

FIGURES | GREATER CHICAGO INDUSTRIAL | Q2 2026

Strong Leasing Activity Drives Highest Net Absorption Since 2023

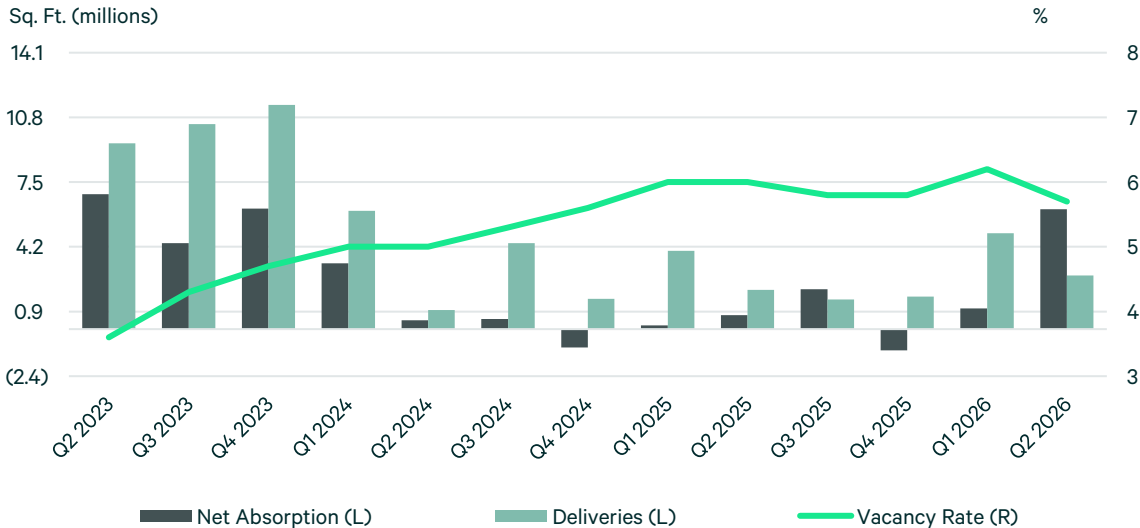


Note: Arrows indicate change from previous quarter.

SUMMARY

- Chicago’s industrial availability rate decreased to 8.6% in Q2 2026, down 30 basis points (bps) quarter-over-quarter and down 20 bps year-over-year.
- Net average asking rents increased to \$9.33 per sq. ft. in Q2 2026, up 3.0% quarter-over-quarter and 7.4% year-over-year, continuing the market’s steady rent growth trajectory.
- Net absorption experienced a sharp increase in Q2 2026, totaling 6.1 million sq. ft., up from 1.1 million sq. ft. in Q1 2026.
- Construction activity remained active, with 11.8 million sq. ft. under construction and 2.6 million sq. ft. delivered in Q2 2026. Development was evenly split between speculative and build-to-suit projects, each accounting for 50% of the pipeline.
- Leasing activity totaled 15.4 million sq. ft., representing a 5.0% increase year-over-year. New leasing accounted for the majority of activity with 141 new leases, while 44 renewals totaled 4.05 million sq. ft., representing 26.3% of overall leasing volume.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy
Sq. Ft. (millions)



Source: CBRE Research, Q2 2026

Vacancy Rate

In Q2 2026, the overall vacancy rate declined to 5.6%, while direct vacancy fell to 5.2%, reflecting continued improvement in market fundamentals. The overall vacancy rate decreased by 50 basis points quarter-over-quarter from 6.1%, while direct vacancy declined by 40 basis points from 5.6% in Q1 2026. The decline was driven by strong net absorption and the occupancy of several big-box facilities, signaling that tenant demand is increasingly keeping pace with new supply.

Vacancy trends varied across submarkets. The DeKalb Area maintained the tightest market conditions with an overall vacancy rate of just 0.8%, followed by the West Suburbs at 2.1%. In contrast, Central Kane & DuPage County recorded the highest overall vacancy rate at 8.1%. Despite these differences, vacancy levels across most submarkets remain within a range that continues to support healthy leasing activity.

