

FIGURES | CHICAGO OFFICE | Q3 2026

CBD Sees Large Deals and Stabilizing Vacancy

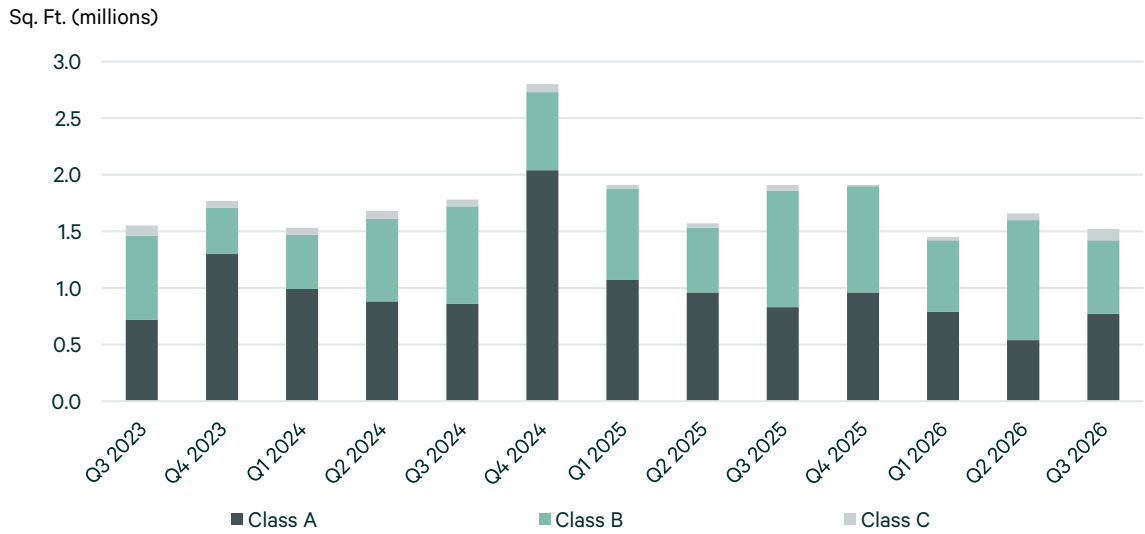


Note: Arrows indicate change from previous quarter.

Market Overview

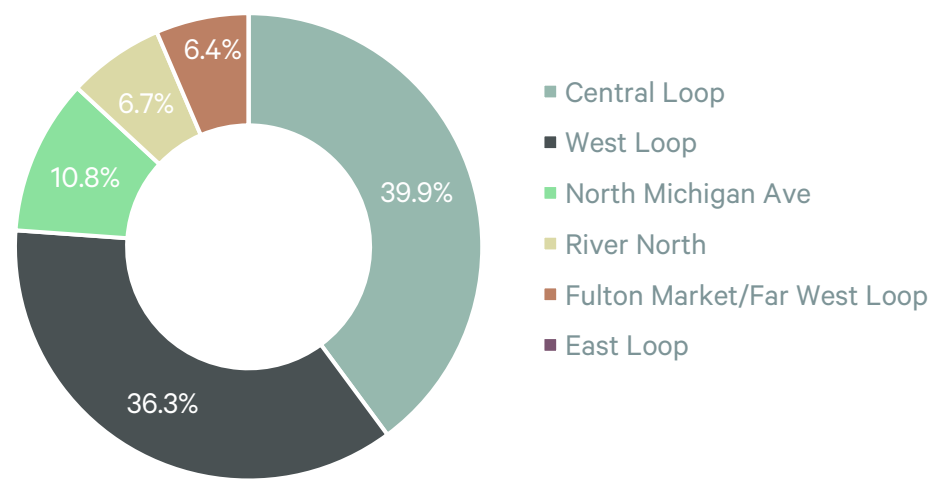
- Three leases over 100,000 sq. ft. closed in Q3 2026 in the CBD, led by Morningstar’s commitment to 278,000 sq. ft. at the Google-anchored Thompson Center, which was the largest deal signed since 2024. Leasing activity for deals over 10,000 sq. ft. totaled 1.5 million sq. ft. in Q3 2026.
- Net absorption totaled negative 20,939 sq. ft. in Q3 2026, improving from negative 95,775 sq. ft. in Q2 2026 and negative 44,696 sq. ft. in Q3 2025. River North Class A assets attributed 207,000 sq. ft. positive net absorption, and saw Winston and Strawn occupy 148,000 sq. ft. at 300 N La Salle.
- Direct vacancy remained flat quarter-over-quarter (QoQ) at 26.6%, up from 10-basis points (bps) from 26.5% in Q2 2026, with an 80-basis points (bps) year-over-year (YoY) increase. The effects of flight to quality reflect in Trophy vacancy rates of 11.4%, the lowest vacancy rate since Q1 2023.
- The construction pipeline remained dormant, with the Sidley-anchored proposed 725 W Randolph expected to break ground in 2027. There is currently no space under construction and no deliveries recorded in Q3 2026.
- One office sale closed in the CBD during Q3 2026 where 55 W Monroe traded for \$24.5M.

