

# CBD experiences negative absorption again

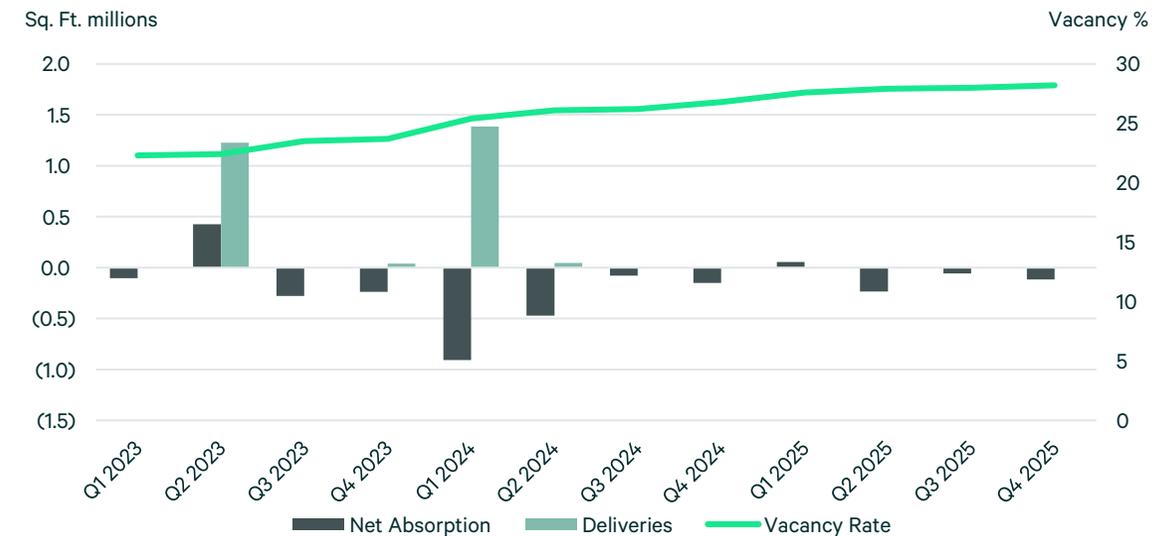


Note: Arrows indicate change from previous quarter.

## MARKET OVERVIEW

- There were approximately 1.5 million SF of deals completed in Q4 2025. CBD year-end leasing volume decreased by 6% from the 7,533,071 SF volume witnessed in 2024, but is up 11% from the 2023 total volume.
- The Central Business District (CBD) recorded nearly 117,000 SF of negative net absorption in the final quarter of 2025, down from the nearly 58,000 SF of negative absorption last quarter. Large moves driving this absorption are Foxtrot, which vacated 25,426 SF at 167 N Green St in an office closure, and RJ O'Brien, which vacated 22,649 SF at 222 S Riverside Plaza.
- 919 W Fulton remains the only under construction building in the CBD. The 369,008 SF Fulton Market project is expected to deliver in Q1 2026.
- In Q4 2025 the overall office vacancy rate stood at 26.6%, a 10-basis point increase quarter-over-quarter and a 260-basis point increase from the 2024 average.
- There were 7 sales in the CBD in Q4. The largest sale of the quarter, 190 N LaSalle, was purchased by Namdar Realty Group for \$55 million, a significant decrease from the \$230 million it was previously traded for in 2019. 125 S Wacker was purchased by Menashe Properties for \$51.5 million, previously selling for \$145 million in 2017.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2025

## Vacancy

In Q4 2025 the overall office vacancy rate stood at 26.6%, a 10-basis point increase QoQ (quarter-over-quarter) and 130-basis points above the Q4 2024 rate. Class A has a vacancy rate of 19.9%, making it 13.5 percentage points lower than the Class B.

The submarket with the highest vacancy rate remains to be River North with a 35.4% direct vacancy rate in Q4, decreasing from the 37% River North Q4 2024 average. This can in part be attributed to new construction. The submarket with the lowest vacancy rate is Fulton Market at 16.8%, although up 70 basis points since Q3. One move contributing to the Fulton Market vacancy increase is Foxtrot, which vacated 25,426 SF at 167 N Green St.

