER CONSTRUCTION (H1 2026)

PROPERTY NAME	CITY	SUBMARKET	OFFICE SF	DELIVERY	EST OCCUPANCY	PROPERTY TYPE
Michigan State University and Henry Ford Health Systems	Detroit	Downtown Detroit	335,000	Q1 2027	100%	Medical Office
Gratiot Life Sciences Building	Detroit	Downtown Detroit	90,000	Q3 2027	N/A	Medical Office
Henry Ford Hospital Detroit	Detroit	Outer Detroit	85,000	Q1 2027	100%	Medical Office

MSU & Henry Ford Health Medical Office – Detroit, MI Total SF: 335,000

OFFICE SUBMARKET MAP



1 ANN ARBOR
2 AUBURN HILLS
3 BIRMINGHAM/BLOOMFIELD
4 CENTRAL I-96 CORRIDOR
5 DEARBORN/DOWNRIVER
6 DOWNTOWN DETROIT
7 FARMINGTON HILLS
8 I-275 CORRIDOR
9 LAKES AREA
10 MACOMB
11 OUTER DETROIT
12 PONTIAC
13 ROCHESTER
14 ROYAL OAK
15 SOUTHFIELD
16 TROY

Friedman Research separates the Metro Detroit office submarkets in the manner shown to better reflect the way users, tenants, and brokers view our market. We believe this provides a more accurate statistical picture of each submarket which allows our clients to make better informed decisions.

Friedman's 2026 Mid-Year Office Market Report provides our clients with a snapshot of pertinent market data and information to help them make informed commercial real estate decisions. The information contained in this report is gathered from multiple sources believed to be reliable.