Figure 1: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 2: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q3 2026

Leasing Activity

Leasing activity totaled 1.5 million sq. ft. in Q3 2026, bringing year-to-date leasing volume to 4.6 million sq. ft., compared with 7.6 million sq. ft. recorded during full-year 2025. Leasing volume declined 8.7% QoQ from 1.7 million sq. ft. in Q2 2026 and was 20.7% lower YoY than the 1.9 million sq. ft. leased in Q3 2025, reflecting more moderate occupier demand.

In Q3 2026, the Central Loop and West Loop posted the strongest leasing activity, with 604,003 sq. ft. and 549,337 sq. ft. leased, respectively. The Central Loop recorded the two largest deals of the quarter, with Morningstar leasing 278,164 sq. ft. at the Thompson Center and The Northern Trust Company of New York renewing 148,214 sq. ft. at 181 W Madison St. North Michigan Avenue recorded 163,172 sq. ft. of leasing activity across three renewals and one new lease. River North recorded 101,104 sq. ft. of leasing activity, including Blue Vista Capital Management's new lease for 12,415 sq. ft. at 353 N Clark St. Fulton Market recorded 97,399 sq. ft. of completed leasing activity.

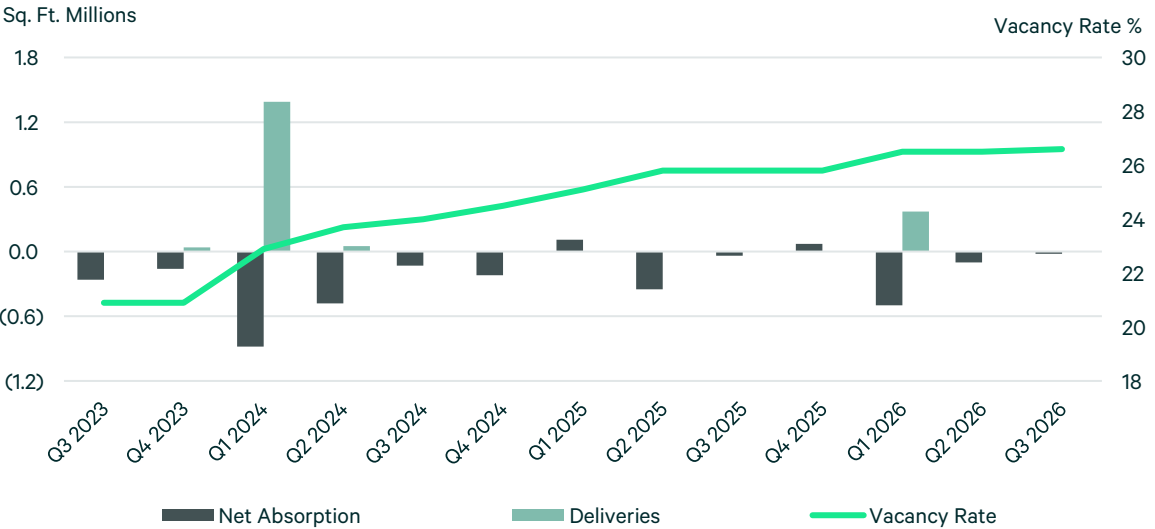
Deals ranging from 10–25K sq. ft. accounted for 68% of completions in Q3 2026, reflecting a shift toward smaller transactions across the CBD. Of total leasing activity, 54% came from new leases and 38% from renewals, with other lease types making up the remaining share.

Figure 3: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Morningstar	278,164	New Lease	100 W Randolph St	Central Loop
Northern Trust Company of New York	148,214	Renewal	181 W Madison St	Central Loop
LinkedIn	128,884	Renewal	525 W Monroe St	West Loop
Dentsu International Americas	76,687	Renewal	515 N State St	North Michigan Ave
Ripple Labs	50,430	New Lease	300 N La Salle Dr	River North
Databricks	50,000	New Lease	227 W Monroe St	West Loop
Coca Cola	46,502	New Lease	113 N May St	Fulton Market
Capgemini	44,625	Renewal	333 W Wacker Dr	West Loop

Source: CBRE Research, Q3 2026

Figure 4: Historical Net Absorption, Deliveries, and Direct Vacancy



Source: CBRE Research, Q3 2026

Vacancy

Direct vacancy in the CBD held steady, with a small 10 bps increase QoQ to 26.6% in Q3 2026 after trending upward since 2023. In Q3 2026, direct vacancy remained highly segmented by property class.