Sublease availability in the CBD saw little change in Q4 2025 and is up 3.6% from last quarter's reported 5.1 million SF. Notable sublease deals in Q4 included Transloop with a 44,457 SF sublease at 350 N Orleans St and 1871 with a 28,00 SF sublease at 111 N Canal St.

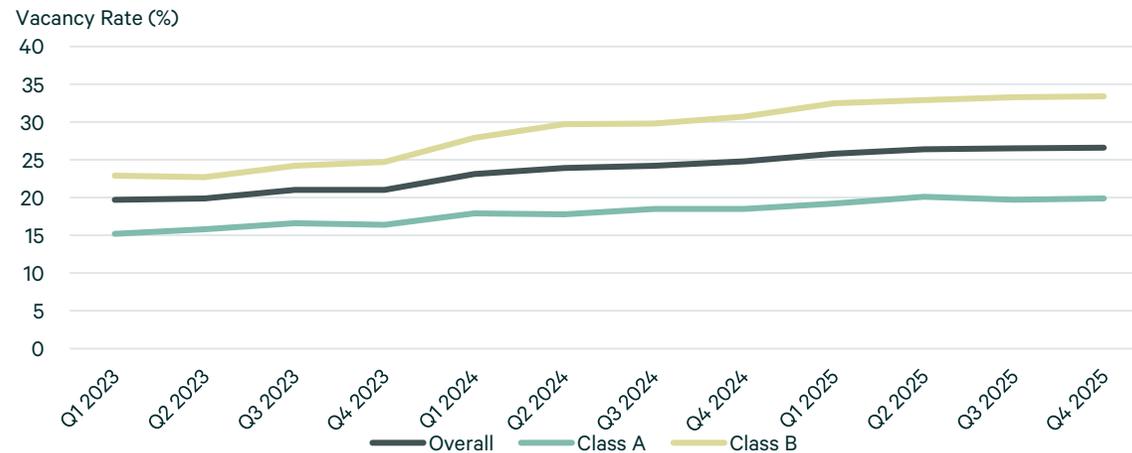
## Asking Rent

The average asking rate in the CBD was \$45.38 in Q4, a \$0.13 increase quarter-over-quarter. The Q4 rate is down \$0.25 from the rate witnessed in Q4 2024. The highest rates in the market are in River North, with an average asking rate of \$50.49.

Sublease space proves to be a strong economic option in the CBD. The average weighted asking rates are \$36.99 for Class A sublease space, a 31% reduction from the Class A direct spaces. Class B provides similar economic benefits, with \$30.45 average asking rates for sublease space (a 30% reduction from Class B direct spaces).

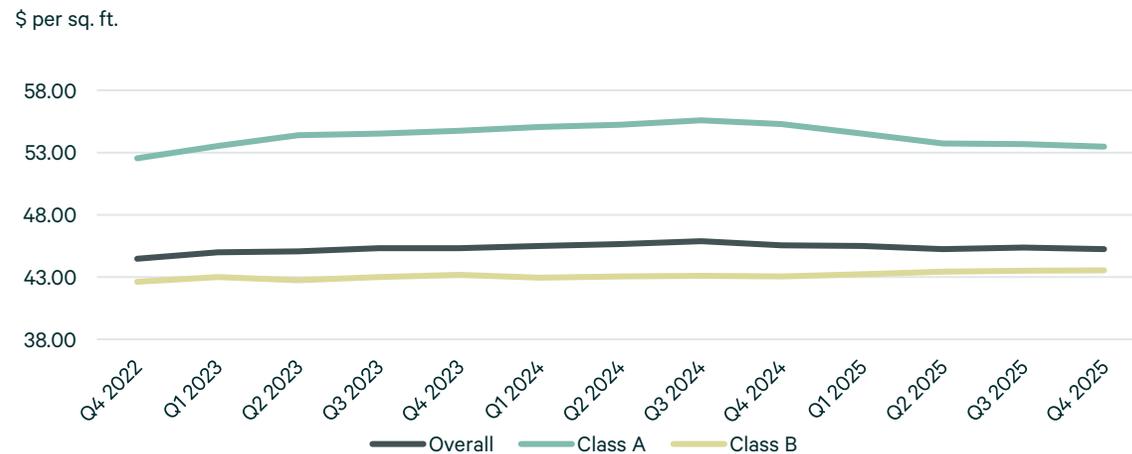
There were 7 sales in the CBD market for Q4, with sales picking up generally throughout 2025. The largest sale of the quarter, 190 N LaSalle, was purchased by Namdar Realty Group for \$55 million, a significant decrease from the \$230 million it was previously traded for in 2019. 125 S Wacker was purchased by Menashe Properties for \$51.5 million, previously selling for \$145 million in 2017.

