

# Understanding the “Flight to Quality” in Commercial Office Space

## *What It Means for Tenants and the Broader Market*

The office market is experiencing a profound shift as tenants increasingly seek out high-quality, amenity-rich environments—a phenomenon known as the “flight to quality.” This trend is having a marked effect on the demand for trophy and Class A office buildings, market vacancy rates, and the decisions tenants must make in a rapidly evolving landscape.

### **What Is the “Flight to Quality”?**

The “flight to quality” refers to office tenants choosing to move out of older, less-amenitized buildings and into new or recently renovated Class A and trophy assets. These buildings offer modern workspaces, advanced technology, health and wellness features, enhanced sustainability, prime locations, and a suite of amenities that support productivity and employee satisfaction.

### **Why Are Tenants Upgrading?**

- **Employee Experience:** In a hybrid and competitive talent market, top-tier amenities, wellness programs, and collaborative spaces help attract and retain the best talent.
- **Operational Efficiency:** Newer buildings often offer greater energy efficiency, smart building features, and better space utilization, reducing costs and supporting ESG goals.
- **Flexibility:** Trophy and Class A buildings are more likely to offer flexible layouts and adaptable lease terms, supporting evolving workplace strategies.

### **Vacancy Trends: Trophy and Class A Space Filling Up**

Despite historically high overall office vacancies, the best-in-class properties are reporting strong absorption and, in some markets, stabilizing or even decreasing vacancy rates.

- **Trophy Properties:** These “best addresses” are leading the way, with rising occupancy as companies consolidate space into higher-quality locations.
- **Class A Buildings:** Following closely, with well-located and recently upgraded assets outperforming older stock.



### Impact on Other Office Inventory

- **Older, Commodity Space:** As the highest-quality buildings lease up, Class B and C assets are left with rising vacancy, declining rents, and pressure to modernize.
- **Challenges for Landlords:** Owners of older buildings may need to reposition, renovate, or even consider alternative uses (residential conversion, etc.) to stay competitive.
- **Opportunities for Tenants:** Companies with less rigid requirements may find strong negotiating power, attractive lease concessions, and creative options in non-core buildings.

### What Does This Mean for Office Tenants?

- **Act Strategically:** If considering a move to a trophy or Class A space—availability is tightening, especially for full-floors.
- **Leverage Market Conditions:** In less competitive properties, tenants can secure advantageous terms, such as flexible lease lengths, improvement allowances, or lower rents.
- **Assess Your Priorities:** Balance employee experience, operational efficiency, cost, and location to choose the right space for your business goals.
- **Engage a Conflict-Free Advisor:** An experienced, tenant-focused brokerage partner like CBIZ Gibraltar will ensure your interests are protected, whether you're moving up to trophy space or renegotiating in a Class B building.



## Conclusion

The flight to quality is reshaping the office market. Tenants have more choices than ever—but need to act strategically to secure the right solution. Whether you're eyeing trophy space or seeking value in other classes, proactive planning and expert guidance will help you make the most of this pivotal moment in commercial real estate.

Contact CBIZ Gibraltar for tenant-focused guidance in today's dynamic office market. **Your interests—our priority.**

**CBIZ Gibraltar | Conflict-Free Tenant Representation. Your Advocate. Your Advantage.**

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