Trophy assets reported a direct vacancy rate of 11.4%, the lowest level since Q1 2023, compared with 23.6% for non-trophy Class A buildings. Class B direct vacancy increased 50 bps from 33.4% to 33.9%, while Class C vacancy declined 90 bps from 26.2% to 25.3%. Compared with Q3 2023, Class B vacancy climbed from 24.2% to 33.9%, highlighting the trend of tenant demand in highly amenitized spaces causing an exodus among Class B properties.

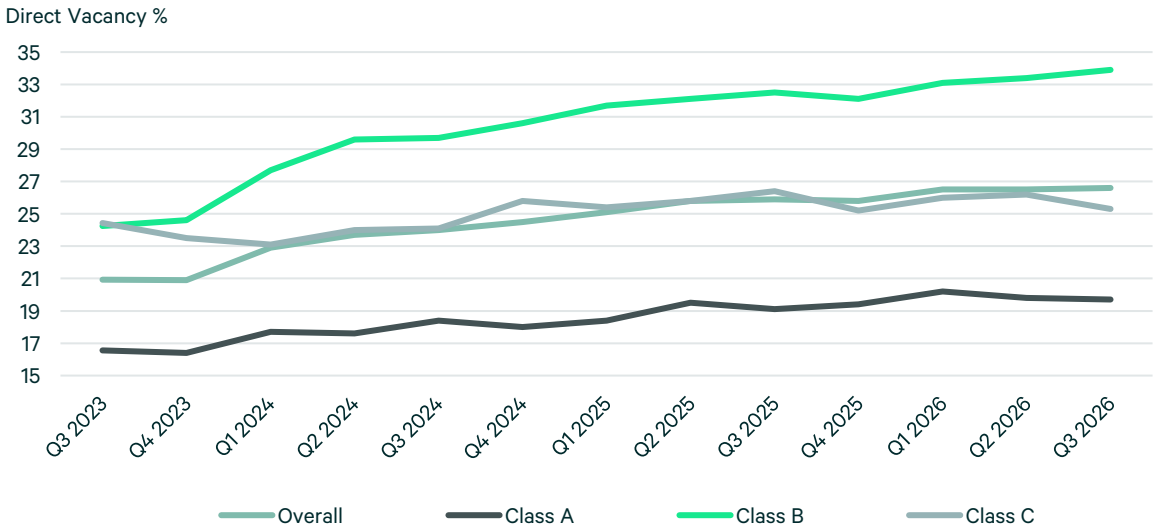
Direct vacancy varied widely across CBD submarkets in Q3 2026, with a 14.8-percentage-point spread between the lowest and highest vacancy rates. Fulton Market recorded the lowest direct vacancy rate at 16.8% and experienced no move-outs during the quarter. West Loop reported 22.2% direct vacancy, supported by Qube Research & Technologies’ occupancy of 29,067 sq. ft. at 320 S Canal St. North Michigan Avenue reported 25.2% direct vacancy, where the Consulate General of Italy occupied 19,865 sq. ft. at 150 N. Michigan Ave. East Loop posted the highest direct vacancy rate at 31.6%. Central Loop followed at 31.1% and recorded the largest move-out of the quarter, as Winston & Strawn vacated 357,270 sq. ft. at 35 W Wacker Dr. and relocated to 148,248 sq. ft. at 300 N La Salle St. in River North, where direct vacancy stood at 30.8%.

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

Figure 5: Direct Vacancy Rates by Class



Source: CBRE Research, Q3 2026

Investment Sale Activity

The Prime Group, an investment partner in the Thompson Center redevelopment, acquired 55 W. Monroe from Manulife for \$24.5 million, nearly 90% below the property’s previous sale price in 2014. On the heels of JPMorgan’s recommitment to its current Central Loop office space at 10 S Dearborn, The Prime Group plans to modernize 55 W. Monroe’s amenities to align with evolving tenant expectations and return-to-office trends. While a multifamily conversion has been discussed, the building’s long-term repositioning strategy remains unclear.

Private capital continues to dominate Chicago CBD office investment activity, accounting for most of the transactions completed in 2026, including the lone office sale in Q3. Institutional buyers remain largely dormant, citing limited opportunities that meet current return requirements and aging assets requiring significant capital investment. Assets that are priced appropriately continue to attract interest, particularly from investors pursuing value-add and repositioning strategies, while trophy assets remain highly sought after by a small group of well-capitalized buyers.