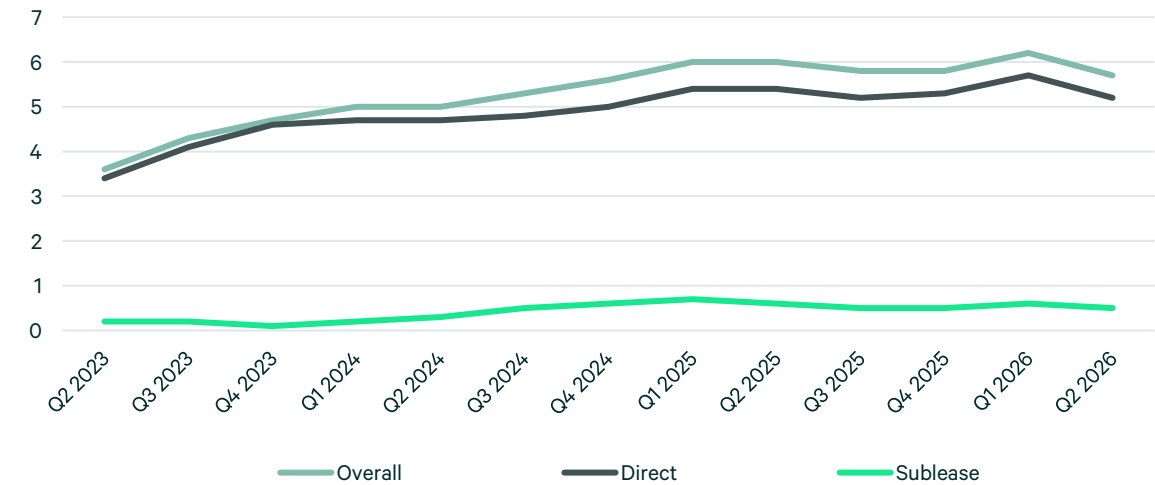
Sublease availability remains a key component of overall market availability, although the volume has continued to trend downward. Sublease availability totaled 9.8 million sq. ft. in Q2 2026, down from 10.7 million sq. ft. year-over-year. One of the largest blocks of available sublease space currently on the market is a 1.0 million sq. ft. facility at 325 S. Route 31 in Montgomery.

Asking Rent

In Q2 2026, the market’s average asking rent reached \$9.33 per sq. ft., up from \$9.03 per sq. ft. in the previous quarter and up from \$8.66 per sq. ft. in Q2 2025. This represents a 3.0% quarter-over-quarter increase and a 7.4% year-over-year increase, extending the market's steady upward trajectory. Over the past three years, average asking rents have risen by \$2.07 per sq. ft., or 28.6%, with only brief pauses in growth.

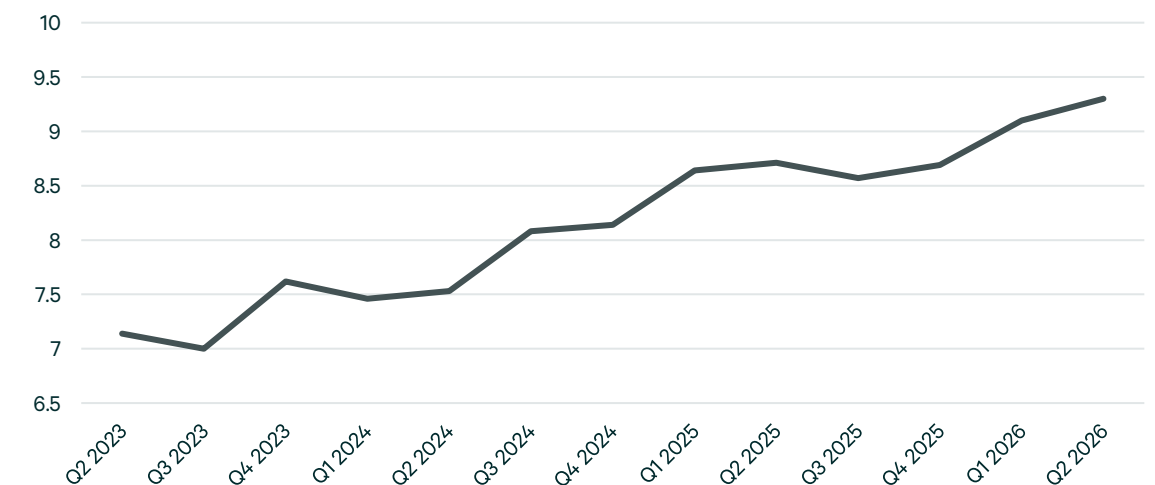
Asking rents continued to vary significantly across submarkets in Q2 2026, ranging from \$4.85 per sq. ft. in the DeKalb Area to \$16.72 per sq. ft. in the Southwest Suburbs. Other premium-priced submarkets included City South (\$14.45 per sq. ft.) and O’Hare (\$12.12 per sq. ft.). By product type, Class A average asking rents increased to \$9.86 per sq. ft., while Class B/C average asking rents reached \$8.66 per sq. ft., reflecting continued strength across a broad range of industrial assets.