FIGURE 2: Vacancy Rates by Class



Source: CBRE Research, Q4 2025

FIGURE 3: Avg. Direct Asking Rate (FSG/YR) by Class



Source: CBRE Research, Q4 2025

## Net Absorption

The CBD recorded nearly 117,000 SF of negative absorption in the fourth quarter of 2025, decreasing from the nearly 58,000 SF of negative absorption last quarter. Smaller or mid-size contractions were driving the negative absorption numbers in the quarter, which didn't feature the large, market-shifting moves seen in other recent quarters.

Tenant moves driving this absorption include Foxtrot, which vacated 25,426 SF at 167 N Green St in an office closure, RJ O'Brien, which vacated 22,649 SF at 222 S Riverside Plaza, Canon Design, which vacated 21,150 SF at 205 N Michigan Ave in a renewal/contraction, and Skidmore Owings & Merrill, which vacated 14,189 SF at 224 S Michigan Ave in a renewal/contraction.

Notable positive moves from the quarter include Kovitz Financial, which occupied 29,170 SF at 10 S Wacker Dr, BDO, which occupied 28,680 SF at 225 W Randolph, and Alliant Insurance, which occupied 26,148 SF at 360 N Green St.

Many tenants held their space quality, with in-class movements for both Class A and Class B or contractions within the tenants' same space.

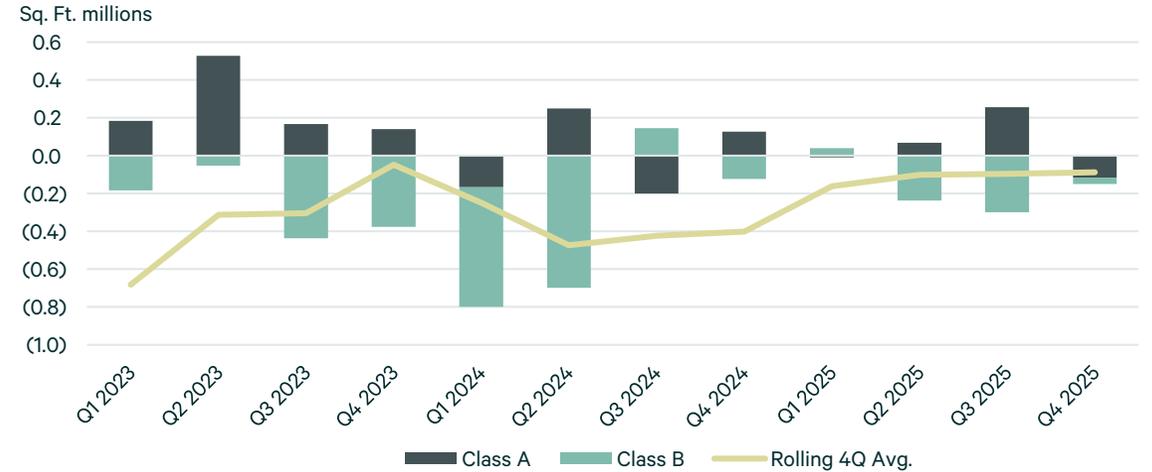
## Construction Activity

919 W Fulton remains the only under construction building in the CBD. The 369,008 SF Fulton Market project is expected to deliver in Q1 2026. There are no additional projects delivering in 2026; if a project were to start in 2026, anticipated delivery would not be until at least 2029.