Elevated interest rates are expected to place additional pressure on pricing particularly for older properties facing leasing and capital expenditure challenges. East Loop and North Michigan Avenue assets are also being evaluated for potential conversions, reflecting continued demand for redevelopment.

Asking Rent

Average asking rents remained relatively stable in Q3 2026. The overall average asking rent was \$45.60 per sq. ft., compared with \$45.28 per sq. ft. in Q2 2026 and \$45.38 per sq. ft. in Q3 2025, representing a QoQ increase of 0.7% and a YoY increase of 0.5%. Trophy buildings continued to command the highest rents in the CBD, averaging \$73.51 per sq. ft., a \$22.79 premium over non-trophy Class A buildings which average \$50.72 per sq. ft. From Q3 2023 to Q3 2026, the overall average asking rent increased marginally from \$45.34 per sq. ft. to \$45.60 per sq. ft., a cumulative gain of 0.6%.

Submarket pricing in Q3 2026 showed a clear premium for select submarkets, particularly in desirable spaces. Trophy asking rents were highest in Fulton Market at \$81.25 per sq. ft. and River North at \$79.63 per sq. ft. Fulton Market also led Class A pricing at \$73.29 per sq. ft., followed closely by River North at \$72.59 per sq. ft. West Loop Class A asking rents averaged \$56.37 per sq. ft. Central Loop, North Michigan Avenue, and East Loop formed a second tier of Class A pricing, with asking rents ranging from \$44.50 to \$50.39 per sq. ft.

Net Absorption

Direct net absorption remained slightly negative in Q3 2026 but improved meaningfully from recent quarters. The CBD office market recorded negative 20,939 sq. ft. of direct net absorption, improving from negative 95,775 sq. ft. in Q2 2026 and negative 44,696 sq. ft. in Q3 2025. Class A registered a modest positive 6,989 sq. ft. while Class B remained a drag on market performance, posting negative 173,182 sq. ft. and offsetting gains recorded in the other property classes.

River North led all submarkets with positive 148,487 sq. ft. of direct net absorption, followed by East Loop netting positive 72,622 sq. ft. absorption, West Loop with positive 51,445 sq. ft. net absorption, and Fulton Market/Far West Loop recording positive 26,430 sq. ft. net absorption. Central Loop recorded negative 292,455 sq. ft. net absorption, driven largely by negative 218,706 sq. ft. of absorption in its Class B buildings. North Michigan Avenue posted negative 27,468 sq. ft. Among individual property segments, River North Trophy recorded the quarter's strongest performance with positive 212,184 sq. ft. of direct net absorption, narrowly outperforming River North Class A, which posted positive 207,228 sq. ft.

Figure 6: Average Direct Asking Rate by Class



Source: CBRE Research, Q3 2026

Figure 7: Net Absorption Trend



Source: CBRE Research, Q3 2026

Chicago CBD Office Statistics by Class

Figure 11: Market Statistics by Class

Property Class	Net Rentable Area (SF)	Direct Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Direct Net Absorption (SF)	YTD Direct Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	65.83M	19.6	23.7	20.1	3.5	54.24	6,989	120,000	-	-
Class B	64.54M	33.9	39.5	36.7	2.9	43.49	(173,182)	(853,000)	-	-
Class C	16.64M	25.3	27.9	27.2	0.8	31.21	145,254	120,000	-	-
Total	147.01M	26.6	31.1	28.2	2.9	45.60	(20,939)	(613,000)	-	-

Source: CBRE Research, Q3 2026

Chicago CBD Office Statistics by Submarket

Figure 12: Market Statistics by Submarket

Submarket	Net Rentable Area (SF)	Direct Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent (\$/SF FSG/yr)	Current Quarter Direct Net Absorption (SF)	YTD Direct Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Central Loop	36.24M	31.1	33.2	31.0	2.2	42.13	50.39	(292,455)	(1.21M)	-	-
East Loop	23.69M	31.6	36.9	34.2	2.7	41.44	44.50	72,622	4,000	-	-
Fulton Market/Far West Loop	8.30M	16.8	23.4	16.7	6.6	53.03	73.29	26,430	289,000	-	-
North Michigan Ave	10.16M	25.2	29.9	27.3	2.6	43.08	44.73	(27,468)	(98,000)	-	-
River North	13.21M	30.8	34.2	32.5	1.8	51.81	72.59	148,487	313,000	-	-
West Loop	55.42M	22.2	27.9	24.6	3.3	48.66	56.37	51,445	79,000	-	-
Total	147.01M	26.6	31.1	28.2	2.9	45.60	54.24	(20,939)	(613,000)	-	-

Source: CBRE Research, Q3 2026

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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