Figure 2: Vacancy Rate
%



Source: CBRE Research, Q2 2026

Figure 3: Average Direct Asking Rate
\$/ SF



Source: CBRE Research, Q2 2026

Net Absorption

Net absorption totaled 6.1 million sq. ft. in Q2 2026, signaling a substantial rebound in occupier demand and marking one of the strongest quarterly performances in recent years. The quarter's total was more than five times higher than the 1.1 million sq. ft. recorded in Q1 2026 and more than eight times greater than the level reported one year earlier, reflecting a significant acceleration in tenant move-ins following several quarters of uneven market activity. The improvement follows a period of extreme volatility, including negative 1.1 million sq. ft. in Q4 2025 and only modest positive absorption in Q1 2026. While the second-quarter total represents a strong recovery, it remains slightly below the market's recent peak of 6.9 million sq. ft. reached in Q2 2023.

Joliet Area reported the highest net absorption in Q2 2026 at 2.2 million sq. ft., with SE Wisconsin following at 1.0 million sq. ft. O'Hare and Far Southwest Suburbs also reported sizable gains, with 643,000 sq. ft. and 606,000 sq. ft. of net absorption, respectively. Several large occupancies drove the quarter's strong absorption. Notably, RJW Logistics moved into 201 W Compass Boulevard in Joliet and CJ Logistics occupied its 1.1 million sq. ft. build-to-suit distribution center at 21012 W. Mississippi in Elwood.

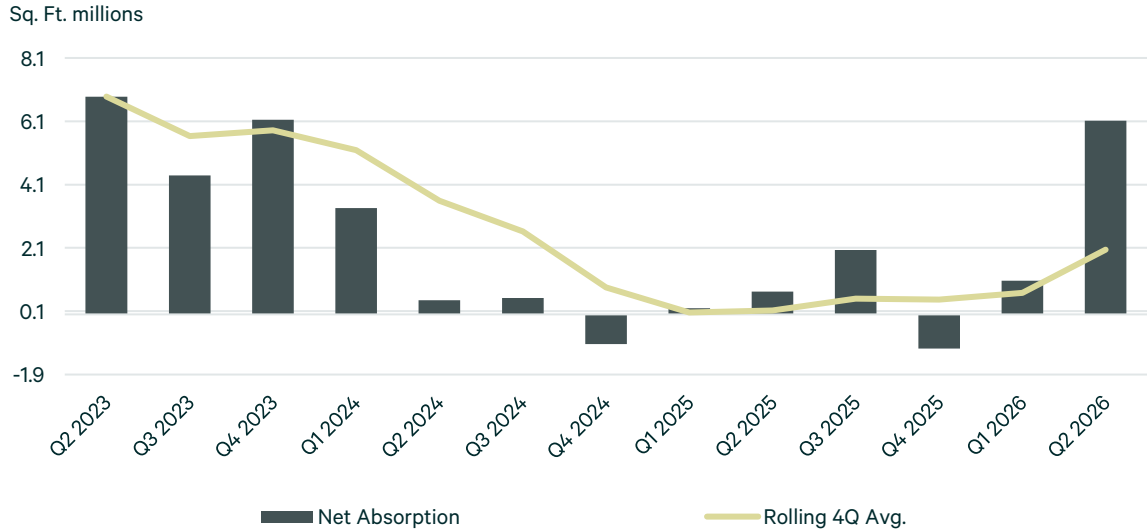
Construction Activity

In Q2 2026, the market had 11.8 million sq. ft. under construction, while 2.6 million sq. ft. was delivered. Construction volume increased 14.7% year-over-year, driven by a rise in speculative development as developers grew more confident in the market's long-term fundamentals and ability to absorb new supply. Deliveries followed a similar trend, declining 43.2% quarter-over-quarter but increasing 28.1% year-over-year. The current pipeline is evenly split between speculative and build-to-suit projects, with each accounting for 50% of total construction activity. Speculative projects increased 6% year-over-year.