Transformative development projects will eventually help solve supply challenges at both ends of the market. The ongoing supply crunch will make prime development a viable possibility and meaningful progress on conversion projects will eventually help alleviate vacancy in the downtown core.

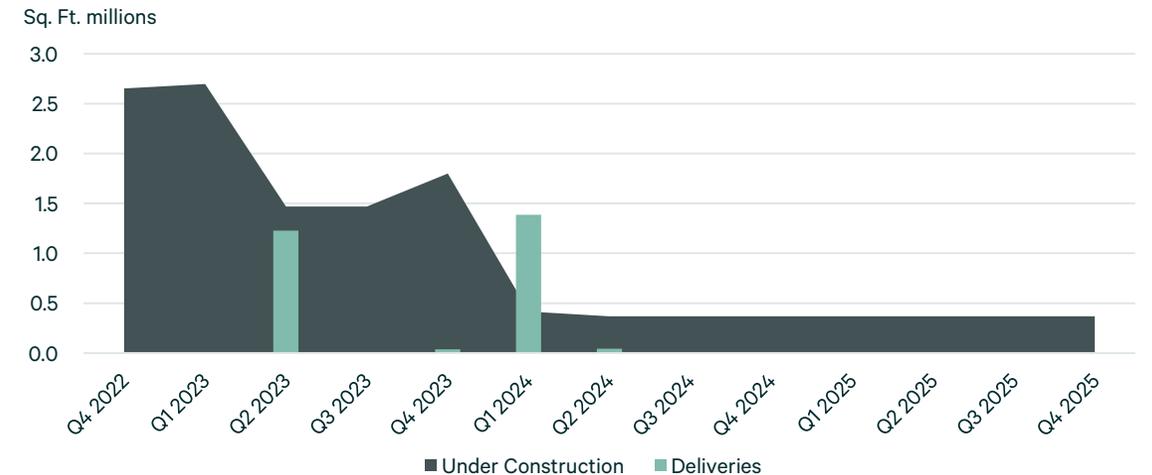
Google's Thompson Center redevelopment and other symbiotic projects like Hines' acquisition of the former Boeing headquarters will drive Central Loop leasing momentum as progress becomes more visible. These projects are already shifting investor perception and increasing building sales in the Loop amid the expectation of increased foot traffic and professional talent.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q4 2025