There are currently three projects exceeding 900,000 sq. ft. under construction, two of which are being developed on a build-to-suit basis. The largest project to break ground this quarter was Trammell Crow Company's 788,000-sq.-ft. speculative building in Plainfield, the second building at Plainfield Business Center. Additionally, 428,900 sq. ft. broke ground at 90 & Randall Logistics Park in Algonquin, marking the most construction activity the North Kane County submarket has seen since 2023.

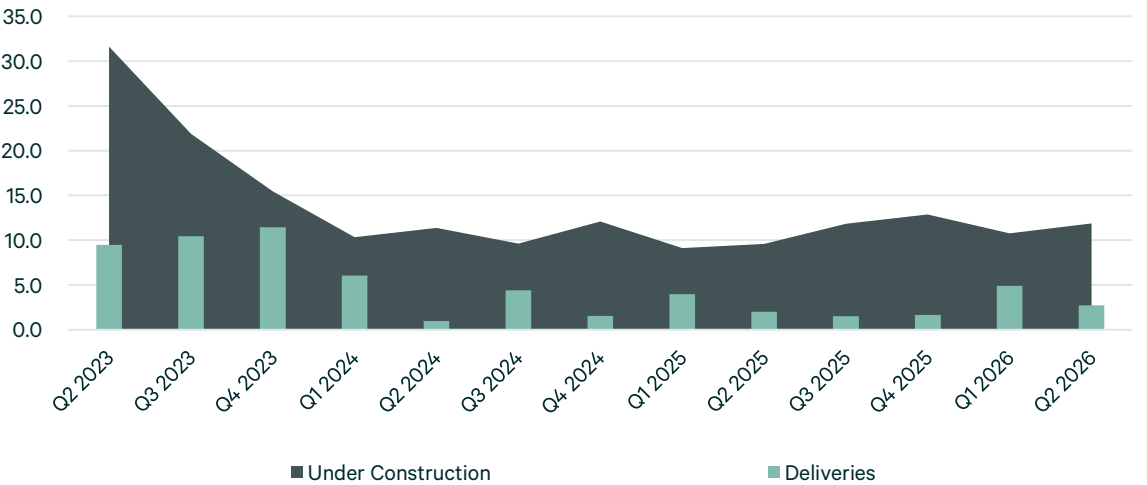
The largest delivery of the quarter, and the third largest of the year, was a 1.1-million-sq.-ft. build-to-suit facility at South Diagonal Street and West Mississippi Street in Joliet. This represents the second delivery exceeding 1 million sq. ft. in the Joliet submarket this year. Additionally, nine other projects were delivered during the quarter, ranging in size from 52,870 sq. ft. to 322,600 sq. ft.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Figure 5: Construction Activity
Sq. Ft. millions



Source: CBRE Research, Q2 2026

Leasing Activity

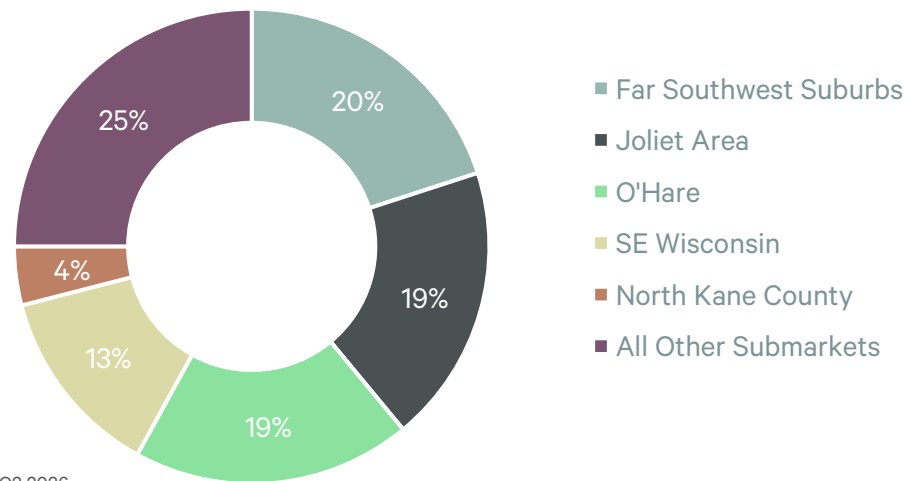
In Q2 2026, total leasing activity reached 15.4 million sq. ft. across 185 transactions, representing a 7.4% quarter-over-quarter decline but a 5.0% increase year-over-year. The annual growth suggests that tenant demand remains resilient despite moderating from the elevated leasing pace reported in the prior quarter.

New lease activity accounted for the majority of market volume, with 141 new leases signed between April and June. The largest new lease was signed by KeHE Distributors, totaling 1.3 million sq. ft. at 21533 S Cherry Hill Road in Joliet. Renewal activity remained a significant component of leasing volume, with 44 renewals totaling 4.05 million sq. ft., representing 26.3% of overall leasing activity. While renewal square footage increased modestly from 3.8 million sq. ft. in Q1 2026, the quarter was primarily driven by new leasing activity, highlighting continued occupier expansion and healthy demand for industrial space across the market.

The Far Southwest Suburbs led all submarkets in leasing activity, driven by Kimberly-Clark’s 750,485 sq. ft. renewal at 775 Prologis Pkwy in Romeoville and Distribution 2000, Inc.’s 453,569 sq. ft. new lease signed at 1120-1140 Remington Blvd in Romeoville, expected to occupy in Q3 2026. Leasing demand was also broadly distributed across the Chicago industrial market, as the Far Southwest Suburbs, Joliet Area, O’Hare and SE Wisconsin submarkets each recorded more than 2.0 million sq. ft. of leasing volume.

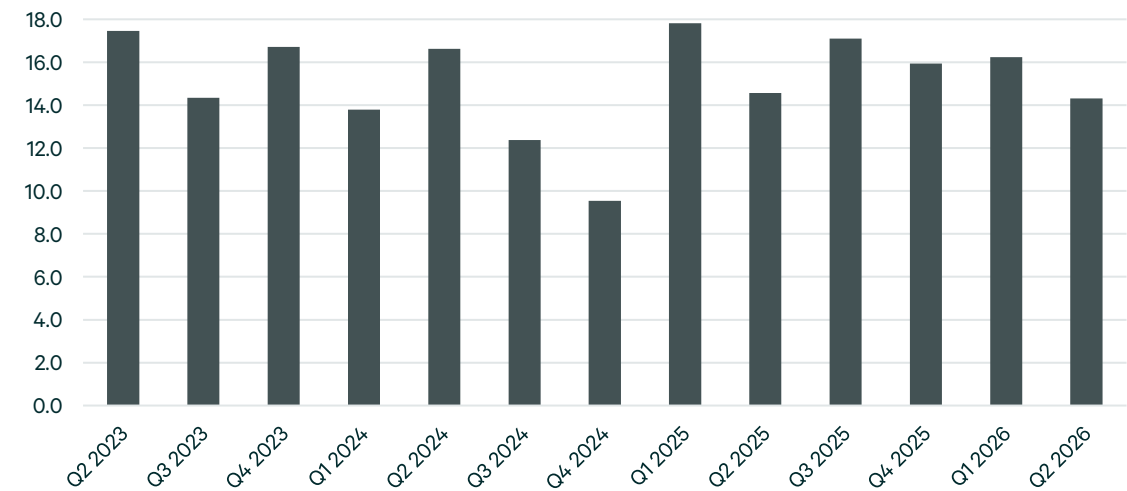
Sublease activity accelerated significantly during the quarter. Ten new sublease transactions totaling 675,635 sq. ft. were completed in Q2 2026, with volume increasing to more than 3.4 times the amount recorded in Q1 2026.