FIGURE 5: Construction Activity



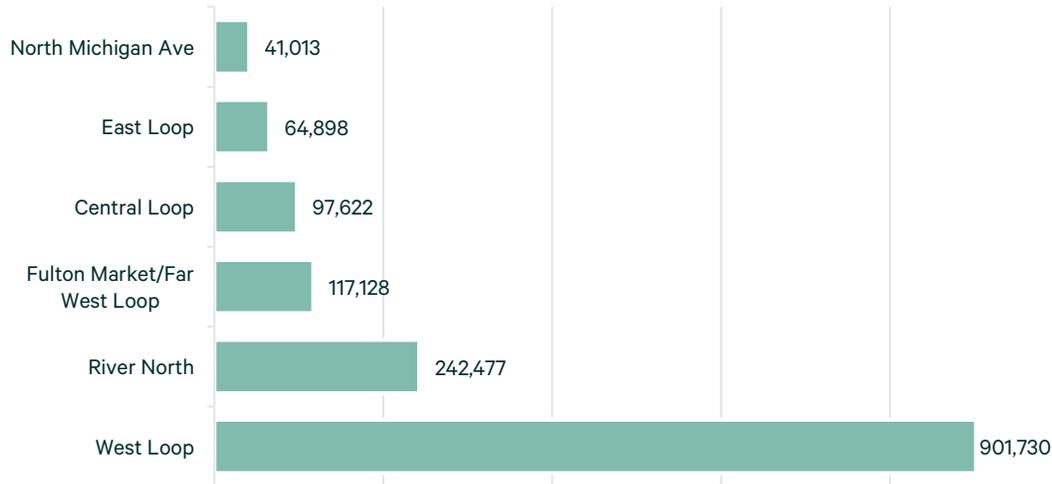
Source: CBRE Research, Q4 2025

## Leasing Activity

There were approximately 1.5 million SF of deals completed in Q4 2025. CBD year-to-date leasing volume decreased by 6% from the 7,533,071 SF volume witnessed in 2024 but is up 11% from the 2023 total volume. Class B performed competitively, with Class A leases claiming 50% of leasing activity (730,595 SF for 24 leases) and Class B close behind at 48% of leasing activity (703,147 SF for 22 leases).

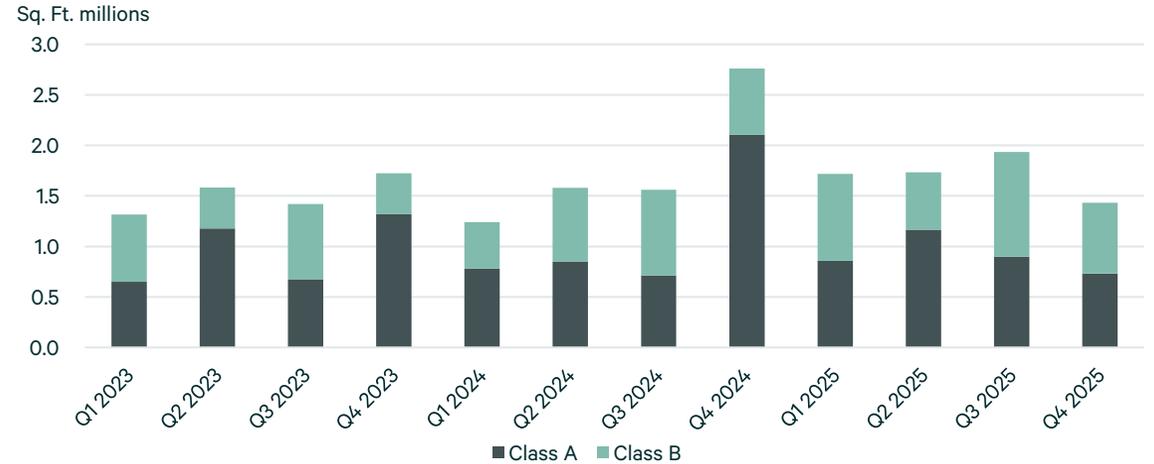
New leases led leasing volume, attributing to 59% of total leasing with 858,200 SF. Notable new leases include AAR’s 72,000 SF deal at 222 Merchandise Mart Plz and Zurich North Americas ‘s 52,000 SF lease at 233 S Wacker Dr. Renewals contributed to 41% of total leasing at 595,412 SF, with the top deal in Q4 being USG Corp.’s 165,410 SF renewal/contraction at 550 W Adams St.

FIGURE 7: Leasing by Submarket – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 6: Leasing Activity Trend – 10,000 sq. ft. and up



Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
USG Corp.	165,410	Renewal/Contraction	550 W Adams St	West Loop
Arrive Logistics	77,666	Renewal	30 S Wacker Dr	West Loop
AAR	72,000	New Lease	222 Merchandise Mart Plz	River North
Zurich North America	52,000	New Lease	233 S Wacker Dr	West Loop
Transloop Logistics	44,457	New Lease	350 N Orleans St	River North
Lek Consulting	36,106	Renewal	444 W Lake St	West Loop
Norton Rose & Fulbright	31,953	Renewal	1045 W Fulton Market	Fulton Market/Far West Loop
Hireology	30,662	New Lease	24 E Washington	East Loop
McDonnell Boehnen Hulbert & Berghoff	30,434	Renewal/Contraction	300 S Wacker	West Loop