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



Source: CBRE Research, Q2 2026

Figure 6: Leasing Activity Trend
Sq. Ft. millions



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
KeHE Distributors	1,196,000	New Lease	21533 S Cherry Hill Rd	Joliet Area
Hyundai Translead	907,000	New Lease	3835 Youngs Rd	Joliet Area
Kimberly Clark	750,000	Renewal	775 Prologis Pkwy	Far Southwest Suburbs
Distribution 2000	454,000	New Lease	1120-1140 Remington Blvd	Far Southwest Suburbs
HH Associates US	434,913	Renewal/ Expansion	8725 31st St	SE Wisconsin
Custom Goods	376,000	New Lease	21520-21540 SW Frontage Rd	Joliet Area
Tesla Motors	309,000	Renewal	16342 W 163rd St	Far Southwest Suburbs
SEDA North American	308,000	Renewal	11905 Meridian Dr	SE Wisconsin
CoreCentric Solutions, Inc.	286,622	New Lease	1717 Harvester Rd	Central Kane & DuPage County

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	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)
Distribution/Logistics	797.06M	5.5	9.3	8.4	0.9	9.32	4.84M	5.91M	1.78M	6.51M
Manufacturing - General	256.94M	3.8	5.9	5.2	0.7	9.16	70,323	(528,727)	-	372,000
R&D/Flex	21.32M	1.3	3.0	3.0	-	12.39	81,721	123,676	-	364,102
Other Industrial	87.84M	13.2	11.0	9.9	1.1	10.92	1,015,797	1,414,080	954,158	4,606,346
Total	1,163.17M	5.6	8.6	7.7	0.8	9.33	6.01M	6.92M	2.74M	11.85M

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	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)
Below 50K SF	103.15M	2.4	3.9	4.7	0.2	10.82	157,904	233,574	-	67,593
50K-99,999 SF	185.34M	3.9	6.7	6.2	0.5	10.06	321,314	82,446	112,870	308,454
100K-249,999 SF	323.58M	5.9	8.9	8.0	0.8	9.57	509,354	(24,685)	1.20M	3.48M
250K-499,999 SF	257.62M	6.3	9.5	8.0	1.5	9.92	1.55M	3.11M	322,600	2.47M
500K-749,999 SF	122.77M	7.2	11.7	10.7	1.1	7.42	1.32M	933,913	-	-
750,000 SF +	170.77M	6.8	8.5	8.1	0.4	9.78	2.16M	2.58M	1.11M	5.56M
Total	1,163.17M	5.6	8.6	7.7	0.8	9.33	6.01M	6.92M	2.74M	11.85M

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 11

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	254.08M	9.2	13.2	11.8	1.4	7.88	1.06M	2.69M	341,022	715,458
Institutional	236.34M	9.3	13.3	11.8	1.5	7.68	1.07M	2.65M	228,152	649,262
Other Class A	17.68M	7.9	12.1	11.3	0.8	11.73	(2,167)	41,078	112,870	66,196
All Other Industrial	909.15M	4.7	7.3	6.6	0.7	10.21	4.97M	4.23M	2.74M	11.3M
Total	1,163.17M	5.6	8.6	7.7	0.8	9.33	6.01M	6.92M	2.74M	11.85M

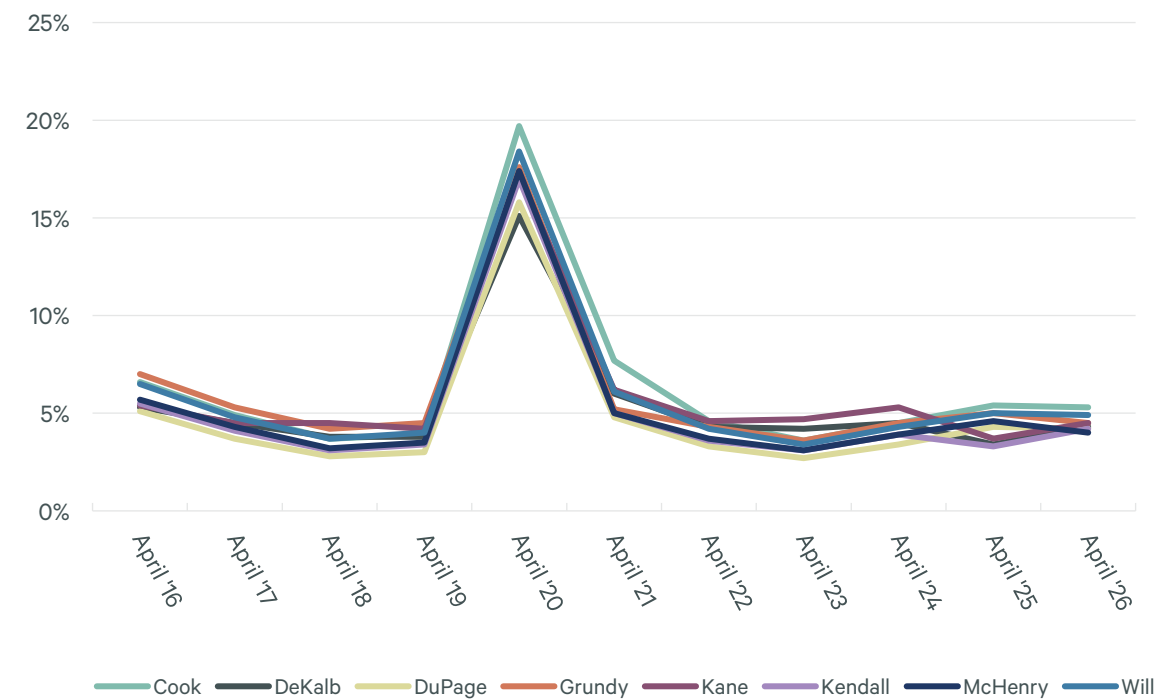
Source: CBRE Research, Q2 2026

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

Figure 8: Year-over-Year Unemployment Rates by County, not seasonally adjusted (as of April 2025)