Source: CBRE Research, Q4 2025

## Market Statistics by Submarket

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	Deliveries	Under Construction
Central Loop	36,423,962	29.2	30.8	28.4	2.4	42.04	(229,820)	0	0
East Loop	24,215,601	31.4	36.9	34.3	2.5	41.61	(88,587)	0	0
Fulton Market/Far West Loop	7,991,015	16.8	22.5	15.3	7.2	48.74	(52,966)	0	369,008
North Michigan Ave	10,206,218	23.4	30.1	26.5	3.6	43.21	(10,018)	0	0
River North	13,265,876	35.4	36.1	32.7	3.3	50.49	110,224	0	0
West Loop	55,507,145	22.7	28.5	24.8	3.7	48.35	154,370	0	0
<b>Total</b>	<b>147,609,817</b>	<b>26.6</b>	<b>30.9</b>	<b>27.6</b>	<b>3.3</b>	<b>45.25</b>	<b>(116,797)</b>	<b>0</b>	<b>369,008</b>

## Market Statistics by Index

	Net Rentable Area	Direct Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (FSG/YR)	Current Quarter Net Absorption	Deliveries	Under Construction
<b>DOWNTOWN</b>									
Class A	65,833,508	19.9	23.9	19.7	4.1	53.47	(116,945)	0	369,008
Class B	65,062,300	33.4	38.3	35.3	3.0	43.54	(33,174)	0	0
Class C	16,714,009	26.8	29.8	28.5	1.3	31.40	33,322	0	0
<b>Total</b>	<b>147,609,817</b>	<b>26.6</b>	<b>30.9</b>	<b>27.6</b>	<b>3.3</b>	<b>45.25</b>	<b>(116,797)</b>	<b>0</b>	<b>369,008</b>

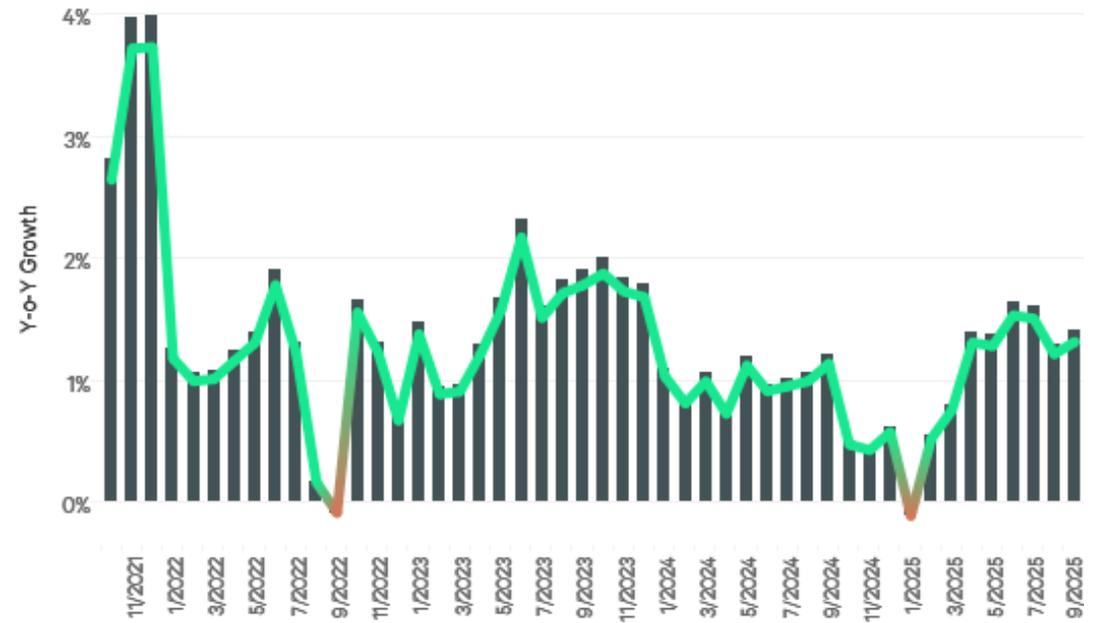
## Economic Overview

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI’s sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