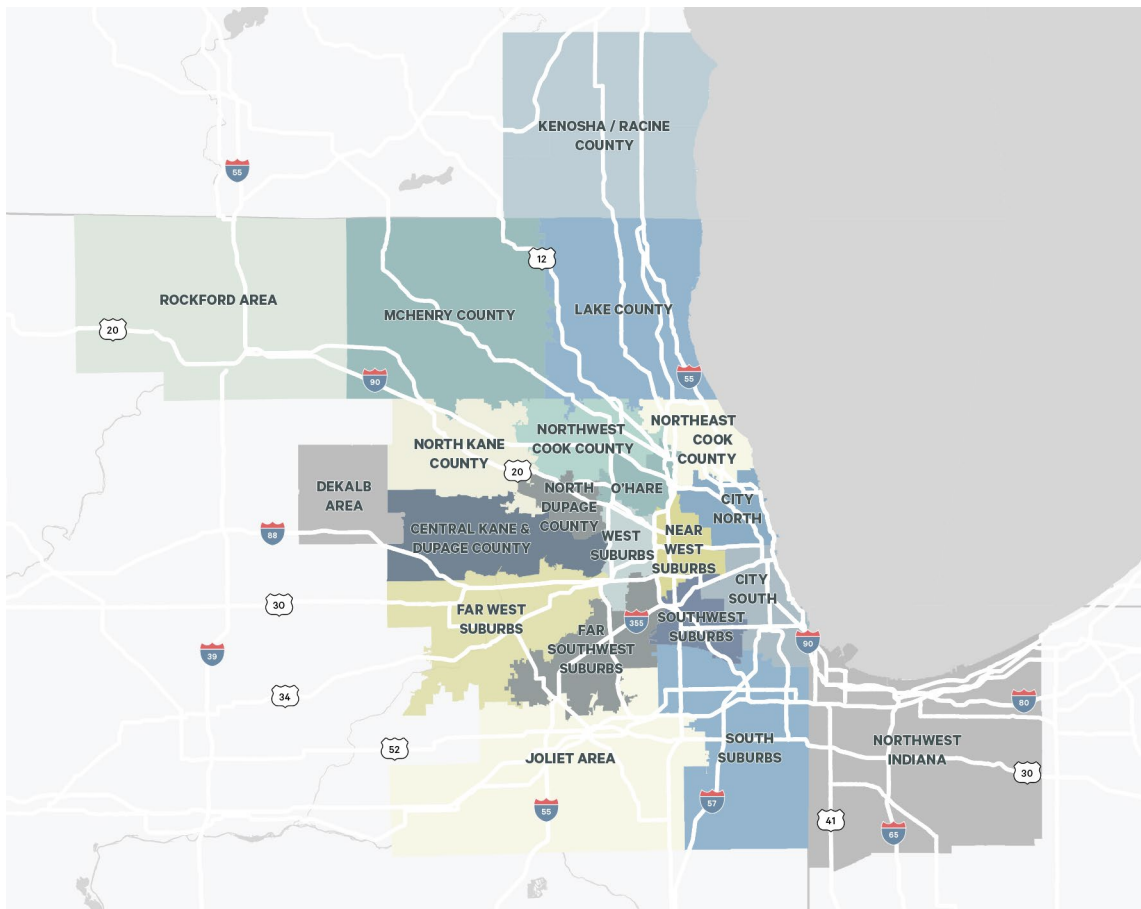


Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Direct Availability%	Sublease Availability%	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
McHenry County	20,372,447	4.4%	7.1%	7.1%	0.0%	\$ 5.14	14,082	90,336	-	119,411
Lake County	73,333,946	4.7%	6.8%	6.4%	0.4%	\$ 6.99	131,362	531,624	-	-
NE Cook County	43,841,715	5.7%	8.1%	7.7%	0.5%	\$ 10.42	(149,192)	234,369	-	80,000
NW Cook County	26,472,108	7.5%	11.2%	10.3%	0.9%	\$ 8.21	23,181	(188,179)	-	443,160
North Kane County	33,478,952	3.7%	6.1%	5.5%	0.6%	\$ 8.34	323,187	379,530	-	560,900
N DuPage County	43,202,324	4.3%	7.8%	6.3%	1.5%	\$ 7.89	68,847	(434,913)	-	289,440
O'Hare	87,571,880	5.0%	9.5%	9.0%	0.5%	\$ 12.12	643,158	490,323	225,600	917,772
City North	48,266,556	5.9%	8.0%	7.6%	0.4%	\$ 11.43	25,004	106,938	-	67,593
Near West Suburbs	71,405,478	5.8%	9.6%	8.1%	1.5%	\$ 9.47	367,106	(203,322)	-	275,680
West Suburbs	29,463,796	2.1%	5.8%	4.9%	0.9%	\$ 10.45	270,881	259,365	-	243,915
Central Kane & DuPage	37,229,768	8.1%	8.5%	7.3%	1.2%	\$ 8.82	(60,381)	21,377	-	705,550
Far West Suburbs	62,608,420	4.4%	8.6%	8.4%	0.2%	\$ 5.38	(10,142)	(104,773)	52,870	-
Southwest Suburbs	59,829,836	5.9%	7.4%	6.6%	0.8%	\$ 16.72	342,745	120,746	-	341,887
Far SW Suburbs	113,206,841	7.6%	13.5%	11.3%	2.2%	\$ 8.28	606,234	435,331	224,667	1,570,000
City South	99,499,635	4.8%	8.9%	8.4%	0.5%	\$ 14.45	(126,114)	(308,761)	-	932,884
South Suburbs	56,115,076	4.9%	11.2%	9.5%	1.7%	\$ 8.72	85,600	291,900	100,000	970,123
Joliet Area	95,441,699	7.3%	6.0%	5.9%	0.1%	\$ 7.23	2,231,547	3,250,950	1,165,500	677,306
Northwest Indiana	32,414,363	6.2%	6.4%	5.1%	1.3%	\$ 9.26	303,151	728,240	550,752	523,678
Dekalb Area	13,267,005	0.8%	5.1%	5.1%	0.0%	\$ 4.85	-	(83,300)	180,900	1,775,000
SE Wisconsin	82,032,242	7.6%	8.3%	7.7%	0.6%	\$ 5.42	1,033,736	1,570,411	237,788	-
Rockford Area	34,114,909	11.5%	13.9%	11.8%	2.1%	\$ 4.84	(113,567)	(266,833)	-	1,353,885
Total	1,163,168,996	5.6%	8.6%	7.7%	0.8%	\$ 9.33	6,010,425	6,921,359	2,738,077	11,848,184

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. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

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