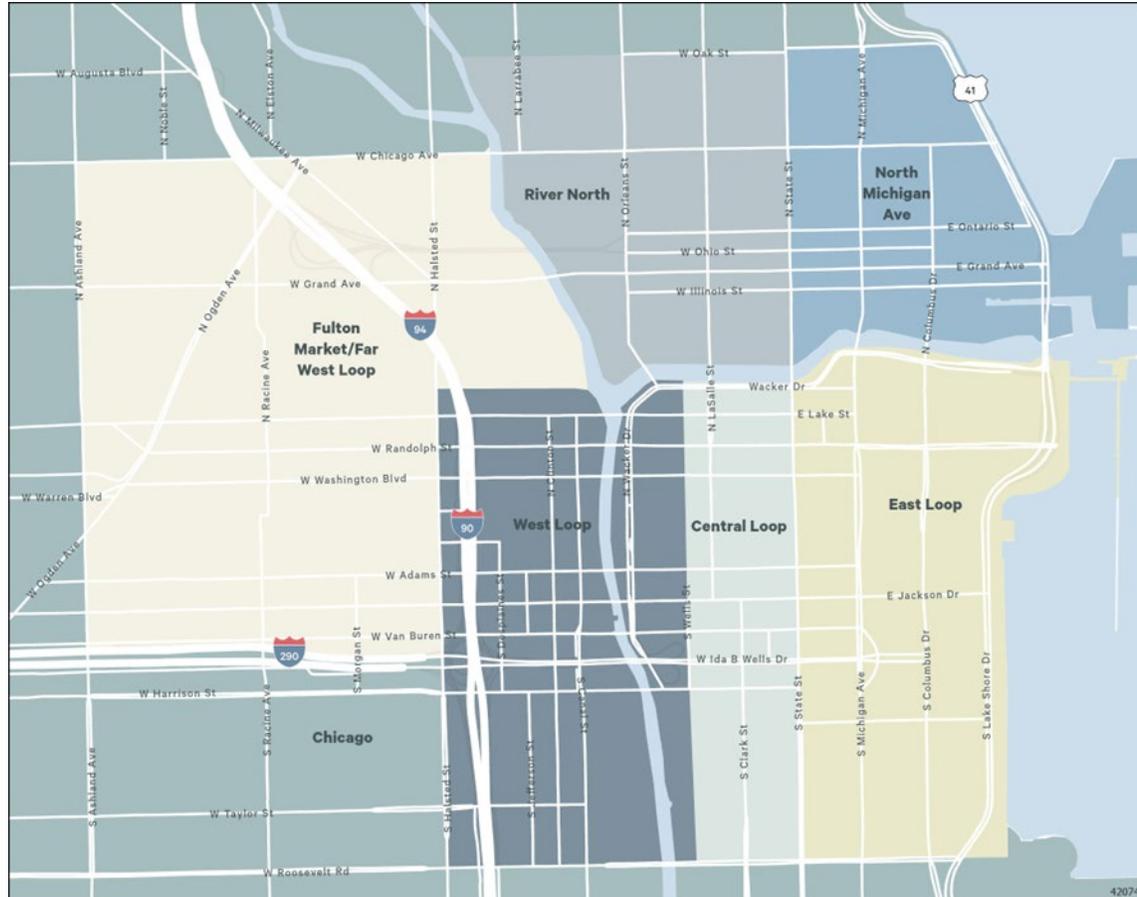
The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are ‘slow to hire, slow to fire’—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

FIGURE 9: Bureau of Labor and Statistics Data Chicago Metro

### Job Growth - Year over Year Trend



## 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.

### Contacts

#### Evelyn Hoeg

Field Research Analyst  
 +312 456 7038  
[evelyn.hoeg@cbre.com](mailto:evelyn.hoeg@cbre.com)

#### Sairaj Bibinagar

Data Intelligence Manager  
 +1 312 540 4683  
[sairaj.bibinagar@cbre.com](mailto:sairaj.bibinagar@cbre.com)

#### Marissa Oberlander

Research Director  
 +1 312 540 4686  
[marissa.oberlander@cbre.com](mailto:marissa.oberlander@cbre.com)